



NATIONAL HOUSING BANK

(Constituted in 1988 under the Act of Parliament- National Housing Bank Act, 1987 and is wholly owned by the Reserve Bank of India)

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PUBLIC ISSUE BY NATIONAL HOUSING BANK (“NHB” OR THE “ISSUER”) OF TAX FREE BONDS OF FACE VALUE OF Rs. 5,000 EACH IN THE NATURE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES, HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED (“BONDS”) IN ONE OR MORE TRANCHE(S) FOR AN AMOUNT AGGREGATING UP TO RS. 2,100.00 CRORE* (“ISSUE”) FOR FISCAL 2014 (“SHELF LIMIT”) ON TERMS AND CONDITIONS AS SET OUT IN SEPARATE TRANCHE PROSPECTUS(ES) FOR EACH TRANCHE ISSUE, WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS TO THE ISSUE. THE SHELF PROSPECTUS TOGETHER WITH THE RELEVANT TRANCHE PROSPECTUS(ES) FOR A SPECIFIC TRANCHE ISSUE SHALL CONSTITUTE THE “PROSPECTUS”.

The Issue is being made under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (“SEBI Debt Regulations”) and pursuant to notification No. 61/2013/F.No.178/37/2013- (ITA.1) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India (the “Notification”), by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961, as amended (the “Income Tax Act”).

*In terms of the Notification, NHB has raised Rs. 900.00 crore on a private placement basis in one tranche through information memorandum dated August 30, 2013 i.e. up to 30 % of the allocated limit of Rs. 3,000 crore for raising funds through tax free bonds during Fiscal 2014 ending on March 31, 2014. NHB shall ensure that the tax free bonds issued through the public issue route and private placement route shall together not exceed Rs. 3,000 crore.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to “Risk Factors” on page 9 of this Shelf Prospectus and “Recent Developments” in the relevant Tranches Prospectus(es) of any Tranche Issue before making an investment in such Tranche Issue. This document has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”), any registrar of companies or any stock exchange in India.

ISSUER’S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Shelf Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Shelf Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Shelf Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect at the time of the respective Tranche Issue.

CREDIT RATING

Credit Analysis & Research Limited (“CARE”) has, vide its letter dated October 28, 2013, assigned a rating of “CARE AAA” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CARE has vide its letters dated November 11, 2013 and December 10, 2013 revalidated its credit rating. CRISIL Limited (“CRISIL”) has, vide letter dated October 29, 2013, assigned a rating of “CRISIL AAA/Stable” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CRISIL has vide its letter dated December 10, 2013 revalidated its credit rating. ICRA Limited (“ICRA”) has, vide its letter dated October 25, 2013, assigned a rating of “[ICRA] AAA (Stable)” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. ICRA has vide its letter dated December 10, 2013 revalidated its credit rating. These ratings are not a recommendation to buy, sell or hold securities, and Investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agency (ies) and should be evaluated independently of any other ratings. For the rationale for these ratings, see “Annexure D – Credit Rating and Rationale”.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated December 13, 2013 was filed with the National Stock Exchange of India Limited (“NSE”), the Designated Stock Exchange pursuant to the regulation 6(2) of the SEBI Debt Regulations and was open for public comments for a period of 7 Working Days i.e. until 5.00 p.m. on December 20, 2013.

LISTING

The Bonds are proposed to be listed on the NSE, the Designated Stock Exchange for the Issue. NSE has given us their in-principle listing approval vide its letter no. NSE/LIST/225291-3 dated December 20, 2013.

LEAD MANAGERS TO THE ISSUE

BOND TRUSTEE TO THE ISSUE

REGISTRAR TO THE OFFER

EDELWEISS FINANCIAL SERVICES LIMITED 14th Floor, Edelweiss House, Off CST Road, Kalina, Mumbai 400 098, Maharashtra, India Tel: +91 (22) 4086 3535, Fax: +91 (22) 4086 3610 Email: nhb.tbonds@edelweissfin.com Investor grievance email: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person : Ms. Sujaya Moghepadhye/ Mr. Sumeet Lath Compliance Officer : B. Renganathan SEBI Registration No.: INM0000010650	AXIS CAPITAL LIMITED 1st floor, Axis House C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai 400 025 Tel: +91 (22) 4325 2525; Fax: +91 (22) 4325 3000 Email: nhbtaxfree@axiscap.in Investor Grievance Email: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Mr. Akash Aggarwal Compliance Officer: Mr. M. Natarajan SEBI Registration No.: INM000012029	RR INVESTORS CAPITAL SERVICES PRIVATE LIMITED 47, M.M Road, Rani Jhansi Marg New Delhi- 110 055, India Tele: +91 (11) 2363 6362/63 Fax: +91 (11) 2363 6746 Email: nhbtaxfree2013@rrfcl.com Investor Grievance Email: investors@rrfcl.com Website: www.rfcl.com/www.rfinance.com Contact Person: Mr. Anurag Awasthi Compliance Officer: Mr. Rakesh Gulati SEBI Registration No.: INM000007508	IL&FS TRUST COMPANY LIMITED The IL&FS Financial Centre, Plot C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Tel: +91 (22) 2659 3333; Fax: +91 (22) 2653 3297; Email: vivek.choudhary@ilfsindia.com; Investor Grievance Email: investorgrievancesitcl@ilfsindia.com Website: www.itclindia.com; Contact Person: Vivek Choudhary SEBI Registration No.: IND000000452	KARVY COMPUTERSHARE PRIVATE LIMITED Plot No. 17 to 24 Vithal Rao Nagar Madhapur, Hyderabad 500 081, A.P Telephone: +91(40) 4456 5000 Facsimile +91 (40) 2343 1551 Email ID: nhb.taxfree@karvy.com Investor Grievance ID: einward.ris@karvy.com Website: http://karisma.karvy.com Contact Person : Mr. M. Murali Krishna SEBI Registration Number: INR000000221

ISSUE PROGRAMME**

ISSUE OPENS ON:

[•]

ISSUE CLOSES ON

[•]

** The Issue shall open for subscription from 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, NHB shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Tranche Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper.

IL&FS Trust Company Limited has vide its letter dated November 12, 2013 given its consent for its appointment as the Bond Trustee to the Issue and for its name to be included in the Draft Shelf Prospectus, the Prospectus and in all the subsequent periodical communications sent or to be sent to the holders of the Bonds issued pursuant to this Issue.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Shelf Prospectus uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning provided below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

NHB Related Terms	
Term	Description
"Issuer", "NHB", "Bank"	National Housing Bank
"We" or "us", "our"	National Housing Bank
Board/ Board of Directors	Board of Directors of NHB or a duly constituted committee thereof
Head Office	3 rd - 5 th Floor, Core-5A, India Habitat Centre, Lodhi Road, New Delhi- 110 003
Statutory Auditors/Auditors	V.K Verma & Co. , Chartered Accountant, C-37, Connaught Place, New Delhi-110001
Issue Related Terms	
Term	Description
Allotment/ Allot/ Allotted	Issue and allotment of Bonds to successful Applicants pursuant to the Issue
Allotment Advice	The communication sent to the Allottees conveying the details of Bonds allotted to the Allottees in accordance with the Basis of Allotment
Allottee	Successful Applicant to whom Bonds are allotted pursuant to the Issue
Applicant/ Investor	A person who makes an offer to subscribe the Bonds pursuant to the terms of the Shelf Prospectus, relevant Tranche Prospectus, and Application Form for the Issue
Application	An application to subscribe to the Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the relevant Tranche Prospectus(es)
Application Amount	Aggregate value of Bonds applied for, as indicated in the Application Form
Application Form	Form in terms of which an Applicant shall make an offer to subscribe to Bonds through ASBA or non ASBA process and which will be considered as the application for Allotment of Bonds in terms of the relevant Tranche Prospectus(es)
Application Supported by Blocked Amount/ASBA/ ASBA Application	The application (whether physical or electronic) used by an ASBA Applicant to make an Application authorising the SCSB to block the Application Amount in a specified bank account maintained with such SCSB
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of an ASBA Applicant
ASBA Applicant	Any applicant who applies for the Bonds through the ASBA mechanism.
Application Interest	Interest payable on application money, in a manner detailed in " <i>Terms of the Issue</i> " on page 94 of this Shelf Prospectus
Axis	Axis Capital Limited
Bankers to the Issue/ Escrow Collection Bank	Escrow Collection Banks/ Bankers to the Issue as specified in the relevant Tranche Prospectus.
Base Issue Size	The base issue size as defined in the relevant Tranche Prospectus(es)
Basis of Allotment	The basis on which the Bonds will be allotted to successful Applicants under the Issue and which is described in " <i>Terms of the Issue - Basis of Allotment</i> " on page 96 of this Shelf Prospectus
Bond Certificate(s)	Certificate issued to Bondholder(s) pursuant to Allotment, in case the Applicant has opted for physical bonds based on the request from the Bondholders
Bondholder(s)	Any person holding Bonds and whose name appears on the beneficial owners list provided by the Depositories (in case of bonds held in dematerialised form) or whose name appears in the Register of Bondholders maintained by NHB/ Registrar (in case of bonds held in physical form)
Bonds	Tax free bonds in the nature of secured, redeemable, non-convertible debentures of face value of Rs. 5,000/- each having benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by NHB in accordance with the Notification and pursuant to the Shelf Prospectus and the relevant Tranche Prospectus(es)
Bond Trustee Agreement	Agreement dated November 7, 2013 between the Bond Trustee and NHB
Bond Trust Deed	Trust Deed to be entered into between the Bond Trustee and NHB
Bond Trustee	Trustee for the Bondholders in this case being IL&FS Trust Company Limited
BSE	BSE Limited
Category I (QIBs)	Public Financial Institutions specified in Section 2(72) of the Companies Act, 2013 scheduled commercial banks, mutual funds registered with SEBI, Alternative Investment Fund registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 25 crore, pension funds with a minimum corpus of Rs. 25 crore, 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
Category II (Domestic Corporates)	Companies within the meaning of section 2(20) of the Companies Act, 2013; Limited Liability Partnerships registered under the provisions of the LLP Act, statutory corporations, trusts, partnership firms in the name of the partner, co-operative banks, regional rural banks, and domestic legal entities registered under the applicable laws in India and authorised to invest in Bonds
Category III (Domestic High Networth Individuals/HNIs)	High net worth individuals (including HUFs applying through their Kartas) who have applied for Bonds for an amount more than Rs. 0.10 crore in the Issue across all series of bonds
Category IV (Retail Individual Investors/RIs)	Individual investors (including HUFs applying through their Kartas) who have applied for Bonds for an amount less than or equal to Rs. 0.10 crore in the Issue across all series of bonds

Term	Description
Chairman and Managing Director	The Chairman and Managing Director of NHB appointed in terms of the NHB Act
Collection Centres	Collection Centres shall mean those branches of the Bankers to the Issue that are authorised to collect the Application Forms (other than ASBA) as per the Escrow Agreement
Consolidated Bond Certificate	In case of Bonds applied for in physical form or rematerialized Bonds held in physical form, the certificate issued by NHB to the Bondholder for the aggregate amount of Bonds that are rematerialized and held by such Bondholder for each series of bonds under each Tranche Issue
Consortium Agreement	Agreement dated December 23, 2013 between NHB and the Consortium Members
Consortium Members	Lead Managers, Edelweiss Securities Limited, RR Equity Brokers Private Limited
Credit Rating Agencies	CARE, CRISIL and ICRA
Demographic Details	The demographic details of an Applicant, such as his address, bank account details for printing on refund orders and occupation.
Deemed Date of Allotment	The date on which, the Board of Directors or Chairman and Managing Director approves the Allotment of Bonds for each Tranche Issue or such date as may be determined by the Board of Directors or Chairman and Managing Director and notified to the Designated Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus(es)) shall be available from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment
Designated Branches	All branches of the SCSBs which shall collect the Application Form used by ASBA Applicants, a list of which is available at www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or such other website as may be prescribed by the SEBI from time to time
Designated Date	Date on which Application Amounts are transferred from the Escrow Account(s) and ASBA Accounts to the Public Issue Account or the Refund Account, as appropriate, subject to the necessary systems and infrastructure being in place and any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the NSE, BSE and/or SEBI, as the case may be following which the Board of Directors, or the Chairman and Managing Director, shall Allot the Bonds to the successful Applicants, provided that the Application Amounts received in respect of the Issue will be kept in the Escrow Account up to this date
Designated Stock Exchange	NSE
Draft Shelf Prospectus	The draft shelf prospectus dated December 13, 2013 filed by NHB with the Designated Stock Exchange for the purpose of seeking public comments, in accordance with the SEBI Debt Regulations
Edelweiss	Edelweiss Financial Services Limited
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s), in whose favour Applicants (other than ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application for each Tranche Issue
Escrow Agreement	Agreement dated December 21, 2013 between NHB, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants (other than ASBA Applicants) on the terms and conditions thereof
Interest Payment Date/ Coupon Payment Date	The date on which interest on Bonds shall fall due for payment as specified in the relevant Tranche Prospectus(es) for a particular Series of Bonds
Issue	Public issue of the tax free bonds in the nature of secured redeemable non-convertible debentures of face value of Rs. 5,000/- each, having benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by NHB pursuant to the Shelf Prospectus and the relevant Tranche Prospectus(es), for an amount up to an aggregate amount of the Shelf Limit of Rs. 2,100.00 crore.* The Bonds will be issued in one or more tranches subject to the Shelf Limit. <i>*In terms of the Notification, NHB has raised Rs. 900.00 crore on a private placement basis in one tranche through information memorandum dated August 30, 2013 i.e. up to 30 % of the allocated limit for raising funds through tax free bonds during Fiscal 2014 ending on March 31, 2014. NHB shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 3,000.00 crore.</i>
Issue Period	The period between the Tranche Issue Opening Date and the Tranche Issue Closing Date inclusive of both days, during which a prospective Investor may submit their Application Forms
Lead Managers	Edelweiss, Axis and RR Capital
Lead Managers MoU	The Memorandum of Understanding dated November 7, 2013 entered into between NHB and the Lead Managers
Market Lot	One Bond
Notification	The Notification no. 61/2013.F.No.178/37/2013-(ITA.1) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60 % by NRIs including overseas trusts, in which not less than 60 % of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Offer Documents	Draft Shelf Prospectus, Shelf Prospectus and the Tranche Prospectus(es)
Public Issue Account	Account opened with the Escrow Collection Bank(s) to receive monies from the Escrow Account(s) and the ASBA Accounts, on the Designated Date
Record Date	Date falling 15 days prior to the relevant Interest Payment Date on which interest or the Maturity Date on which the Maturity Amount is due and payable under the relevant Tranche Prospectus(es).

Term	Description
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount (excluding application amounts from ASBA Applicants) shall be made
Redemption Amount / Maturity Amount	Repayment of the face value amount of Bonds plus any interest at the applicable Coupon rate that may have accrued on the Redemption Date
Refund Bank	Refund Bank(s) for the Issue as specified in the respective Tranche Prospectus.
Reformatted Financial Statements	The reformatted audited financial statements of NHB for the Fiscal ended June 30, 2013, June 30, 2012, June 30, 2011, June 30, 2010 and June 30, 2009 on which the Auditor's have submitted a report. For details, see the section titled " Annexure A- Financial Statements " of this Shelf Prospectus
Register of Bondholders	The register of Bondholders maintained by NHB/ Registrar in accordance with the NHB Act, containing the particulars of the legal owners of the Bonds issued by NHB held in physical form and as detailed in " Terms of the Issue - Rights of Bondholders " on page 102 of this Shelf Prospectus
Registrar Agreement	Agreement dated November 7, 2013 between NHB and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar to the Issue or Registrar	Karvy Computershare Private Limited
Resident Individual	Individual who is a person resident in India as defined under the Foreign Exchange Management Act, 1999
RR Capital	RR Investors Capital Services Private Limited
RHF Scheme	Rural Housing Fund Scheme
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, a list of which is available at www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries . A list of the branches of the SCSBs where Application Forms will be forwarded by such members of the Syndicate is available at www.sebi.gov.in .
Series of Bonds or Series	A series of Bonds, which are identical in all respects including but not limited to terms and conditions, listing and ISIN number (in the event that Bonds in a single Series of Bonds carry the same coupon rate) and as further stated to be an individual "Series" in the relevant Tranche Prospectus(es)
Shelf Limit	The aggregate limit of the Issue being Rs. 2,100.00* crore to be issued as per the terms of the Shelf Prospectus in one or more tranches. <i>*In terms of the Notification, NHB has raised Rs. 900.00 crore on a private placement basis in one tranche through information memorandum dated August 30, 2013 i.e. up to 30 % of the allocated limit for raising funds through tax free bonds during Fiscal 2014 ending on March 31, 2014. NHB shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 3,000.00 crore</i>
Shelf Prospectus	This Shelf Prospectus dated December 24, 2013 filed by NHB with the Designated Stock Exchange and SEBI, after incorporation of comments received from the public on the Draft Shelf Prospectus, pursuant to the provisions of the SEBI Debt Regulations.
Specified Cities/ Syndicate ASBA Locations	Application centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the members of the Syndicate shall accept Application Forms under the ASBA process in terms of the SEBI Circular No.CIR/CFD/DIL/1/2011, dated April 29, 2011.
Stock Exchanges	NSE and BSE
Syndicate or Members of the Syndicate	Collectively, the Lead Managers and the Consortium Members and sub-brokers, as may be decided by NHB and disclosed in the Shelf Prospectus
Trading Lot	One Bond
Trading Member	Intermediaries registered as a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchange(s) under the applicable byelaws, rules, regulations, guidelines, circulars issued by the relevant Stock Exchange(s) from time to time
TRS/ Transaction Registration Slip	The acknowledgement or document issued by any of the Members of the Syndicate, SCSBs or Trading Members of the Stock Exchange(s), as the case may be, to an Applicant upon demand as proof of registration of Application for Bonds
Tranche Issue	Issue of Bonds as per the terms specified in each Tranche Prospectus(es)
Tranche Issue Closing Date	Issue closing date, as specified in the relevant Tranche Prospectus(es), for the relevant Tranche Issue or such other date as may be decided by the Board of Directors or Chairman and Managing Director
Tranche Issue Opening Date	Issue opening date, as specified in the relevant Tranche Prospectus(es), for the relevant Tranche Issue, or such other date as may be decided by the Board of Directors or Chairman and Managing Director
Tranche Prospectus	The tranche prospectus containing the details of Bonds including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection of the relevant Tranche Issue
Tripartite Agreements	Tripartite agreement dated March 1, 2013 between NHB, CDSL and the Registrar to the Issue and the tripartite agreement dated February 23, 2005 between NHB, NSDL and the Registrar to the Issue
Working Days	All days excluding Sundays or a public holiday in India, or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881 except with reference to Issue Period, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in New Delhi and Mumbai, India

Conventional and General Terms or Abbreviations	
Term/Abbreviation	Description/ Full Form
AD	Authorised Dealer
ADB	Asian Development Bank
AS	Accounting Standards issued by the ICAI
Borrowing in Rupees Regulations	FEMA (Borrowing or Lending in Rupees) Regulations, 2000
Brickwork	Brickwork Rating India Private Limited
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis & Research Limited
CBDT	Central Board of Direct Taxes
CDSL	Central Depository Services (India) Limited
Civil Procedure Code	Code of Civil Procedure, 1908
Companies Act, 2013	Companies Act, 2013 (to the extent applicable)
Companies Act, 1956	Companies Act, 1956, as amended
Competition Act	Competition Act, 2002
CRISIL	CRISIL Limited
CSR	Corporate Social Responsibility
Debt Listing Agreement	The debt listing agreement entered into by NHB with NSE
Depository(ies)	CDSL and NSDL
Depositories Act	Depositories Act, 1996
DP/ Depository Participant	Depository Participant, as defined under the Depositories Act, 1996
DRR	Debenture Redemption Reserve
DTC	Direct Tax Code
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FIMMDA	Fixed Income Money Market and Derivatives Association of India
Financial Year/ Fiscal/ FY	Except as otherwise specifically mentioned, the period of 12 months ended June 30 of that particular year
Fitch	Fitch Ratings India Private Limited
GDP	Gross Domestic Product
GoI or Government or Central Government	Government of India
HUFs	Hindu Undivided Families
HFCs	Housing Finance Companies
ICAI	Institute of Chartered Accountants of India
ICRA	ICRA Limited
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IRDA	Insurance Regulatory and Development Authority
Income Tax Act	Income Tax Act, 1961
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
LIBOR	London Inter-Bank Offer Rate
LIC	Life Insurance Corporation of India
LLP Act	Limited Liability Partnership Act, 2008
KfW	KfW banking group, a German government-owned development bank
MF	Mutual Fund
MoF	Ministry of Finance, GoI
MCA	Ministry of Corporate Affairs, GoI
MICR	Magnetic Ink Character Recognition
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NHB Act	National Housing Bank Act, 1987 (Central Act No. 53 of 1987)
NHB Bond Regulations	National Housing Bank (Issue & Management of Bonds) Regulation, 1989, and shall include any amendment or re-enactment thereof
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSSF	National Small Savings Fund
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
Person Resident Outside India	A person who is not a Person Resident in India (as defined under FEMA)
PFI	Public Financial Institution, as defined under Section 2 (72) of the Companies Act, 2013
PIO	Person of Indian Origin
PMDO	Pooled Municipal Debt Obligation
PPP	Public Private Partnership
RBI	Reserve Bank of India
Rs. or Rupees or Indian Rupees or ₹	Lawful currency of India
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India

Term/Abbreviation	Description/ Full Form
SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Fund) Regulations, 1996
Securities Act	United States Securities Act, 1933
Trusts Act	Indian Trusts Act, 1882
UAN	Unique application number
USAID	United State Agency for International Development
U.S.A	United States of America
Venture Capital Funds or VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI

Technical and Industry Related Terms	
Term/Abbreviation	Description/ Full Form
Net Sanction	Amount calculated after reducing the unallocated amount to NHB and the cancelled loans from the gross sanction amount.
NPA	Non Performing Assets
Yield	Ratio of interest income to the daily average of interest earning assets

Notwithstanding the foregoing, terms in "*Main Provisions of the NHB Act*", "*Statement of Tax Benefits*", "*Regulations and Policies*" on pages 134, 40 and 75, respectively of this Shelf Prospectus, and "*Annexure A –Financial Information*" of this Shelf Prospectus, shall have the meanings given to such terms in these respective sections.

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

Certain Conventions

All references in this Shelf Prospectus to "**India**" are to the Republic of India and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in this Shelf Prospectus is derived from our Reformatted Audited Financial Statements. In this Shelf Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points. The audits for the Fiscal 2009 was conducted by D. Singh & Co., Chartered Accountants, and for the Fiscal 2010, 2011 and 2012 were conducted by Aiyar & Co. The audit for the Fiscal 2013 was conducted by the V.K. Verma & Co., Chartered Accountants, the Statutory Auditors.

The financial year of NHB commences on July 1 and ends on June 30 of the next year, so all references to particular "financial year", "fiscal year", and "Fiscal" or "FY", unless stated otherwise, are to the 12 months period ended on June 30 of that year.

The degree to which the financial statements included in this Shelf 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 on the financial disclosures presented in this Shelf Prospectus should accordingly be limited.

Currency and Unit of Presentation

In this Prospectus, references to 'Rs.', 'Indian Rupees', '₹' and 'Rupees' are to the legal currency of India and references to 'US\$', 'USD', and 'U.S. dollars' are to the legal currency of the United States of America and references to 'Euro' and '€' are to the legal currency of the European Union.

Industry and Market Data

Any industry and market data used in this Shelf Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which NHB competes. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although NHB believes the industry and market data used in this Shelf Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Shelf Prospectus is meaningful depends on 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 NHB conducts its business, and methodologies and assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates of the US\$ and € as at September 30, 2013, June 30, 2013, 2012, 2011, 2010 and 2009 are provided below:

Currency	Exchange rate in to Rs. at September 30, 2013	Exchange rate into Rs. at June 30, 2013*	Exchange rate into Rs. at June 30, 2012^	Exchange rate into Rs. at June 30, 2011	Exchange rate into Rs. at June 30, 2010	Exchange rate into Rs. at June 30, 2009
1US\$	62.6050	59.3900	55.6150	44.7000	46.4450	47.9050
1€	84.5175	77.5950	69.9775	64.7400	57.1075	67.6725

Source: Foreign Exchange Dealer's Association of India

*June 29, 2013 and June 30, 2013 was Saturday and Sunday respectively, hence, exchange rates for last working day of June, 2013 i.e. June 28, 2013 have been used.

^ June 30, 2012 being Saturday, a holiday, previous day Exchange Rate has been taken i.e. June 29, 2012

FORWARD LOOKING STATEMENTS

Certain statements contained in this Shelf Prospectus that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'seek', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Shelf Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- inherent risks in housing financing, to the extent they materialize;
- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business or any changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India;
- volatility in interest rates for our lending and investment operations as well as the rates at which NHB borrows from banks/financial institutions;
- limited recourse in the event of default by our borrowers;
- credit and market risks, affecting our credit ratings and our cost of funds;
- unavailability of financing at commercially acceptable terms, or at all;
- concentration of our exposure to certain sectors, areas and borrowers;
- foreign currency borrowings as well as financing activities, which will expose us to fluctuations on foreign exchange rates;
- we may face asset-liability mismatches, which could affect our liquidity;
- our provisioning norms may not be indicative of the expected quality of our loan portfolio;
- other factors discussed in this Shelf Prospectus, including under "**Risk Factors**" on page 9 of this Shelf Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "**Business**" and "**Material Developments**" on page 46 and 85 of this Shelf Prospectus, respectively. The forward-looking statements contained in this Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although NHB believes that the expectations reflected in such forward-looking statements are reasonable at this time, NHB cannot assure Investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II - RISK FACTORS

You should carefully consider all the information in this Shelf Prospectus, including the risks and uncertainties described below, and in the sections titled "Business" on page 46 and "Annexure A - Financial Information" of this Shelf Prospectus, before making an investment in the Bonds.

Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following or any other risks actually occur, our business, prospects, results of operations and financial condition could be adversely affected and the price of, and the value of your investment in, the Bonds could decline and you may lose all or part of your investment.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate the ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another.

You should not invest in the Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult and seek an independent advise from your own tax, financial and legal advisors about the particular consequences of an investment in the Bonds.

Unless otherwise stated, our financial information used in this section is derived from our Reformatted Audited Financial Statements prepared in accordance with accounting standards generally accepted in India.

RISKS IN RELATION TO OUR BUSINESS

1. *If the level of NPAs in our loan portfolio were to increase, our financial condition would be adversely affected.*

As at June 30, 2013 our Gross and Net NPAs stood at Rs. 184.05 crore and Rs. 156.10 crore respectively. The percentage of Net NPA to Net Advances as on June 30, 2013 stood at 0.45 %. While best effort will be made to keep the NPA level at its current level, however, there is no assurance that the NPA level will continue to stay at its current level. If the quality of our loan portfolio deteriorates or we are unable to implement effective monitoring and collection methods, our results of operations and financial condition may get adversely affected. We cannot therefore assure you that there will not be significant additional NPAs in our loan portfolio in the future on account of existing loans and new loans made.

2. *We may not be able to foreclose on or realise the value of our collateral on a timely basis, or at all, when borrowers default on their obligations to us and this may have a material adverse effect on our business, results of operations and financial condition.*

Most of our loans to various government entities are secured by guarantees from the relevant state governments to repay outstanding debt facilities as of each financial year, or mortgage of properties with a minimum security cover of 100 % of the total loan amount. Further, our loans to entities in the private sector are secured by mortgages of the respective project properties providing us with a minimum security cover of 100 % of the total loan amount, personal guarantees and contributions by promoters, as deemed fit by us. An economic downturn could result in a fall in relevant collateral values, which, should we need to foreclose on the collateral, may result in us not being able to recover all of the outstanding amounts due under defaulted loans.

There is no assurance that we will be able to realise the full value of our security, due to, among other things, delays on our part to take immediate action, delays in bankruptcy foreclosure proceedings, economic downturns, defects in security, adverse court orders and fraudulent transfers by borrowers. In the event that a specialized regulatory agency asserts jurisdiction over the enforcement proceedings, creditor actions can be further delayed. There can therefore 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.

3. *In addition to our Rupee borrowings and financial activities, we currently have foreign currency borrowings, which are likely to continue or increase in the future, which will expose us to fluctuations in foreign exchange rates, which could adversely affect our financial condition*

As on September 30, 2013, we have outstanding external borrowings of Rs. 725.97 crore from USAID, ADB and KfW. Any adverse fluctuation in interest rate and exchange rate may increase the cost of the borrowings. However, for the loan raised under the Housing Guarantee Programme of USAID, the GoI has guaranteed and agreed to bear the loss arising from foreign exchange rate fluctuation.

We may seek to obtain additional foreign currency borrowings in the future. We are therefore affected by adverse movements in foreign exchange rates. While we have a derivative and hedging policy approved by our Board there can be no assurance that our hedging policies and mechanisms will remain effective or that we will enter into effective hedging with respect to any new foreign currency borrowings. To the extent we increase our foreign currency borrowing in the future, we may be further exposed to fluctuations in foreign currency rates. Volatility in foreign exchange rates could adversely affect our business, prospects, results of operations and financial condition. Recently the Rupee had lost significantly and any further decline in the value of Rupee would effect the country's economy. Volatility in foreign exchange rates could adversely affect our business, prospects, results of operations and financial condition. Further, adverse movement of foreign exchange rates may also affect our borrowers negatively, which may in turn adversely affect the quality of our exposure to these borrowers.

For more information, see "*Description of Certain Indebtedness*" on page 69 of this Shelf Prospectus.

4. *The proposed amendments to the National Housing Bank Act, 1987 may have an adverse impact on our business, operations and profitability*

Further, our management and business policies are guided by the provisions of NHB Act, hence, any amendments and modifications thereto may have an adverse impact on our business, operations and profitability. An amendment to NHB Act is proposed vide National Housing Bank (Amendment Bill), 2012. The said bill which is presently pending consideration before the Parliament of India *inter-alia* provides for (a) insertion of new clause 4A and 4B to enable transfer of issued capital of NHB subscribed by RBI to GoI, (b) amendment to Section 6 of the NHB Act for the purpose of nomination of one director by RBI on the board of NHB instead of two directors and dispensation of the requirement of consultation with RBI in appointment of the directors other than the Chairman and the Managing Director, (c) conferring/ transferring of powers relating to regulatory roles and functions of NHB, including the registration of the HFCs and determining the policy and issue directions under Section 29A, 29B, 30 and 30A of the NHB Act upon RBI, (d) to enable the Board to cause the books and accounts of NHB to be balanced and closed as on March 31 of each year in place of June 30 of each year, and (e) amendment of Section 14 of the NHB Act to provide for insertion of expression “non - banking financial companies” in clause (b) thereof so as to extend the refinancing facilities by NHB to these companies and insertion of expression “including mortgage guarantee companies, securitisation companies, reconstruction companies and credit information companies” so as to enable NHB to do business in relation to such companies.

5. *We are affected by volatility in interest rates for our lending and investment operations as well as the rates at which NHB borrows funds, which could adversely affect our return on assets and profitability.*

Our business depends on interest income from our loans, advances and investments made by us and the interest rates at which we borrow funds. Accordingly, we are affected by volatility in interest rates in our borrowing, lending and investment operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Further, rise in inflation and consequent increase in interest rates, repo rates (the rates at which RBI lends to commercial banks) and reverse repo rates (the rates at which RBI borrows from commercial banks) by RBI has led to an increase in interest rates on loans provided by banks and financial institutions. Due to these factors, interest rates in India have experienced a relatively high degree of volatility.

Our net interest margins are determined by the cost of our funding relative to the pricing of our loan products. The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control. In the event we were to suffer a decline in net interest margins, we would be required to increase our lending activity in order to maintain our profitability. However, there can be no assurances that we will be able to do so and we may suffer reduced profitability or losses in the event our net interest margins were to decrease, which may adversely affect our business, prospects, results of operations and financial condition.

Our domestic borrowing is usually on fixed interest rate basis and is primarily for tenure in excess of 3 years. As a result, if interest rates fall, we may have greater difficulty in maintaining a low effective cost of funds compared to our competitors. Although our loan sanction typically contain interest reset clause, in the event such hedging does not serve to benefit from or set off the extent of interest rate fluctuation or if we are unable to pass on the increased cost of borrowing to our own borrowers, our net interest income and net interest margin could be adversely impacted.

As of June 30, 2013, refinance assets of Rs. 24544.37 crore or 69.62 % of the refinance assets were in the nature of fixed rate loans. Out of which, loans amounting to Rs. 15088.08 crore or 42.79 % of the refinance assets were subject to reset of interest after 1-3 years. When interest rates decline, we may be subject to greater re-pricing and prepayment risks. During periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to re-price loans. When assets are re-priced, the spread on loans, which is the difference between the average yield on loans and the average cost of funds, could be affected. If we re-price loans, our financial results may be adversely affected in the period in which the re-pricing occurs.

When interest rates increase, we may be unable to pass on such increase to the borrowers in full by increasing the corresponding borrowing interest rates. Our inability to effectively and efficiently manage such interest rate variations over the duration of the project loans may adversely affect our return on assets and profitability.

6. *We may not be able to successfully manage and maintain our growth, which could have a material adverse effect on our results of operations and financial condition.*

NHB is the financial institution in the country for housing finance, set up under an Act of Parliament in 1988 and is wholly owned by Reserve Bank of India. NHB, besides regulating the HFC's, is also a significant provider of developmental finance towards affordable housing in the country. The number of HFCs registered with NHB grew from a negligible number in the early 90's to 57 in 2012-2013. Our future growth depends on a number of factors, including the demand for affordable housing in India, competition and regulatory changes. We cannot assure that we will be able to continue to sustain our growth at above historical rates in the future.

As we continue to grow, we must continue to improve our managerial, technical and operational knowledge, the allocation of resources and our management information systems. In addition, we may be required to manage relationships with a greater number of customers comprising Housing Finance Companies, Schedule Commercial Banks, Regional Rural Banks and Cooperative Sector. We cannot assure you that we will not experience issues such as capital constraints, operational difficulties, difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business. Any of these issues may adversely affect implementation of our expansion plans in a timely manner and there can be no assurance that any expansion plans, if implemented, will be successful which may adversely affect the results of operations and financial condition.

7. ***The projects for which we have provided, or may in the future provide, financing may be delayed, modified or cancelled, which would adversely affect the ability of our borrowers to repay their loans.***

Factors beyond our control or the control of our borrowers may postpone a project or cause its cancellation. Such factors could include delays or failures to obtain necessary permits and approvals, labour disputes, and other types of difficulties or obstructions. Any delay, failure or execution difficulty with respect to projects for which we provide financing could materially affect the ability of the borrowers to repay their loans, which would have an adverse effect on our business, prospects, results of operations and financial condition.


8. ***Our success depends on our management team and skilled personnel and our ability to attract and retain such persons.***

As per the provisions of Section 6(1)(c) of the NHB Act, the Board of Director of the Bank shall comprise of 2 directors who shall be persons with experience in the working of institutions involved in providing funds for housing or engaged in housing or have experience in the working of financial institutions or scheduled banks. Further, as per Section 6(1)(e) of the NHB Act, the Board of Directors shall comprise of 3 directors from amongst the official of the Central Government. As per provisions of Section 6(2), the directors under Section 6(1)(c) and Section 6(1)(e) have to be appointed by the Central Government in consultation with RBI. At present, no such appointment has been made by the Central Government under Section 6(1)(c), and out of the requisite 3 directors, only 2 directors have been appointed by the Central Government under Section 6 (1)(e) of the NHB Act.

We have 92 employees as on June 30, 2013. Besides the Managing Director, the officers in the executive rank comprise of 2 executive directors, 2 general managers, and 4 deputy general managers. Our future performance will be dependent on the continued service of our management team and our ability to attract and retain skilled personnel, as we rely on their experience and their ability to identify risks and opportunities in our business, and grow our business activities.

Considering the small size of our management team, our ability to identify, recruit and retain our employees is critical. We do not maintain any keyman insurance policy. We also face a continuing challenge to recruit 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, and it may be difficult to attract, adequately compensate and retain the personnel we need in the future. Inability to attract and retain appropriate and adequate managerial personnel, or the loss of key personnel could adversely affect our business, prospects, results of operations, financial condition.

9. ***We do not have a registered trademark for our logo , as a result of which our ability to use the trademark and logo may be impaired. Further, in the event we are unable to register the trademark, we may be unable to prohibit unauthorised usage of such trademark by third parties.***

We do not have our logo i.e. , registered under the Trademarks Act, 1999, as amended. In the event that the our logo either infringes the intellectual property rights of another person or the logo is used or claimed by a third party, our ability to use such logo may be restricted or lost. Further, in the event we are unable to register the trademark, we may be unable to prohibit unauthorised usage of such trademark by third parties.

10. ***We would have limited recourse in the event of default by our borrowers, and may not be able to recover the full, or any, amount of financing extended by us to them.***

Any lending or investment activity involves credit risk arising from the risk of default and non-payment by borrowers and other counterparties. The borrowers may default in their repayment obligations due to various reasons, including insolvency, lack of liquidity and operational failure. Of the total outstanding loans and advances of Rs. 34,630.89 crore (Gross) as of June 30, 2013, loans and advances amounting Rs. 17,252.03 crore were secured by a charge on books debts, government guarantee, bank guarantee, equitable mortgage on fixed assets, hypothecation of movable assets and lien over bank deposits etc. Balance loans and advances amounting to Rs. 17,378.86 crore were unsecured of which Rs. 8,827.48 crore were covered under negative lien.

An economic downturn could result in a fall in relevant collateral values, which, should we need to foreclose on the collateral, may result in us not being able to recover all of the outstanding amounts due under defaulted loans.

We may have limited claims in the event of a default by a borrower and would only have recourse to specific assets, the proceeds of the realization of which, after enforcement of the security, will be distributed in accordance with the priority of payments as set out in the relevant financing documentation. Further, foreclosure of such security may require protracted proceedings before a court or tribunal, which in turn may adversely affect our financial condition and results of operations. As such, in the event of a loan default, our inability to recover a significant amount of loans granted by us could adversely impact our business, prospects, results of operations and financial condition.

11. ***A high level of indebtedness could adversely affect our ability to react to changes in our business environment which will in turn affect our prospects and results of operations.***

As of September 30, 2013, we had total borrowing outstanding of Rs. 35,134.91 crore. The gross incremental borrowing during the period was Rs. 18,391.64 crore and net incremental borrowing was Rs. 10,526.67 crore. A significant portion of our funding is obtained through credit facilities and loans provided by RBI, Schedule Commercial Banks and Multilateral Institutions. Our outstanding borrowings could have several important consequences, including but not limited to, the following:

- we may be required to dedicate a portion of our cash flow toward repayment of our existing debt, which will reduce the availability of our cash flow to fund asset liability mismatch, capital expenditures and other general corporate requirements;
- our ability to obtain additional financing in the future may be impaired or effected;
- fluctuations in market interest rates may adversely affect the cost of our borrowings;
- there could be a material adverse effect on our business, prospects, results of operations and financial condition if we are unable to service our outstanding borrowing or otherwise comply with financial covenants of such borrowings; and

- we may be more vulnerable to economic downturns which may limit our ability to withstand competitive pressures and result in reduced flexibility in responding to changing business, regulatory and economic conditions.

Debt agreements entered into by us, at present or in future, may contain restrictive covenants including maintaining certain financial ratios. For instance, as per the provisions of the loan agreement entered between NHB and ADB, NHB has agreed that if it creates any lien on any of its assets as security for any debt, such lien will ipso facto equally and rateably secure the payment of the principal of, and interest and other charges on the loan and NHB in creating or permitting the creation of any such lien, will make express provisions to that effect.

These restrictions may impede the growth of our business. We cannot assure that we will be able to comply with all such conditions at all times. Any inability to comply with the provisions of our debt agreements and any consequent action taken by our lenders may adversely affect our business, prospects, results of operations and financial condition. For more information, see "*Description of Certain Indebtedness*" on page 69 of this Shelf Prospectus.

12. *We may be unable to secure funding at competitive rates, which could adversely affect our growth, expansion and results of operations.*

Our business funding consists of funds raised through the domestic debt markets through issue of debt securities and borrowings from RBI, schedule commercial bank and multilateral institutions and public deposits. For further details, please see the section titled "*Description of Certain Indebtedness*" on page 69 of this Shelf Prospectus.

While most of our debt securities are on a fixed rate basis, most of the banking sector loans are linked to floating rate benchmarks. Our cost of funds from banks and the domestic debt market is influenced by our current domestic credit rating from CRISIL and/or, Brickwork and/ or CARE. For details, see the section titled "*Business- Credit Ratings*" on page 58 of this Shelf Prospectus. Further, a significant factor taken into account for our current domestic credit ratings is the substantial exposure of our loan portfolio to housing finance companies and scheduled commercial banks, and administering affordable housing in the country.

13. *Our business, results of operations and financial conditions may be adversely affected by future regulatory changes.*

NHB is the financial institution in the country for housing finance, set up under an Act of Parliament in 1988 and is wholly owned by the Reserve Bank of India. For further details, see the section titled "*Regulations and Policies*" on page 75 of this Shelf Prospectus. We are also subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliances. The introduction of additional government control or newly implemented laws and regulations including, among other things, in relation to provisioning for NPAs, recoveries, capital adequacy requirements, exposure norms, etc., depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, results of operations and financial condition and 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. While we will take adequate measures, we cannot assure you 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 sector specifically and regulatory regime in general. These laws and regulations and the way in which they are implemented and enforced may change from time to time and there can be no assurance that future legislative or regulatory changes will not have an adverse effect on our business, results of operations and financial condition.

14. *We may face asset-liability mismatches which could affect our liquidity, and which may as a consequence have a material and adverse effect on our business, financial performance and results of operations.*

We may face potential liquidity risks due to mismatches in our funding requirements and the financing we provide to eligible borrowers in accordance with NHB Act. As of September 30, 2013, Rs. 18,662.15 crore or 53.12% of our total borrowing outstanding was due for repayment within one year. We may face potential liquidity risk on account of our inability to obtain additional credit facilities or renew existing credit facilities for matching tenure of our liabilities in a timely and cost-effective manner or at all, which in turn may adversely affect our business operations and financial performance and results of operations.

15. *As part of our promotional endeavours, we have been participating in the equity share capital of start-up institutions and are subject to all of the business risks and uncertainties associated with commencing new business lines in general.*

In terms of the mandate given to us towards promotion and development of the housing finance system in the country, we have been participating in the equity share capital of start-up companies/ new institutions. In this connection, we have made certain investments in housing finance companies and building material companies etc.

We in partnership with Genworth, ADB and IFC has set up India's maiden Mortgage Guarantee Company viz. India Mortgage Guarantee Corporation Pvt. Ltd. (IMGC) in June 2012. The shareholding of NHB, in IMGC, is 38% as of June 30, 2013 and NHB's investment in the equity of IMGC stood at Rs. 58.90 crore.

Compared to our experience in the business of regulating the housing finance companies, and providing developmental finance towards affordable housing in the country, we have limited operational experience in operating through joint ventures/ partnerships. These businesses involve various risks, including, but not limited to, execution, operations and financing risks. Some of our investments in the past have not achieved the desired objectives. We cannot assure you that all our current or future investments will turn out to be profitable ventures, and should we need to exit from such investments, we may not be able to recover the invested amounts.

Our successes in operating through joint ventures/ partnerships will depend, among other things, on our ability to attract suitable joint venture partners and to build relationships with industry partners. Additionally, we are subject to business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our objectives within the estimated time period, or at all.

For more information, see the section titled "*Business- Other Investments*" on page 57 of this Shelf Prospectus and "*Annexure A –Financial Statements*" of this Shelf Prospectus.

16. ***We have high loan concentrations with our top ten borrowers contributing to 55 % of our total refinance loans outstanding as on June 30, 2013 and default by any one of them could significantly affect our business.***

We have significant exposure to scheduled commercial banks and HFC's in relation to our refinance portfolio. As of June 30, 2013, aggregate loans to ten largest borrowers amounted to Rs.18,782.21 crore, representing approximately 54.44% of our total refinance loans outstanding as of such date. Our single largest borrower on such date had an outstanding balance of Rs. 2,496.61 crore, representing 7.24 % of our total refinance loans outstanding as of such date. Any deterioration in the credit quality of these assets could have a significant adverse effect on our business, prospects, results of operations and financial conditions.

17. ***We are subject to certain restrictive covenants in our loan documents, which may restrict our operations and ability to grow and may adversely affect our business.***

There are certain restrictive covenants in the agreements we have entered into with our lenders. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these lenders for various activities, including, among other things, selling, transferring or otherwise disposing of any part of our business or revenues, change of ownership. Such restrictive covenants in our loan agreements may restrict our operations or ability to grow and may adversely affect our business.

18. ***Our Directors may have interests in corporations/ companies/ entities similar to ours, which may result in a conflict of interest that may adversely affect future financing opportunity from referrals.***

One of our Directors has interests in other companies which are in businesses similar to ours. For instance, Mr. Arvind Kumar, our Government-nominee Director, is also on the board of ICICI Bank. For further information with respect to directorships of certain of our Directors, please see the section titled "**Management**" on page 60 of this Shelf Prospectus.

Such directorships of our Directors may result in potential conflict of interest situations. While, our Board continues to adhere to the requirements of the NHB Act, there can be no assurance that these or other conflicts of interest will be resolved in a timely and efficient manner.

19. ***Unavailability of financing at commercially acceptable terms, or at all, may adversely affect our liquidity and financial condition.***

The liquidity and ongoing profitability of our business depend on our timely access to and the costs associated with raising capital. Our total cost of borrowings for Fiscal 2013 is Rs. 2220.91 crore and comprised approximately 97% of our total expenditure (excluding tax and provisions for loan assets) for Fiscal 2013 and the total cost of borrowing, was 7.41%, as on September 30, 2013. Our borrowings primarily include *inter-alia*, bonds and debentures, public deposit, RHF Scheme and loans obtained from Schedule Commercial Banks and multilateral institutions. We cannot assure you that we would be able to borrow funds at commercially acceptable terms, or at all, in the future. Further, in case Govt does not guarantee our borrowings or in case credit rating of debt instruments issued by us is downgraded for any reason, in the future, investors/lenders may not be willing to invest in our debt instruments at commercially acceptable interest rates, or at all. Thus, in order to honour our lending commitments, we may be required to avail loans at high costs, which may in turn affect our spread on loans and our overall financial condition. Further, due to our nature and tenure of the loans, it may not be possible for us to pre-pay the existing loans by incurring additional indebtedness, without payment of penalty and interest. Unavailability of borrowings at commercially acceptable terms, or at all, may adversely affect our capacity to lend in the future and hence would have an adverse effect on our business, prospects, results of operations and financial condition.

Further, increase in debt would lead to leveraging the balance sheet thereby exerting pressure on the financial ratios that we are required to maintain under our various loan agreements. Despite of our best efforts and diligence, on account of the increase in debt component in the balance sheet, we are at present in breach of certain financial ratios in our loan agreements and we cannot assure you that such breach will not occur again and that we would continue to be in compliance with loan agreements' conditions, in future, under similar circumstances. Any future default under a loan agreement will further affect the availability of funding for NHB.

20. ***We are involved in certain legal proceedings, which, if determined against us, could adversely impact our business and financial condition and results of operations.***

We are a party to various legal proceedings which are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial and quasi judicial authorities, and some of it if determined against us, could have an adverse impact on the business, financial condition and results of operations of NHB. Brief description of the significant litigation/ legal proceedings involving NHB is stated hereunder.

1. **State Bank of Saurashtra & Ors Vs National Housing Bank {Civil Appeal No.2155 of 1999} pending before the Hon'ble Supreme Court**

In respect of certain alleged securities transactions, NHB by an 'Account Payee' cheque drawn on RBI paid Rs. 95.39 crore to State Bank of Saurashtra (since merged with State Bank of India, hereinafter "SBS") on January 3, 1992. On being requested to reverse the said transaction, SBS denied its liability to pay back. In order to realise the money, NHB filed a suit, which was decided by the Hon'ble Special Court on February 24, 1999. The Special Court decreed the suit in favour of NHB with costs and held SBS liable to return Rs. 95.39 crore along with interest @ 19 % per annum from January 03, 1992 till the date of payment. SBS preferred an appeal bearing No. 2155 of 1999 against the said order of the Special Court, Mumbai, before the Hon'ble Supreme Court and the same was admitted. However, no stay was granted by the Hon'ble Supreme Court against the said order.

The Hon'ble Supreme Court vide its judgment dated July 31, 2013 dismissed the suit and set aside the decree passed by the Special Court in toto. Consequently NHB is liable to a sum of Rs. 236.78 crore to State Bank of India. NHB has fully paid a sum of Rs. 236.78 crore to SBI. NHB is entitled to receive a sum of Rs. 94.19 crore from the Custodian. An Interlocutory Application has been filed by State Bank of India in CA no. 2155 of 1999 on the issue of interest and NHB has filed its reply dated October 25, 2013 and the same is pending consideration.

2. **Ms. Jyoti H Mehta Vs Standard Chartered Bank & Ors. {Civil Appeal No.9339 of 2010} pending before the Hon'ble Supreme Court**

The said appeal has been filed against the Judgment and Order dated June 8, 2010 passed by the Hon'ble Special court in Misc. Petition No. 5 of 2009. The said Misc. Petition was filed by Ms Jyoti Mehta before the Special Court challenging the decree passed in Misc. Petition No. 28 of 1995 in favour of the Standard Chartered Bank. The matter is currently pending.

As per the Terms of Settlement signed between NHB & Standard Chartered Bank on and from January 19, 2002, upon receipt of Rs. 620.43 crore by Grindlays Bank (since merged with Standard Chartered Bank) and Rs. 1,025.43 crore by NHB, the disputes between the parties with respect to 9 Account Payee cheques issued by NHB in favour of Grindlays Bank shall stand resolved. The decision in the matter will have a bearing on the amount to be received by NHB from Standard Chartered Bank pursuant to the terms of settlement.

3. **Ms. Jyoti H Mehta Vs State Bank of India & Ors. {Civil Appeal No.9342 of 2010} pending before the Hon'ble Supreme Court**

This Appeal has been filed against the judgment and order dated June 8, 2010 passed in Misc. Petition No.8 of 2009. The said Misc. Petition was filed by Jyoti Mehta before the Special Court challenging the decree passed in Misc. Petition No. 63 of 1992 in favour of the State Bank of India ("SBI"). The matter is currently pending.

As per the Terms of Settlement dated October 30, 2002 it was agreed between the parties that all the disputes and proceeds between NHB & SBI with regard to 14 cheques stands discharged. SBI was to pursue the case against Harshad Mehta and all the recoveries and realization made by SBI was to be shared with NHB in the proportion decided by RBI. NHB was to assist SBI in recovery of amount in Suit No. 63 of 1992. The decision in the matter will have a bearing on the amount to be received by NHB from SBI pursuant to the terms of settlement.

4. **Ms. Jyoti H Mehta Vs Standard Chartered Bank & Ors {Misc Petition 195 of 2011} pending before the Hon'ble Special Court, Mumbai**

The Misc Petition is filed by the Applicant before the Hon'ble Special Court, Mumbai. In the said Misc. Petition it has been alleged that a sum of Rs. 27.24 crore (which does not include the interest on the principle amount) was paid by Harshad Mehta to NHB and the said amount is lying unclaimed with NHB for the past several years. NHB has denied the allegations of transaction with Harshad Mehta. The matter is currently pending.

5. **State Bank of Saurashtra Vs Shri Harshad S. Mehta and Others {Suit No.3 of 1995} pending before the Hon'ble Special Court, Mumbai**

State Bank of Saurashtra (since merged with State Bank of India, hereinafter "SBS") filed the above suit against Harshad S. Mehta and others before the Hon'ble Special Court, Mumbai, praying *inter-alia* that NHB should be prohibited from recovering and/or declared not eligible to recover Rs. 95.39 crore from SBS/ Harshad S. Mehta. Since the matter is related to a Civil Appeal bearing No. 2155 of 1999 filed by SBS before the Hon'ble Supreme Court against the orders of the Special Court in suit No. 2 of 1995 and that the said appeal is pending for hearing. At the request of the parties, the Special Court was pleased to adjourn the hearing sine die till the disposal of the said appeal by the Hon'ble Supreme Court.

For further details, see the section titled "*Outstanding Litigation*" on page 79 of this Shelf Prospectus. We can give no assurance that these legal proceedings will be decided in our favor. Any adverse decision may have a significant effect on our business, prospects, financial condition and results of operations.

21. ***We have experienced incidents of fraud in the past and may experience such frauds in the future as well, which may have an adverse effect on our business, results of operation and financial condition.***

Our business is susceptible to fraud committed by our borrowers and our employees. Although we have taken measures to safeguard against frauds, there can be no assurance that we would be able to prevent frauds. Despite being diligent any frauds discovered in the future may have an adverse effect on our business, results of our operations and financial condition. For more information, see "*Business -Risk Management and Internal Controls*" on page 57 of this Shelf Prospectus. Failure to prevent or mitigate fraud or breaches in security may adversely affect our reputation, business, prospects, results of operations and financial condition.

22. ***In the event of our failing to meet the capital adequacy requirements on account of any changes in the existing regulatory policy, our results of operation and financial condition could be severely affected.***

As at June 30, 2013, we had a CRAR of 16.59%. This ratio is used to measure a finance company's capital strength and to promote the stability and efficiency of the finance system. A significant reason as to our existing high CRAR is our substantial exposure to scheduled commercial banks, since extant prudential norms accord a 20% risk-weight to such exposures. In the event of any change in the legal regime governing capital adequacy by virtue of which a higher risk-weight is accorded to the above exposures, our CRAR may be adversely affected. If we fail to meet the capital adequacy, RBI may take certain actions, including but not limited to restricting our asset growth which could materially and adversely affect our reputation, results of operations and financial condition.

Further, the RBI makes periodic inquiries and conducts inspections or investigations concerning our compliance with applicable regulations. While we cannot predict the outcome of any future inspection or enquiry, we do not believe that any currently ongoing inspection or enquiry will have a material adverse effect on our business, results of operations or financial condition.

23. ***We have certain contingent liabilities that have not been provided for.***

Our total contingent liabilities that have not been provided for as of June 30, 2013, were Rs. 139.37 crore. The details are as follows:

(Rs. in crore)

Details	Fiscal 2013
Guarantee given for Mortgage Backed Securitisation issue	5.33
Liability on account of Forward Exchange Contract	68.76
Income Tax	65.28
Total	139.37

For further details on contingent liabilities, see the section titled "*Annexure A- Financial Statements*" of this Shelf Prospectus.

24. ***No Debenture Redemption Reserve ("DRR") for the Bonds is proposed to be maintained for the present issue of Bonds and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default.***

The obligation to maintain a DRR is applicable only to companies registered under the Companies Act, 1956. From the definitions laid down by SEBI under SEBI Debt Regulations, it may be observed that the definition of issuer includes a company. Certain mandatory requirements are required of all issuers whereas certain requirements like creation of a DRR is required only if the issuer is a company. The term "issuer" is much wider and includes public sector undertakings and statutory corporations besides companies. NHB is a statutory authority making a public issuance of debt securities and so it falls under the definition of "issuer" however, it is not a company. Thus, NHB being an "issuer" but not a "company", the requirement to maintain a DRR in compliance under Regulation 16 of the SEBI Debt Regulations and section 117C of the Companies Act, 1956 is not applicable to it. Further, in terms of Circular No. 04/2013 dated February 11, 2013 issued by MCA, DRR is not required to be created for debentures issued by All India Financial Institutions regulated by RBI and banking companies for both public as well as privately placed debentures. NHB besides being wholly owned is also regulated by RBI and therefore no DRR is created for any public issue of debentures by NHB. Since, there is no obligation on NHB under the SEBI Debt Regulations, NHB is not maintaining a DRR for the present issue of Bonds and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default.

25. ***Borrowing for the purchase or construction of property may not continue to offer borrowers the same fiscal benefits it currently offers, which would result in lower demand for our refinance portfolio, and thereby, adversely affect our business.***

The growth in the financing of housing sector in India in the last decade is in part due to the introduction of tax benefits for homeowners. Tax benefits on borrowed capital for the repairs, renewals, construction, reconstruction or acquisition of house property have been allowed up to certain limits. There can be no assurance that the GoI will continue to offer such tax benefits to borrowers at the current levels or at all. In addition, there can be no assurance that the GoI will not introduce tax efficient investment options which are more attractive to borrowers than investment in property. The demand for housing and/or housing finance may be reduced, if any of these changes occur, thereby adversely affecting our business.

26. ***We are subject to credit, operational and market risks, and if any such risks were to materialize, our credit ratings and our cost of funds could be adversely affected.***

Our revenues depend on our ability to efficiently manage our credit, operational and market risks. We are required to identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. Our earnings depend on the effectiveness of our management of credit quality and risk concentration, 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 are not predictive of actual results, we could incur higher than anticipated losses.

The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by the rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. There can be no assurance that we will not experience any downgrade in our debt ratings in future. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to engage in business transactions, particularly longer-term and derivatives transactions, or retain our customers. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition.

Although we believe that we have adequate risk management policies and procedures in place, we may still be exposed to unidentified or unanticipated risks, which could lead to material losses and an adverse effect on our business, prospects, results of operations and financial condition. For more information, see "*Business-Risk Management and Internal Controls*" on page 57 of this Shelf Prospectus.

27. ***Failure or delayed updating of our Information Technology systems could significantly affect our business operations.***

Continued updating of our Information Technology systems commensurate with the nature and volumes of business operations is necessary. While, we have been upgrading our Information Technology systems, there can be no assurance that the new systems will be successfully integrated into our existing systems, that our employees can be successfully trained to utilise the upgraded systems, that the upgraded systems, if installed and operational, will not become quickly outdated or that the upgraded systems will bring about the anticipated benefits.

28. ***Our Head Office is not owned by or leased to us, and in the event we are unable to continue to operate from such premises, our business, financial condition and results of operation may be adversely affected.***

The land on which our Head Office is located was allotted to the India Habitat Centre, a registered society, ("*IHC*") by the Land & Development Office ("*L&DO*"), Ministry of Urban Development, GoI in 1988 for the construction of buildings. IHC was thereafter required to enter into a lease deed with L&DO, and furthermore, enter into a tripartite sub-lease agreement with us and the L&DO, GoI. IHC is yet to enter into a lease deed with the L&DO and consequently, we have been unable to enter into this

tripartite sub-lease deed with the IHC and the L&DO. As such, NHB has capitalized a sum of Rs.14.44 crore on the basis of payments made to IHC.

Failure by IHC to enter into a lease deed with the L&DO will render it difficult for us to enter into a tripartite sub-lease with the IHC and the L&DO in relation to our Head Office. Further, in the event, IHC offers to enter into a tripartite sub-lease deed with us, it may not be on terms and conditions that are acceptable to us. Accordingly, we presently do not hold title to such premises.

29. We do not own the Residential Flats used for providing accommodation to our employees and consequently do not have title to the premises at present.

We have entered into agreements for sale with Hindustan Prefab Limited in respect of purchase of residential flats situated at Plot Nos. C-20 to C-23, C-33 to C-40, Jangpura, Delhi which are being used to provide accommodation to some of our employees. Pursuant to terms of agreements to sale we took possession of the said flats. However, execution of the sale deed in respect such Flats is pending and is subject to the permission of the government. Accordingly, we presently do not hold title to the said Flats.

In case the sale deed is not executed and we are required to vacate the said Flats, we cannot assure whether we will be able to purchase/ lease alternative premises for accommodation of our employees on terms favourable to us.

30. Our statutory auditors have expressed certain opinions in their audit report on our financial statements in the past and any qualifications in the auditor's report in the future may impact our results of operations.

Our statutory auditors have made remarks in their audit report with respect to certain matters in the financial statements for the Fiscal 2009, 2010, 2011, 2012 and 2013. For more information, see "**Annexure A - Financial Statements**" of this Shelf Prospectus.

Significantly, in respect of their audit report for the financial statements for the Fiscal 2013, our Statutory Auditors have included the following remarks:

1. *As discussed in note 13.3 to the financial statements, the bank has changed its accounting policy in respect of computing of Depreciation on Premises in the current financial year. Depreciation is now provided on the basis of Written Down Value Method substituting Straight Line Method resulting a decrease in accumulated depreciation of Rs. 5,82,91,010/-. Due to this change in accounting policy referred to above, resulting in an increase in net income of Rs. 5,82,91,010/-.*

There are qualifications in the auditor's report on financial statements for the Fiscal 2012 which are as under:

1. *We are unable to form an opinion on the treatment given by the bank in respect of the following matters and the impact that the same may have on the accounts of the Bank as the final decisions have yet to be delivered by the courts and the sum determined.*
 - (a) *Rs. 237.06 Crores received from state Bank of Saurashtra, since amalgamated with State bank of India pursuant to a decree by the special court and others and included in "Other Liabilities" (Note No 19.1 of the relevant year)*
 - (b) *Rs. 149.37 Crores appearing as 'Other Assets ' representing Rs 95.40 Crores paid by the Bank to State Bank Of Saurashtra Since amalgamated with the state Bank Of India and Rs. 53.97 Crores paid by the Bank to custodians pursuant to the order of the special court (Note No 19.2 of the relevant year).*
2. *The Bank's share out of recoveries made by the State Bank Of India for decrees passed by the special court against the legal heirs of estate of Late Sh. Harshad Mehta and out of the amount released by the custodian in favour of Standard Chartered Bank (amount not ascertained) will be accounted for as determined and ascertained on actual receipt (Note No. 19.4 of the relevant year).*
3. *Provision in the accounts has not been made for the disputes Income Tax Liability for the assessment years 2003-04 to 2009-10 amounting to Rs. 70.67 crores arising from reassessment of earlier years completed during the year, disallowing the deductions claimed by the bank in respect of special reserve created and maintained under section 36(1) (viii) of the income Tax, 1961.*

Based on the legal opinion obtained, the management is of the view that the claim of the bank under section 36(1) (viii) of the income tax for which appeals are pending before the authorities may be decided in Bank's favour and the deductions shall be allowed . On the said assumption bank has created deferred tax liability (DTL) of Rs. 75.04 Crores (refer note 23.1 of the relevant year), considering the timing difference, instead of provisions for income tax.

In our opinion till the appeal are decided in favour of the bank regarding deductions of special reserve under section 36(1) (viii), no timing difference arise on said account as per accounting policy of the bank and as envisaged by accounting standard 22- Accounting for taxes on income issued by the institute of chartered Accounts of India on the reporting date since the accounting income and taxable income as determined and computed by the revenue for the above assessment years for arriving at the taxable income, the deductions claimed for special reserve has not been allowed as such as at the reporting date is not capable of reversal in subsequent periods. This has resulted in deferred tax liability being overstated to the extent of Rs. 75.04 crores with consequent effect on carrying amount of advance tax/provision for tax. However the same has no effect on the profit of the Bank.

4. *The Bank advanced two term Loans to Andhra Pradesh Rajiv Swagruha Corporation Limited aggregating to Rs.191.18 crores repayable in three years in quarterly installments, inclusive of moratorium in respect of principal of one and a half years for Loan I and one year in case of loan II, for which repayment schedules were drawn and conveyed to the borrower on 27th October, 2011. The Bank on request of the Borrower revised the repayment schedule to the effects that the repayments tenure of three years is reckoned from the disbursement of the last installment instead of disbursement of the first installment as per the earlier repayment schedule, other terms and conditions remaining the same.*

We are of the opinion that the as per RBI circular on "Prudential norms on income Recognitions, Assets Classifications and Provisioning pertaining to advances" the said reschedulement of repayments period/ repayable amount/amount of installment would render the account as restructured and require to be classified as such and consequent provisions to be carried out in accordance with regulatory requirements.

In the financial statements prepared by the Bank the effect on interest income, assets classifications and provisioning (amount not ascertained) have not been considered, as the matter has been referred to R.B.I for clarification for which reply is awaited.

There are qualifications in the auditor's report on financial statements for the Fiscal 2011 which are as under:

1. *We are unable to form an opinion on the treatment given by the bank in respect of the following matters and the impact that the same may have on the accounts of the Bank as the final decisions have yet to be delivered by the courts and the sum determined.*
 - (a) *Rs. 237.06 Crores received from state Bank of Saurashtra, since amalgamated with State bank of India pursuant to a decree by the special court and others and included in other liability .(Note No. 19.1 of the relevant year)*
 - (c) *Rs. 149.37 Crores appearing as 'Other Assets ' representing Rs 95.40 Crores paid by the Bank to State Bank Of Saurashtra Since amalgamated with the state Bank Of India and Rs. 53.97 Crores paid by the Bank to custodians pursuant to the order of the special court (Note No 19.2 of the relevant year).*
2. *Provision in the accounts has not been made for the disputed Income Tax Liability for the assessment years 2003-04 to 2008-09 amounting to Rs. 66.75 Crores arising from reassessment of earlier years completed during the year (refer note 22.3 of the relevant year), disallowing the deductions claimed by the bank in respect of special reserve created and maintained under section 36(1) (viii) of the income Tax, 1961.*

Based on the legal opinion obtained, the management is of the view that the claim of the bank under section 36(1) (viii) of the income tax for which appeals are pending before the authorities may be decided in Bank's favour and the deductions shall be allowed . On the said assumption bank has created deferred tax liability (DTL) of `66.75 Crores (refer note 22.3 of the relevant year), considering the timing difference, instead of provisions for income tax.

In our opinion till the appeal are decided in favour of the bank regarding deductions of special reserve under section 36(1) (viii), no timing difference arise on said account as per Accounting policy of the bank and as envisaged by accounting standard 22- Accounting for taxes on income issued by the institute of chartered Accounts of India on the reporting date since the accounting income and taxable income as determined and computed by the revenue for the above assessment years for arriving at the taxable income, the deductions claimed for special reserve has not been allowed as such as at the reporting date is not capable of reversal in subsequent periods. This has resulted in deferred tax liability being overstated to the extent of Rs. 66.75 crores with consequent effect on carrying amount of advance tax/provision for tax provisions. However the same has no effect on the profit of the Bank.

3. *In regard to provision for taxation ,the bank during the year reviewed its policy on provisions for taxation and has uniformly provided deferred tax liability (DTL in regard to special reserve under Section 36(I) (viii) of the income Tax Act , as against earlier years practice of creating DTL in some of the years and in other providing for the tax liability .However for the assessment year 2009-10 both income tax and DTL have been created in respect of special reserve under section 36(I) (viii) of the Income Tax Act ,resulting in the Profit for the year being understated to the extent of Rs. 3.83 Crores (refer note 22.4 of the relevant year) with consequent effect on carrying amounts of advance tax/provisions for tax and the reserves in the Balance Sheet.*
4. *In compliance with accounting Standard 11-The effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered of India, the bank as on the reporting date has revaluated its foreign Exchange borrowings from USAID and interest payable thereon. This has resulted in increase in liability to the extent of Rs 31.14 Crores with consequent effects on amount recoverable from Government of India(GOI).The Said re-evaluation has no effect on the profit of the Bank (refer note 15.1 of the relevant year)*

There are qualifications in the auditor's report on financial statements for the Fiscal 2010 which are as under:

1. *We are unable to form an opinion on the treatment given by the Bank in respect of the following matters and the impact that the same may have on the accounts of the Banks as the final decisions have yet to be delivered by the Courts and the sums determined.*
 - a. *Rs. 237.06 Crores received from State Bank of Saurashtra, since amalgamated with State Bank of India pursuant to a decree by the Special Court and others and included in 'Other Liabilities' [Note No. 19.1 of the relevant year].*
 - b. *Rs. 149.37 Crores appearing as 'Other Assets' representing Rs.95.40 Crores paid by the Bank to State Bank of Saurashtra since amalgamated with State Bank of India and Rs. 53.97 crores paid by the Bank to Custodians pursuant to the orders of the Special Court [Note No.19.2 of the relevant year].*
2. *In our opinion the Bank has complied with the Accounting Standards issued by The Institute of Chartered Accountants of India except (a) non revaluation of foreign borrowings in accordance with AS-11 resulting in understatement of both assets & liabilities to the extent of Rs.14.29 crores- refer para 15.1 of notes to accounts and (b) non provision of deferred tax assets as per AS-22 on staff benevolent fund- Rs. 0.93 crore resulting in deferred tax liability being overstated to that extent.*

There are qualifications in the auditor's report on financial statements for the Fiscal 2009 which are as under:

1. i) *We are unable to form an opinion on the treatment given by the Bank in respect of the following matters and the impact that the same may have on the accounts of the Banks as the final decisions have yet to be delivered by the Courts and the sums determined.*
 - a) *Rs. 237.06 Crore received from State Bank of Saurashtra pursuant to a decree by the Special Court and others and included in 'Other Liabilities' [Note No. 19.1 of the relevant year]*
 - b) *Rs. 149.37 Crore appearing as 'Other Assets' representing Rs.95.40 Crores paid by the Bank to State Bank of Saurashtra and Rs. 53.97 crore paid by the Bank to Custodians pursuant to the orders of the Special Court [Note No.19.2 of the relevant year].*
2. *The foreign currency borrowing under the Housing Guarantee Programme of USAID having an outstanding balance of USD 15,000,000 has not been revalued though required in terms of Accounting Standard (AS 11) issued by ICAI. The loss on exchange risk in respect of this borrowing is born by the Government of India (GOI). Had the borrowing been revalued at the exchange rate as on 30.06.2009, the total liability towards borrowing from USAID would have been Rs.71.86 crore as against Rs.29.68 crore shown in the Balance Sheet and Rs.27.11 crore shown as payable to GOI would have been converted into recoverable of Rs.15.06 crore [Note No. 15.1 of the relevant year].*

We cannot assure you that our Auditors will not qualify their audit report on the audited financial statements in future. Any qualifications in our report will impact our results of operations.

31. ***We have negative cash flows in recent periods and an inability to generate and sustain positive cash flows in the future may adversely affect our business, results of operation and financial condition.***

We have had negative cash flows in recent 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 external funding we procure (net of any repayments of such funding) to disburse these loans and advances are reflected in our cash flows from financing activities. The net cash flows from investing activities primarily represent sale and purchase of fixed assets, other investments and interest received. The following table sets forth certain information with respect to our historical negative cash flows in the periods indicated:

(Rs. in crore)			
Particulars	Fiscal 2011	Fiscal 2012	Fiscal 2013
Net cash used in operating activities	(2,788.52)	(5,020.52)	(6667.61)
Net cash used in investing activities	133.91	67.40	(71.20)
Net cash used in financing activities	2,667.62	4,951.73	6757.15
Net increase (decrease) in cash and cash equivalents	13.01	(1.39)	18.34

Our operating profits before allocation for working capital changes in these periods were as follows

Particulars	Rs. in crore
Fiscal 2011	388.55
Fiscal 2012	564.36
Fiscal 2013	684.15

For further details, see the section titled "**Annexure A - Financial Statements**" of this Shelf Prospectus.

Negative cash flow over a long period and inability to generate and sustained positive cash flows in the future may adversely affect our business, results of operation and financial condition.

32. ***We benefit from certain tax benefits available to us as a public financial institution and if these benefits are no longer available to us, our business, financial condition, results of operations may be adversely affected.***

We currently receive tax benefits by virtue of our status as a public financial institution under section 4A of the Companies Act, 1956, which have enabled us to reduce our effective tax rate. In the Fiscal 2009, 2010, 2011, 2012 and 2013 our effective tax liability, calculated on the basis of our tax liability as a percentage of profit before tax, was lesser as compared to statutory corporate tax rates (including surcharge and cess) for such periods. The availability of such tax benefits is subject to the policies of the GoI, among other things, and there can be no assurance as to any tax benefits that we will receive in the future. If the laws or regulations regarding these tax benefits are amended, our taxable income and tax liability may increase, which would adversely impact our financial condition and results of operations. In addition, it is likely that the Direct Tax Code, once introduced, could significantly alter the taxation regime, including incentives and benefits, applicable to us. If the laws or regulations, budgetary announcement, ordinance or general directives of GoI regarding the tax benefits applicable to us were to change, our taxable income and tax liability may increase, which would adversely affect our financial results.

33. ***We face competition from financial and other institutions in raising funds from the market and may not be able to raise funds on terms beneficial to us.***

We face competition from financial and other institutions aiming to raise funds from the market. In the event that the terms and conditions of the debt instruments offered by such institutions is more attractive than those offered by us, we may not be able to raise debt from the market to the extent and on terms and conditions beneficial to us.

34. ***We may fail to obtain certain regulatory approvals in the ordinary course of our business in a timely manner or at all, or to comply with the terms and conditions of our existing regulatory approvals and licenses which may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.***

We require certain regulatory approvals, sanctions, licenses, registrations and permissions for operating and expanding our business. We may not receive or be able to renew such approvals in the time frames anticipated by us, or at all, which could adversely affect our business. If we do not receive, renew or maintain the regulatory approvals required to operate our business it may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.

In the future, we will be required to obtain new approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such approvals in the time-frame anticipated by us or at all. Failure by us to obtain the required approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

In respect of our previous debt securities, we have entered into Debt Listing Agreement(s) with the relevant stock exchange(s) and in terms thereof we are *inter-alia* required to undertake periodic reporting and filing, however, in the past, we have not complied with the certain provisions thereof. In addition, we are required to make various filings with the RBI and other relevant authorities pursuant to the provisions of NHB Act and other applicable laws and regulations.

If we fail to comply with these requirements, or relevant authority claims that we have not complied with such requirements, we may be subjected to penalties. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses in complying with such laws and regulations, which could adversely affect our business. In addition, any historical or future failure to comply with the terms and conditions of our existing regulatory or statutory approvals may cause us to lose or become unable to renew such approvals.

35. ***We have not complied with the provisions of the Contract Labour (Regulation and Abolition) Act, 1970.***

As per the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 (“CLRA Act”), every establishment in which twenty or more persons are employed or were employed on any day of the preceding twelve months as contract labour is required to register itself with registering officer.

In the Fiscal 2012 and 2013 we had employed more than 20 persons as “support staff” and as on the date of this Shelf Prospectus we continue to employ more than 20 persons as “support staff”, without applying/ obtaining any such registration under the provisions of the CLRA Act. If the relevant authorities claim that we have not complied with the provisions of the CLRA Act, we may be subjected to penalties.

36. ***We are prone to various operational risks, which may have an adverse effect on the continuity of our business and may impede our effective operations in the future.***

We have been subjected to various operational risks on account of delay in submission and closing of audit reports, inadequate control and supervision over internal/ concurrent auditor, incorrect reporting to RBI under FRMS, not fully complying with the provisions of our own Inspection Audit Manual, non-compliance with the provisions of Debt Listing Agreement etc. Although we believe that we have adequate policies and procedures in place, we may still be exposed to such risks in future, including the risk due to legal deficiency in our documentations and deterioration in asset quality due to lack of regular credit inspection of our loan accounts, which could have an adverse effect on our business, prospects, results of operations and financial condition.

37. ***In the event we are unable to achieve the budgeted/ targeted disbursement, our business, profitability and financial condition may be affected.***

In the past we have not been able to achieve the budgeted/ targeted disbursements on account of various factors, including non-availability of funds by the borrowers. In respect of the project finance, only Rs. 92.89 crore was disbursed in Fiscal 2013 against the budgeted/ targeted disbursement of Rs. 154.26 crore, which constitute 60.22 % of the said budgeted/ targeted disbursement. There is no assurance that we will be able to achieve or continue to achieve our budgeted/ targeted disbursement in future. This, in turn, could adversely affect our operating results and financial condition.

38. ***In the event that our insurance is not adequate to protect us against all potential losses to which we are exposed; our business, profitability and financial condition may be adversely affected.***

We insure the property in relation to our Head Office and other office properties which are renewed on an annual basis. Further, in case of mortgage and hypothecation based loans, the relevant loan agreements stipulate that the borrowers obtain insurance for the relevant project properties.

Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be adversely affected. The extent of this material adverse effect on our business, financial condition and results of operation is not disclosed as it cannot be quantified at this time.

RISKS IN RELATION TO THE BONDS

39. ***The Bonds are classified as 'tax free bonds' eligible for tax exemption under Section 10(15)(iv)(h) of the Income Tax Act, up to an amount of interest on such bonds.***

The Bonds are classified as 'tax free bonds' issued in terms of Section 10(15)(iv)(h) of the Income Tax Act and the notification bearing number 61/2013.F.No.178/37/2013-(ITA.1) dated August 8, 2013, issued by the CBDT. In accordance with the said section, the amount of interest on such bonds shall be entitled to exemption under the provisions of Income Tax Act. Therefore only the amount of interest on bonds is exempt and the amount of investment will not be considered for any deduction/ exemption under the Income Tax Act. For further details, see the section titled "**Statement of Tax Benefits**" on page 40 of this Shelf Prospectus.

40. ***There has been only a limited trading in the bonds and it may not be available on sustained basis in the future, and the price of the Bonds may be volatile.***

There has been only a limited trading in bonds of such nature in the past. Although the Bonds are proposed to be listed on NSE, there can be no assurance that a public market for these Bonds would be available on a sustained basis. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which the Bonds are issued.

41. *There is no guarantee that the Bonds issued pursuant to the Issue will be listed on the Stock Exchange(s) in a timely manner, or at all or that monies refundable to Applicants will be refunded in a timely manner.*

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to the Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. While NHB will use its best efforts to ensure that all steps for completion of the necessary formalities for allotment, listing and commencement of trading at the Stock Exchange are taken within 12 Working Days of the Issue Closing Date, there can be no assurance that the same will be completed in a timely manner. There could be a failure or delay in listing the Bonds on the Stock Exchange.

We cannot assure you that the monies refundable to you, on account of (a) withdrawal of your applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the the Stock Exchange for listing of the Bonds, will be refunded to you in a timely manner. We, however, shall refund such monies, with the interest due and payable thereon, as prescribed under applicable statutory and/or regulatory provisions.

42. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds.*

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including, *inter-alia* our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or at all. Although we will create appropriate security in favour of the Bond Trustee for the holders of the Bonds on the assets adequate to ensure 100 % asset cover for the Bonds, the realizable value of the secured assets, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Bonds. A failure or delay to recover the expected value from a sale or disposition of the secured assets could expose you to a potential loss.

43. *Any downgrading in credit rating of our Bonds may affect the trading price of the Bonds.*

The Bonds proposed to be issued under this Issue have been rated by CRISIL, CARE and ICRA. CARE has, vide its letter dated October 28, 2013, assigned a rating of “**CARE AAA**” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CARE has vide its letters dated November 11, 2013 and December 10, 2013 revalidated its credit rating. CRISIL has, vide its letter dated October 29, 2013, assigned a rating of “**CRISIL AAA/Stable**” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CRISIL has vide its letter dated December 10, 2013 revalidated its credit rating. ICRA has, vide its letter dated October 25, 2013, assigned a rating of “**[ICRA] AAA (Stable)**” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. ICRA has vide its letter dated December 10, 2013 revalidated its credit rating. We cannot guarantee that this rating will not be downgraded/ revised/ modified.

The ratings provided by CRISIL, CARE and ICRA may be suspended, withdrawn or revised at any time. Any revision or downgrading in the above credit rating may lower the value of the Bonds and may also affect our ability to raise further debt.

44. *Changes in interest rates may affect the prices of the Bonds.*

All securities where a fixed rate of interest is offered, such as the Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Bonds.

45. *Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law.*

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of the GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds. Further, there is no restriction on the amount of debt securities that we may issue, which may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by investors in the Bonds on our bankruptcy, winding-up or liquidation.

Further, the security created/ to be created for securing the Bonds and monies in connection therewith, will have to be shared on pari-passu basis with the other lenders/ bond holders/ creditor of NHB. Thus, it may reduce the amount recoverable by the investors of the Bonds on liquidation of such securities upon occurrence of a default.

EXTERNAL RISKS

46. *A slowdown in economic growth in India could cause our business to be adversely affected.*

Our results of operations are significantly affected by factors influencing the Indian economy and the global economy in general. Any slowdown in economic growth in India could adversely affect us, including our ability to grow our loan portfolio, the quality of our assets, and our ability to implement our strategy.

Any slowdown in the growth or negative growth of sectors where we have a relatively higher exposure could adversely impact our performance. Any such slowdown could adversely affect our business, prospects, results of operations and financial condition.

47. *Our access to liquidity is susceptible to adverse conditions in the domestic and global financial markets.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

Since the second half of 2008, the global credit markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions originating from liquidity disruptions in the United States and the European credit and sub-prime residential mortgage markets. These and other related events, such as the collapse of a number of financial institutions, have had and continue to have an adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term, impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. Furthermore, pre-emptive actions taken by RBI in response to the market conditions in the second half of Fiscal 2009, especially the provision of liquidity support and a reduction in policy rates, may not continue in the future and there can be no assurance that we will be able to access the financial markets for liquidity if needed. In the event conditions in the global credit markets deteriorate or if there are changes in statutory limitations on the amount of liquidity we must maintain or if there is a significant financial disruption, such conditions could have an adverse effect on our business, prospects, results of operations and financial condition.

48. *Our business is subject to a significant number of tax regimes and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could negatively and adversely affect our results of operations.*

We are subject to regulations by Indian governmental authorities. These laws and regulations impose numerous requirements on us, including asset classifications and prescribed levels of capital adequacy, cash reserves and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect us.

49. *Political instability or changes in the Government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our operations.*

NHB is the Financial Institution in the country for housing finance, set up under an Act of Parliament in 1988 and is wholly owned by the RBI. Our performance and the market price and liquidity of our Bonds may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social, political and ethnic instability and other political and economic developments affecting India, including without limitation natural disaster, calamities, war or war like situation, state emergencies, hostilities, riots, GoI announcements. The GoI has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our operations are also impacted by regulation and conditions in the various States in India where we operate. Our operations, the market price and liquidity of our Bonds may be affected by interest rates, changes in GoI policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, GoI has pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued. A significant change in the GoI's policies could adversely affect results of our operations and could cause the price of our Bonds to decline.

50. *Natural calamities could have a negative impact on the Indian economy and could cause our business to be adversely affected.*

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. These along with prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, thereby affecting our business.

51. *Difficulties faced by other banks, financial institutions or the Indian financial sector generally could cause our business to be adversely affected.*

We are exposed to the risks of the Indian financial sector which in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years particularly in managing risks associated with their portfolios and matching the duration of their assets and liabilities, and some co-operative sectors have also faced serious financial and liquidity crises. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect our business, prospects, results of operations and financial condition.

52. *Any down grading of India's debt rating by an international rating agency could have a negative impact on our business.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Bonds.

53. *The market value of your investment may fluctuate due to the volatility of the Indian securities market.*

Indian stock exchange(s) (including the NSE and the BSE) have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokers etc. If such or similar problems were to re-occur, this may have effect on the market price

and liquidity of the securities of Indian companies, including the Bonds. In addition, the governing bodies of Indian stock exchange(s) have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. In the past, disputes have occurred between listed companies, stock exchange(s) and other regulatory bodies, which in some cases have had a negative effect on market sentiment.

54. *If regional hostilities, terrorist attacks or social unrest in India increases, our business could be adversely affected.*

India has from time to time experienced social and civil unrest and hostilities within itself and with neighbouring countries. India has also experienced terrorist attacks in some parts of the country. These hostilities and tensions and/or the occurrence of terrorist attacks have the potential to cause political or economic instability in India and adversely affect our business and future financial performance. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, prospects, results of operations and financial condition.

OTHER RISKS

55. *We are unable to provide information for one of our Director viz. Mr. Ajay Kumar Dutta.*

The consent of Mr. Ajay Kumar Dutta to name him as Director of the Bank and details/confirmation with regard to him such as the litigation involving him, if any and whether his name appears in the defaulter list of RBI or ECGC default list etc. has not been received by the Bank. Accordingly, limited information has been made available for Mr. Ajay Kumar Dutta, Director in this Shelf Prospectus. Furthermore, the Bank by its letter dated December 2, 2013 had *inter-alia* sought the permission from SEBI to file the Offer Documents in respect of the Issue with the signatures of eight directors without the specific consent of one director namely Mr. Ajay Kumar Dutta. SEBI vide its letter bearing no. IMD/DOF-1/BM/RA/OW/ /2013 dated December 9, 2013 has permitted NHB to file the Offer Documents to be signed by all the other eight directors i.e other than Mr. Ajay Kumar Dutta. SEBI has further stated that the said relaxation is specific to the matter and is without prejudice to SEBI's right to take further policy view on the matter.

**SECTION III - INTRODUCTION
THE ISSUE**

The following is a summary of the terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Issue Structure*” and “*Terms of the Issue*” on page 89 and 94, respectively of this Shelf Prospectus.

COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS	
Issuer	National Housing Bank
Lead Managers	Edelweiss Financial Services Limited, Axis Capital Limited and RR Investors Capital Services Private Limited
Type of instrument	Tax free bonds of face value of Rs. 5,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act.
Issue of Bonds	Public issue of the tax free bonds in the nature of secured redeemable non-convertible debentures of face value of Rs.5,000/- each, having benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by NHB pursuant to the Shelf Prospectus and the relevant Tranche Prospectus(es), in one or more tranches for an amount aggregating up to Rs. 2,100.00* crore (“Shelf Limit”) on terms and conditions as set out in separate Tranche Prospectuses for each tranche issue, which should be read together with this Shelf Prospectus. <i>*In terms of the Notification, NHB has raised Rs. 900.00 crore on a private placement basis in one tranche through information memorandum dated August 30, 2013 i.e. up to 30 % of the allocated limit for raising funds through tax free bonds during Fiscal 2014 ending on March 31, 2014. NHB shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 3,000.00 crore.</i>
Face Value	Rs. 5,000
Issue Price	Rs. 5,000
Nature of Instrument	Secured
Mode of Issue	Public issue
Minimum Application Size	As mentioned in the respective Tranche Prospectus(es)
Pay-in Date	Application Date. Full amount at Application See “ <i>Issue Procedure – Payment Instructions</i> ” on page 123 of this Shelf Prospectus
Eligible Investor	See the section titled “ <i>Issue Procedure</i> ” – <i>Who can apply</i> ” on page 109 of this Shelf Prospectus
Listing	NSE. NSE being the Designated Stock Exchange. For more information, see “ <i>Terms of the Issue – Listing</i> ” on page 104 of this Shelf Prospectus. The Bonds shall be listed on the NSE within 12 Working Days from the Issue Closure Date.
Ratings of the Instrument	Credit Analysis & Research Limited (“ CARE ”) has, vide its letter dated October 28, 2013, assigned a rating of “ CARE AAA ” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CARE has vide its letters dated November 11, 2013 and December 10, 2013 revalidated its credit rating. CRISIL Limited (“ CRISIL ”) has, vide letter dated October 29, 2013, assigned a rating of “ CRISIL AAA/Stable ” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CRISIL has vide its letter dated December 10, 2013 revalidated its credit rating. ICRA Limited (“ ICRA ”) has, vide its letter dated October 25, 2013, assigned a rating of “ [ICRA] AAA (Stable) ” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. ICRA has vide its letter dated December 10, 2013 revalidated its credit rating. For the rationale for these ratings, see “ <i>Annexure D – Credit Rating and Rationale</i> ” of this Shelf Prospectus
Security	<i>Pari passu</i> floating first charge on the specific book debts of NHB as may be mentioned in the security documents and/ or Bond Trust Deed and as may be further notified by NHB to the Trustee, from time to time, with an asset cover of one time of the total outstanding amount of Bonds, from time to time.
Security Cover	One time of the total outstanding Bonds at any point in time.
Nature of Indebtedness and Ranking/ Seniority	The claims of the Bondholders shall be superior to the claims of any unsecured creditors of NHB and subject to applicable statutory and/or regulatory requirements, rank <i>pari passu</i> inter se to the claims of other creditors of NHB having the same security.
Put/Call Option	There is no put/call option for the Bonds
Bond Trustee	IL&FS Trust Company Limited
Depositories	Central Depository Services (India) Limited (“ CDSL ”) and National Securities Depository Limited (“ NSDL ”)
Registrar	Karvy Computershare Private Limited
Modes of Payment/Settlement Mode	1. Direct Credit; 2. National Electronic Clearing System (“ NECS ”); 3. Real Time Gross Settlement (“ RTGS ”); 4. National Electronic Fund Transfer (“ NEFT ”); and 5. Demand Draft/ Cheque/ Pay Order For more information, see “ <i>Terms of the Issue – Manner and Modes of Payment</i> ” on page 100 of this Shelf Prospectus.
Mode of Issuance	In dematerialised form and physical form, at the option of the Applicant**
Mode of Trading	In dematerialised form only**
Market Lot / Trading Lot	One Bond
Deemed Date of Allotment	The date on which, the Board of Directors or Chairman and Managing Director, approves the Allotment of Bonds for each Tranche Issue or such date as may be determined by the Board of Directors or Chairman and Managing Director and notified to the Designated Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus(es) shall be available from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Issue Opening Date	[●]

Issue Closing Date	[●] The Issue shall remain open for subscription from 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, the Bank shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in atleast one leading national daily newspaper.												
Record Date	Date falling 15 days prior to the relevant Interest Payment Date on which interest or the Maturity Date on which the Maturity Amount is due and payable under the relevant Tranche Prospectus(es).												
Objects of the Issue and Utilisation of Proceeds	See “ <i>Objects of the Issue</i> ” on page 38 of this Shelf Prospectus.												
Working Day Convention	See “ <i>Terms of the Issue – Effect of holidays on payment</i> ” on page 100 of this Shelf Prospectus.												
Day Count Convention	See “ <i>Terms of the Issue – Day Count Convention</i> ” on page 100 of this Shelf Prospectus.												
Default Interest Rate	NHB shall pay liquidated damages at a compounded rate of 1% per annum on the amount in respect of which a default has been committed in the event NHB fails to pay any amounts outstanding payable, when due and payable.												
Transaction Documents	The Draft Shelf Prospectus, the Shelf Prospectus, the Tranche Prospectus(es) read with notices, corrigenda, documents/undertakings/agreements entered into or to be entered into by NHB with Lead Managers and/or other intermediaries for the purpose of this Issue, including but not limited to the following: - <table border="1" data-bbox="443 645 1410 1093"> <tr> <td>Bond Trust Agreement</td> <td>Bond Trust Agreement dated November 7, 2013 between the Bond Trustee and NHB</td> </tr> <tr> <td>Escrow Agreement</td> <td>Agreement dated December 21, 2013 between NHB, the Registrar to the Issue, the Lead Managers and Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof.</td> </tr> <tr> <td>Lead Managers MoU</td> <td>The Memorandum of Understanding dated November 7, 2013 between NHB and the Lead Managers</td> </tr> <tr> <td>Consortium Agreement</td> <td>Agreement dated December 23, 2013 between NHB and the Consortium Members</td> </tr> <tr> <td>Registrar Agreement</td> <td>Agreement dated November 7, 2013 between NHB and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue</td> </tr> <tr> <td>Tripartite Agreements</td> <td>Tripartite agreement dated March 1, 2013 between NHB, CDSL and the Registrar to the Issue and the tripartite agreement dated February 25, 2005 between NHB, NSDL and the Registrar to the Issue</td> </tr> </table>	Bond Trust Agreement	Bond Trust Agreement dated November 7, 2013 between the Bond Trustee and NHB	Escrow Agreement	Agreement dated December 21, 2013 between NHB, the Registrar to the Issue, the Lead Managers and Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof.	Lead Managers MoU	The Memorandum of Understanding dated November 7, 2013 between NHB and the Lead Managers	Consortium Agreement	Agreement dated December 23, 2013 between NHB and the Consortium Members	Registrar Agreement	Agreement dated November 7, 2013 between NHB and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue	Tripartite Agreements	Tripartite agreement dated March 1, 2013 between NHB, CDSL and the Registrar to the Issue and the tripartite agreement dated February 25, 2005 between NHB, NSDL and the Registrar to the Issue
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Consortium Agreement	Agreement dated December 23, 2013 between NHB and the Consortium Members												
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Tripartite Agreements	Tripartite agreement dated March 1, 2013 between NHB, CDSL and the Registrar to the Issue and the tripartite agreement dated February 25, 2005 between NHB, NSDL and the Registrar to the Issue												
Conditions precedent/subsequent to disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent/subsequent to disbursement. See “ <i>Terms of the Issue - Utilisation of Issue Proceeds</i> ” on page 104 of this Shelf Prospectus												
Events of Default	See “ <i>Terms of the Issue – Events of Default</i> ” on page 103 of this Shelf Prospectus												
Cross Default	Not applicable												
Roles and Responsibilities of Bond Trustee	See “ <i>Terms of the Issue-Bond Trustee</i> ” on page 103 of this Shelf Prospectus												
Discount at which Bond is issued and the effective yield as a result of such discount	Not applicable												
Governing Law	Laws of the Republic of India												
Jurisdiction	The courts of New Delhi will have exclusive jurisdiction for the purposes of the Issue.												

***In terms of Regulation 4(2)(d) of the Debt Regulations, NHB will make public issue of the Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, NHB, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialized form.*

Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

For specific terms of each Bond please refer to section titled “*Issue Structure- Specific Terms for each Series of Bonds*” on page 92 of this Shelf Prospectus

IL&FS Trust Company Limited has by its letter dated November 12, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Shelf Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Issue.

SELECTED FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Reformatted Financial Statements. The summary financial information presented below should be read in conjunction with our Reformatted Financial Statements and the notes thereto.

REFORMATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in crore)

S. No.	PARTICULARS	SCHEDULE	AS AT JUNE 30				
			2013	2012	2011	2010	2009
	LIABILITIES						
1.	Capital	I	450.00	450.00	450.00	450.00	450.00
2.	Reserves	II	3,190.40	2,739.46	2,351.72	2,072.41	1,791.99
3.	Profit and Loss Account	III	0.00	0.00	0.00	0.00	0.00
4.	Bonds and Debentures	IV	13,311.89	12,493.13	9,766.86	8,351.81	3,582.22
5.	Deposits	V	13,015.25	8,996.61	6,026.81	4,375.75	2,248.13
6.	Borrowings	VI	7,232.11	5,313.36	6,058.34	6,457.21	10,900.69
7.	Deferred Tax Liability (net)		76.19	74.32	91.79	82.30	76.51
8.	Current Liabilities and Provisions	VII	1,171.00	990.28	760.68	667.15	574.17
9.	Other Liabilities	VIII	272.49	272.49	272.49	272.49	272.49
10.	HLA deposits with banks and HFCs - as per contra		2.03	2.06	2.07	2.79	3.98
	TOTAL		38,721.36	31,331.71	25,780.76	22,731.91	19,900.18
	ASSETS						
1.	Cash and Bank Balances	IX	2,655.23	1,683.91	2,117.60	1,789.02	1,498.30
2.	Investments	X	957.32	806.79	802.79	911.30	1,316.99
3.	Loans and Advances	XI	3,4602.94	28,490.43	22,543.27	19,783.51	16,764.02
4.	Fixed Assets	XII	24.51	19.23	20.31	19.41	20.76
5.	Other Assets	XIII	479.33	329.29	294.72	225.88	296.13
6.	HLA deposits with banks and HFCs - as per contra		2.03	2.06	2.07	2.79	3.98
	TOTAL		38,721.36	31,331.71	25,780.76	22,731.91	19,900.18
	Contingent Liabilities	XIV	139.37	65.19	128.45	78.88	129.67
	Notes forming part of Accounts	XV					

REFORMATED STATEMENT OF PROFIT & LOSS ACCOUNT
(Rs. in crores)

S. No.	PARTICULARS	FOR THE YEAR ENDED JUNE 30				
		2013	2012	2011	2010	2009
	EXPENDITURE					
1.	Interest	2,220.91	1,850.07	1,489.50	1,051.68	1,279.42
2.	Staff Salaries, Allowances and Terminal Benefits	10.54	11.22	7.32	8.67	4.36
3.	Directors' and Committee Members Fees and Expenses	0.02	0.03	0.09	0.15	0.09
4.	Audit Fees	0.07	0.09	0.11	0.08	0.12
5.	Rent, Taxes, Electricity and Insurance	2.00	1.89	1.69	1.74	1.37
6.	Postage, Telegrams, Telex and Telephones	0.41	0.41	0.33	0.37	0.39
7.	Law Charges	0.33	0.12	0.08	1.82	0.03
8.	<i>Stationery, Printing, Advertisement, etc.</i>					
	(i) Stationery and Printing	0.30	0.23	0.34	0.47	0.53
	(ii) Advertisement	0.77	0.75	0.41	0.26	1.19
9.	Depreciation/Amortisation on Fixed Assets	3.46	2.85	2.76	2.20	2.62
10.	Brokerage, Guarantee Fee and Other Expenditure on Borrowings	4.93	4.83	3.09	16.61	8.78
11.	Stamp duty on Borrowings	5.56	5.70	3.11	6.32	3.32
12.	Travelling Expenses	1.57	1.38	1.30	0.97	1.48
13.	Other Expenditure	10.91	9.09	7.45	7.47	7.58
14.	Amount recoverable/Loans & Advances written off	@	0.00	0.14	0.00	0.00
15.	Loss /(Gain) on Revaluation of Foreign Deposits and Borrowings	15.14	(6.80)	2.04	1.92	(5.46)
16.	Depreciation/Amortisation on Investment	0.41	1.39	0.41	7.82	6.77
17.	Loss/(Gain) on revaluation of Forward Exchange Contracts	2.67	10.97	-1.61	-2.20	5.00
18.	Provision for Non Performing Asset/ Restructured Account	27.42	0.53	0.00	0.00	0.00
19.	Provision for Standard Assets	22.87	23.79	9.50	0.00	0.00
20.	Provision for Bad and Doubtful Debts u/s 36(1)(viiia)(c) of Income Tax Act,1961	36.00	29.00	20.50	22.00	18.10
21.	Wealth Tax	0.10	0.12	0.13	0.07	0.06
22.	Deferred Tax	1.88	-17.48	9.49	5.79	0.03
23.	Income Tax	212.20	174.40	129.00	136.00	114.50
24.	Fringe Benefit Tax	0.00	0.00	0.00	0.00	0.15
25.	Balance of Profit carried down	449.94	387.10	278.93	280.25	235.62
	TOTAL	3,030.41	2,491.68	1,966.11	1,550.46	1,686.05
	INCOME					
1	<i>Interest and Discount:</i>					
	(i) Loans and Advances	2,814.62	2,239.67	1,770.31	1,338.20	1,493.19
	(ii) Bank Deposits	121.38	165.60	108.18	105.87	87.03
	(iii) Interest Income and Profit on Interest Rate Swaps	0.79	5.69	21.06	32.35	4.74
2.	Income from Investments	70.54	67.01	38.46	31.88	39.49
3.	Profit on Sale of Investments	5.81	1.07	0.00	1.89	1.65
4.	Profit on Purchase and Sale of Mutual Fund	6.28	7.22	5.93	9.11	29.04
5.	Discount on Forward Exchange Contract	0.93	0.97	0.83	0.51	0.32
6.	Depreciation on Premises written back	5.83	0.00	0.00	0.00	0.00
7.	Other Income	3.54	1.25	2.98	22.89	9.81
8.	Profit /(Loss) on sale of Fixed Assets /demolition of Building	0.01	(0.74)	0.06	0.01	0.02
9.	Provisions no longer required written back	0.61	0.81	0.04	0.98	13.68
10.	Excess provision for Employee Benefits written back	0.00	1.23	0.00	0.00	0.00
11.	Excess provision for Diminution in the Fair Value of Restructured Accounts written back	0.07	0.02	-0.09	0.00	0.00
12.	Excess provision for Tax written back (net)	0.00	1.88	18.35	0.00	0.00
13.	Excess provision on investment reversed	0.00	0.00	0.00	6.77	7.08
	TOTAL	3,030.41	2,491.68	1,966.11	1,550.46	1,686.05
	@ Amount less than ₹ 0.50 lakh.					

CASH FLOW STATEMENT

(Rs.in crore)

Particulars	FOR THE YEAR ENDED JUNE 30				
	2012-13	2011-12	2010-11	2009-10	2008-09
A) CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit as per Profit & Loss Account	449.94	387.10	278.93	280.24	235.62
Adjustments for:					
Provision for Tax	212.20	174.40	198.88	136.00	114.65
Income Tax-Earlier Years(written off)	0.00	0.00	(88.23)	0.00	0.00
Provision for Wealth Tax	0.11	0.12	0.13	0.07	0.06
Provision for Deferred Tax	1.88	0.00	9.49	5.79	0.03
Depreciation on fixed assets	3.46	2.85	2.76	2.20	2.62
Depreciation reversal on Premises	(5.83)	0.00	0.00	0.00	0.00
Write offs(Loans & Advances)	0.00	0.00	0.15	0.00	0.00
Depreciation on investments & amortisation expense	0.41	1.39	0.41	0.31	6.77
Loss on shifting of securities	0.00	0.00	0.00	7.51	0.00
Provisions of diminution in the Fair value of Restructured Advances	0.00	0.00	0.09	0.00	0.00
Provision for Standards Assets	22.87	23.79	9.50	0.00	0.00
Provision for Non Performing Assets/ Restructured Accounts	27.42	0.53	0.00	0.00	0.00
Loss / (Gain) on revaluation of Forward Exchange Contracts (Notional)	3.27	11.21	(1.61)	(2.20)	(0.01)
Provision for Bad Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	36.00	29.00	20.50	22.00	18.10
Loss / (Profit) on sale of Fixed Assets	(0.01)	0.74	(0.06)	(0.01)	(0.02)
Loss / (Gain) on revaluation of Foreign Deposits & Borrowings	15.74	(5.00)	2.04	1.92	(5.46)
Provisions no longer required written back	(0.61)	(2.05)	(0.04)	(0.97)	(13.68)
Provision and Contingencies(written back)	0.00	0.00	0.00	(6.76)	0.00
Excess provision for Income Tax of earlier years written back	0.00	(1.88)	0.00	0.00	0.00
Deferred Tax Reversal	0.00	17.48	0.00	0.00	0.00
Excess Provisions of diminution in the Fair value of Restructured Advances written back	(0.07)	(0.02)	0.00	0.00	0.00
Income from Investments	(69.66)	(66.34)	(38.12)	(31.88)	(39.50)
Profit on purchase and sale of Mutual Funds	(6.28)	(7.22)	(5.93)	(9.11)	(29.04)
Profit on Sale of Investments	(5.81)	(1.07)	0.00	(1.84)	(1.61)
Dividend on Equity of Housing Finance Companies	(0.88)	(0.67)	(0.34)	(0.05)	(0.04)
Deferred Discount on Zero coupon Bonds	0.00	0.00	0.00	0.00	554.92
Operating Profit before working capital changes	684.15	564.36	388.55	403.22	843.41
Adjustments for Working Capital					
(Increase)/Decrease in Deposits with Banks	(968.74)	437.31	(317.60)	(300.95)	(456.58)
(Increase)/Decrease in Loans & Advances	(6,009.50)	(5,770.98)	(2,627.25)	(2,974.77)	828.23
(Increase)/Decrease in Other Assets	122.94	(47.25)	(51.31)	128.68	(96.99)
Increase/(Decrease) in Current Liabilities	(117.21)	(29.27)	(48.01)	(70.90)	(400.77)
Net cash from operating activities before taxes paid	(6,288.36)	(4,845.83)	(2,655.62)	(2,814.72)	717.30
Less : Income Taxes Paid	(379.25)	(174.69)	(132.90)	(60.37)	(107.80)
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	(6,667.61)	(5,020.52)	(2,788.52)	(2,875.09)	609.50
Extraordinary Items	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW FROM OPERATING ACTIVITIES AFTER EXTRAORDINARY ITEMS (A)	(6,667.61)	(5,020.52)	(2,788.52)	(2,875.09)	609.50
B) CASH FLOW FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS					
(Increase) / Decrease in Fixed Assets	(2.90)	(2.51)	(3.61)	(0.84)	(1.58)
(Increase)/Decrease in Investments	(150.93)	(5.39)	93.13	(302.15)	(48.80)
(Increase)/Decrease in Investments in PTCs	0.00	0.00	0.00	0.00	0.22
Income from Investments	69.66	66.34	38.12	31.87	39.50
Profit on purchase and sale of Mutual Funds	6.28	7.22	5.93	9.11	29.04
Profit on Sale of Investments	5.81	1.07	0.00	1.84	1.56
Dividend on Equity of Housing Finance Companies	0.88	0.67	0.34	0.05	0.04
NET CASH GENERATED FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	(71.20)	67.40	133.91	(260.12)	19.98
Receipts from sale of equity of HFCs	0.00	0.00	0.00	0.00	0.06
NET CASH GENERATED FROM INVESTING		67.40	133.91	(260.12)	20.04

Particulars	FOR THE YEAR ENDED JUNE 30				
	2012-13	2011-12	2010-11	2009-10	2008-09
ACTIVITES AFTER EXTRAORDINARY ITEMS (B)	(71.20)				
C) CASH FLOW FROM FINANCING ACTIVITIES					
Net income under Staff Benevolent Fund	0.99	0.64	0.39	0.17	@
Increase / (Decrease) in Bonds & Debentures	818.76	2,726.28	1,415.04	4,769.59	(2,117.08)
Increase / (Decrease) in Subordinated Debts	0.00	0.00	0.00	0.00	(400.00)
Increase / (Decrease) in Deposits	4,018.64	2,969.79	1,651.06	2,127.63	2,247.88
Increase/ (Decrease) in Borrowings	1918.76	(744.98)	(398.87)	(4,443.48)	34.81
NET CASH GENERATED FROM FINANCING ACTIVITES (C)	6,757.15	4,951.73	2,667.62	2,453.91	(234.39)
Net increase in cash and cash equivalents (A+B+C)	18.34	(1.39)	13.01	(681.30)	395.15
Cash and cash equivalents at the beginning of the year	19.90	21.29	8.28	689.58	294.43
Cash and cash equivalents at the end of the year	38.24	19.90	21.29	8.28	689.58
38 (b) Schedule to Cash & Cash Equivalents					
Particulars					
Cash in hand	@	0.00	0.00	0.00	@
Balances with Reserve Bank of India	0.02	0.07	0.04	0.20	0.09
Balance with banks-Current Account	38.22	19.83	21.25	8.08	16.49
Investment in Mutual Funds	0.00	0.00	0.00	0.00	673.00
Collateralized Borrowing and Lending Operations	0.00	0.00	0.00	0.00	0.00
Cash realised on forward exchange contract	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent before exchange rate adjustments	38.24	19.90	21.29	8.28	689.58
Effect of exchange rate changes-unrealised gains	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent after exchange rate adjustments	38.24	19.90	21.29	8.28	689.58
@ Amount less than ₹ 0.50 lakh					

SUMMARY OF BUSINESS

NHB was established under the Act of Parliament viz, NHB Act in 1988 to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support to such institutions. NHB is wholly owned by the RBI. NHB believes that in the past 25 years of their operations. Primary Lending Institutions (“PLIs”) viz., Housing Finance Companies, Scheduled Banks and Institutions in the Co-operative Sector are the primary agencies for the development and expansion of the housing finance market in India. In future, NHB endeavours to continue to support a healthy housing finance sector in the country and realize their goal of affordable housing for all.

Our functions may be broadly classified as follows:

- **Regulatory and Supervision**

NHB regulates and supervises the activities of HFCs in accordance with the provisions of the NHB Act. This includes registration of HFCs for conduct of housing finance business, on-site and off-site supervision of HFCs, consumer interface and protection and coordination with other regulators.

- **Financing**

NHB provides financial assistance to PLIs by way of refinance for development and expansion of housing finance market in India. NHB also provides direct finance to public agencies, private agencies in PPP mode for the provision of affordable and low cost housing in the country. NHB is a significant provider of developmental finance towards affordable housing in the country. NHB seeks to catalyze institutional funds to reduce housing shortage in the country through various development initiatives particularly for rural housing and housing for low and moderate income households. NHB is focused on the holistic development of the housing finance market in the country.

- **Promotion and Development**

NHB plays the role of a facilitator to promote and develop HFC’s to improve/ strengthen the credit delivery network for housing finance in the country. NHB has been promoting inclusive expansion and stability in the housing finance market. NHB believes that our proactive policy support has expanded the reach and depth of the Housing Finance Industry. NHB has sought to play an important role in the establishment and promotion of a diversified base of mortgage lending industry, integrating the housing finance market with the overall economic system, augmenting credit flow to various segments of the population, and boosting investor confidence in the sector. NHB has played a central nodal role in implementing various schemes of the GoI for low income housing.

Key financial parameters

Provided below is a summary of our key financial parameters for the last three Fiscals.

(Rs. in crore)

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Sanctions	14,293.30	23,459.93	24,266.01
Disbursements	12,034.58	14,553.63	17,634.53
Net Owned Funds	2,770.21	3,153.75	3,599.34
Net NPA’s	Nil	3.03	156.10
Reserve & Surplus	2,351.72	2,739.46	3,190.40
Gross Profit/PBT	399.20	542.00	664.12
Net Profit/PAT	278.93	387.10	449.94
Balance Sheet Size	25,780.76	31,331.71	38,721.36
PAT Per Employee	3.21	4.07	4.89

STRENGTHS

We are the Financial Institution in the country for housing finance and we along with the GoI have been playing a pivotal role in the promotion of housing and housing finance. Our principal mandate is to promote housing finance institutions to improve/strengthen the credit delivery network for housing finance in the country. We also monitor and supervise various schemes and encourage various stakeholders involved to reach the goal of **“Housing for All”**. We believe that the following are our primary strengths:

- ***Strong GoI support and relationships with government entities.***

We are the principal agency to promote housing finance institutions both at local and regional levels and provide financial and other support to such institutions. We are wholly owned by the RBI. We believe that our ownership and position as a policy based institution for promotion of housing finance have helped in shaping the contours of housing sector in the country. We have been able to supplement the available long term resources for housing development by channelling funds from the domestic debt market, domestic financial institutions and the multilateral institutions. The introduction refinance schemes are aimed at addressing the constraints faced by the banks and HFCs while lending to housing sector and to facilitate incremental credit flow to the sector.

We believe that we derive a strategic advantage from our strong relationship with the GoI and we occupy a key position in plans for the growth and development of the housing sector. NHB has been promoting inclusive expansion and stability in the housing finance market. We believe that the proactive policy support of NHB has expanded the reach and depth of the housing finance industry.

- ***Pioneering initiatives in the housing sector in India***

NHB has pioneered initiatives towards energy efficient housing and is continuing its partnership with domestic and international agencies and other stakeholders in this Global effort. For the said purpose, NHB has a tie up with KfW, during the Indo- German Government negotiation in September, 2008 both Governments agreed to promote the concept of energy efficiency in buildings. We are hopeful that the collective efforts will see successful implementation of 'energy efficiency' measures and codes for residential housing in the country that could be developed along international standards.

- ***Financial strength***

Our business is funded through capital from the RBI and market borrowings of various maturities, including bonds and term loans. Our relationship with the GoI and RBI currently provides us with access to lower cost funding and has additionally enabled us to source foreign currency loans from bi-lateral and multi-lateral agencies. Further, CRISIL and CARE have assigned us the highest credit ratings of "CRISIL AAA/Stable" and "CARE AAA" with stable outlook respectively, for our long-term domestic borrowings. These ratings enable us to borrow funds at competitive costs.

We have operated our financing business profitably since inception, including a profit after tax of Rs. 449.94 crore for June 30, 2013. As on June 30, 2013, we had a net owned fund of Rs. 3,599.34 crore.

- ***Strong asset quality and robust credit and risk management policies.***

We believe that our strong asset quality has been achieved in part due to our disciplined credit and risk management policies. In addition, we have evolved internal credit and risk management policies and processes involving extensive screening to assess potential risks and devise appropriate risk mitigation mechanisms and a systematic review mechanism, in order to identify and take advantage of viable investment opportunities as and when they arise and to continuously monitor and evaluate the projects in our portfolio. As at June 30, 2013, we had non-performing assets aggregating to Rs. 184.05 crore .

- ***Established relationships with housing sector participants.***

NHB which is now in its 25th year of operation has sought to play an important role in the establishment and promotion of a diversified base of mortgage lending industry, integrating the housing finance market with the overall economic system, augmenting credit flow to various segments of the population, and boosting investor confidence in the sector. NHB has played a central nodal role in implementing various schemes of the GoI under its initiative of "Affordable Housing for All".

- ***Well-developed relationships with banks and financial institutions.***

We have well-developed relationships with multilateral financing institutions, domestic financing institutions as well as housing scheduled commercial banks. We believe that these relationships enable us to encourage an increased flow of long-term capital, including foreign capital, into housing sector in India and also enable us to play a key role in developing and introducing innovative financial products and structures to allow a broader cross-section of lenders and investors to participate in housing financing in India.

- ***Experienced and committed management and employee base with in-depth sector expertise.***

We believe we have an experienced, qualified and committed management and employee base. The officers and staff are appointed as per the provisions of NHB Act. We have a wide pool of employees from diverse backgrounds ranging from finance, law, engineering, architecture, planning and designing, economics and sociology. As on June 30, 2013, NHB has a total strength of 92 employees.

Our Strategies

The key elements of long term business strategy of NHB comprise the following:

- ***Continue to play a strategic role in GoI initiatives for HFC's***

In accordance with the NHB Act, NHB will continue to play a prime role in ensuring sound expansion of housing finance system and catalyse the overall development of the housing sector, through policy promotion efforts, increased resource flows, technical and financial support to the HFC's and other lending agencies, capacity building in the housing sector and through development of market infrastructure.

NHB has enabled a responsive institutional system for financing of housing activities, which includes HFCs, commercial banks, regional rural banks, cooperative, self-help groups, micro financing institutions. NHB has provided financial assistance to these institutions and participated in the equity of number of HFCs, introduced residential mortgage securitization in the Indian capital market.

NHB is well positioned to develop the housing finance market and can bring standardisation, transparency, robustness, and discipline in the lending market in housing sector. Further, NHB believes that they can bring in international best practises, market and policy environment and research initiatives for the efficient functioning of the housing finance system, comprising primary and secondary mortgage market.

- ***Strengthen relationships with banks and financial institutions.***

NHB provides refinance to a large set of retail lending institutions. These include specialized housing finance institutions, scheduled commercial banks, scheduled state cooperative banks, scheduled urban cooperative banks, apex cooperative housing finance societies and agriculture and rural development banks. Refinance is provided by NHB under its various schemes.

NHB has a close relationship, developed over the years, with the banks and financial institutions. Towards leveraging this close relationship, we intend to establish strategic alliances like JVs with the banks and financial institutions to enhance our business in the housing financing sector. Further, keeping in view the projected growth of the housing finance sector, we intend to improve our asset portfolio by extending financial assistance to the banks and financial institutions under the refinance scheme.

- ***Reduce the housing shortage in the country through various initiatives particularly for rural housing and low moderate income Households.***

NHB's long term strategy is to meet the challenge to reduce housing shortage in the country through various development initiatives particularly for rural housing and housing for low and moderate income households. For this purpose, NHB will seek to convert in to a secondary (mortgage) market within the framework of NHB Act, with underlying mandate to (a) augment and channelize resource in to housing sector (b) develop market oriented sound and sustainable housing finance system and (c) retain focus on low and moderate income housing as well as rural housing.

GENERAL INFORMATION

NHB was established on July 9, 1988 under an Act of Parliament viz., the NHB Act to function as a principal agency to promote housing finance institutions at local and regional levels and to provide financial and other support to such institutions. On 26.07.1991, NHB was notified as a public financial institution under section 4A of the Companies Act, 1956. Since its inception, NHB is wholly owned by the Reserve Bank of India.

Head Office

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Website: www.nhb.org.in
E-mail: taxfreebonds@nhb.org.in

Chief Financial Officer

NHB does not have a designated Chief Financial Officer. The finance functions of NHB are headed by Mr. K. Chakravarthy, whose particulars are provided below:

Mr. K. Chakravarthy
Deputy General Manger
National Housing Bank
3rd Floor, Core 5A
India Habitat Centre, Lodhi Road,
New Delhi -110003
Tel.: +91 (11) 2641 7832 (Direct)
Fax: +91 (11) 2461 7832
Email: kchakravarthy@nhb.org.in

Compliance Officer

Mr. K. Chakravarthy
Deputy General Manger
National Housing Bank
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India Habitat Centre, Lodhi Road,
New Delhi -110003
Tel.: +91 (11) 2641 7832 (Direct)
Fax: +91 (11) 2461 7832
Email: kchakravarthy@nhb.org.in

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, bond certificate (for Applicants who have applied for Allotment in physical form), demat credit of allotted bonds in the respective beneficiary account or refund orders.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Bonds applied for amount paid on application, Depository Participant and the collection centre of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, option applied for, number of Bonds applied for, amount blocked on Application.

All grievances arising out of Applications for the Bonds made through Trading Members may be addressed directly to the relevant Stock Exchange.

Lead Managers to the Issue

Edelweiss Financial Services Limited
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400 098, Maharashtra, India
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Fax: +91 (22) 4086 3610
Email: nhb.tfbonds@edelweissfin.com
Investor grievance email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person : Ms. Sujaya Moghepadhye/ Mr. Sumeet Lath
Compliance Officer : Mr. B. Renganathan
SEBI Registration No.: INM0000010650

Axis Capital Limited
1st floor, Axis House, C-2 Wadia International Centre, P.B. Marg,
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Fax: +91 (22) 4325 3000
Email: nhbtaxfree@axiscap.in
Investor Grievance Email: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration No.: INM000012029

RR Investors Capital Services Private Limited

47, M.M Road, Rani Jhansi Marg, New Delhi- 110 055, India
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Fax: +91 (11) 2363 6746
Email: nhbtaxfree2013@rrfcl.com
Investor Grievance Email: investors@rrfcl.com
Website: www.rrfcl.com/www.rrfinance.com
Contact Person: Mr. Anurag Awasthi
Compliance Officer: Mr. Rakesh Gulati
SEBI Registration No.: INM000007508

Consortium Members

In addition to the Lead Managers, following are also the consortium members for the marketing of the Issuer:

Edelweiss Securities Limited

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Website: www.edelweissfin.com
Investor Grievance ID: customerservice.mb@edelweissfin.com
Contact Person: Mr. Prakash Boricha
SEBI Registration Number: INB011193332 (BSE)/ INB231193310 (NSE)/ INB261193396 (MCX-SX)

RR Equity Brokers Private Limited

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Tel: +91 (11) 2350 8473
Fax: +91 (11) 2363 6743
Email: manishagrwal@rrfcl.com
Investor Grievance Email: investors@rrfcl.com
Website: www.rrfcl.com
Contact person: Mr. Manish Agrawal
Compliance Officer: Mr. Manish Agrawal
SEBI Registration No.: NSE-INB231219636 & BSE-INB011219632

Bond Trustee/ Trustee**IL&FS Trust Company Limited**

The IL&FS Financial Centre, Plot C-22, G Block,
Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Tel: +91 (22) 2659 3333;
Fax: +91 (22) 2653 3297;
Email: vivek.choudhary@iflindia.com;
Investor Grievance Email: investorgrievancesitcl@iflindia.com
Website: www.iflindia.com;
Contact Person: Vivek Choudhary
SEBI Registration No.: IND000000452

IL&FS Trust Company Limited has by its letter dated November 12, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in the Draft Shelf Prospectus, the Shelf Prospectus, the Tranche Prospectus(es) and in all the subsequent periodical communications sent to the holders of the Bonds issued, pursuant to this Issue pursuant to Regulation 4(4) of the SEBI Debt Regulations.

Escrow Collection Banks/ Bankers to the Issue

Escrow Collection Banks/ Bankers to the Issue as specified in the respective relevant Tranche Prospectus.

Refund Bankers to the Issue

Refund Bank(s) for the Issue as specified in the respective Tranche Prospectus.

Self Certified Syndicate Banks

The list of Designated Branches that have been notified by SEBI to act as SCSBs for ASBA process is provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other website as may be prescribed by SEBI from time to time. For more information on the Designated Branches collecting ASBA Applications, see the above mentioned web-link.

Syndicate SCSB Branches

In relation to ASBA Applications submitted to the Syndicate or the Trading Members of the Stock Exchange(s) only in the specified cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Cities named by the respective SCSBs to receive deposits of ASBA Applications from such Syndicate, sub-brokers or the Trading Members of the Stock Exchange(s) is provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting ASBA Applications from Members of the Syndicate or the Trading Members of the Stock Exchange(s) only in the Specified Cities, see the above mentioned web-link.

Registrar to the Issue

Karvy Computershare Private Limited

Plot No. 17 to 24, Vithal Rao Nagar
Madhapur, Hyderabad 500 081, A.P
Telephone: +91 (40) 4456 5000
Facsimile +91 (40) 2343 1551
Email ID: nhb.taxfree@karvy.com
Investor Grievance ID: einward.ris@karvy.com
Website: <http://karisma.karvy.com>
Contact Person: Mr. M. Murali Krishna
SEBI Registration Number: INR000000221

Statutory Auditors

M/s V.K. Verma & Co.,

C-37, Connaught Place, New Delhi-110001
Tel. No.: +91 (11) 2341 5811,
Fax.: +91 (11) 2341 7925
Email: vkverma@vkvermaco.com
Website: www.vkvermaco.com
Registration number: 000386N

Self Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other website as may be prescribed by SEBI from time to time.

Bankers to NHB

State Bank of Hyderabad

Core-6, Scope Complex, Lodhi Road, New Delhi- 110 003
Tel: +91 (11) 4715 4904/ 909
Fax: +91 (11) 2436 5907
Email: scopecomplex@sbhyd.co.in, sbhscopecomplex@gmail.com
Website: www.sbhyd.com
Contact Person: Ms. Bindu Acharya

HDFC Bank Limited

FIG-OPS Department, Lodha,
I-Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai 400 042
Tel.: +91 (22) 3075 2928
Fax: +91 (22) 2579 9801
Email: uday.dixit@hdfcbank.com, figdelhi@hdfcbank.com,
anchal.garg@hdfcbank.com, ashish.ujjawal@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Uday Dixit

IDBI Bank Limited

3rd Floor, Red Cross Building, Red Cross Road,
New Delhi- 11 0001
Tel.: +91 (11) 6628 1030
Fax: +91 (11) 2375 2730
Email: s.prasad@idbi.co.in
Website: www.idbibank.com
Contact Person: Mr. Shantanu Prasad

Credit Rating Agencies

Credit Analysis & Research Limited

13th Floor, E-1, Videocon Tower,
Jhandewalan Extension, New Delhi- 110 055
Tele: +91 (11) 4533 3220
Fax: +91 (11) 4533 3238
Email: jasmeen.kaur@careratings.com
Website: www.careratings.com
Contact person: Ms. Jasmeen Kaur
SEBI Registration No.: IN/CRA/004/1999

ICICI Bank Limited

9A, Phelps Building, Connaught Place, New Delhi- 110001
Tel: +91 (11) 4308 4064
Fax: +91 (11) 6631 0410
Email: rakson.vij@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Rakson Vi

Canara Bank

Tamarind Lane Branch, Crossly House (Ground Floor),
British Hotel Lane, Fort, Mumbai- 400 001
Tel: +91 (22) 2270 2051
Fax: + 91 (22) 2270 2052
Email: cb0239@canarabank.com
Website: www.canarabank.com
Contact Person: Mr. Sankaranarayanan

CRISIL Limited

CRISIL House, Central Avenue, Hiranandani Business Park, Powai,
Mumbai 400 076
Tel: +91 (22) 3342 3000 (B)
Fax: +91 (22) 3342 3050
Email: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Mr. Rajat Bahl
SEBI Registration Number: IN/CRA/001/1999

ICRA Limited

Building No. 8, 2nd floor, Tower A
 DLF Cyber City, Phase II, Gurgaon 122 002
 Tel: +91 (124) 4545 300
 Fax: +91 (124) 4050 424
 Email: vivek@icraindia.com
 Investor Grievance Email: investors@icraindia.com
 Website: www.icra.in
 Contact Person: Mr. Vivek Mathur
 SEBI Registration Number: IN/CRA/003/1999

Legal Advisor to the Issue**Dhir & Dhir Associates**

Advocate & Solicitors
 D-55, Defence Colony, New Delhi- 100 024
 Tele: +91 (11) 4241 0000,
 Fax: +91 (11) 4241 0091
 Contact Person: Mr. Girish Rawat
 Website: www.dhirassociates.com

Credit Rating and Rationale

Credit Analysis & Research Limited (“**CARE**”) has, vide its letter dated October 28, 2013, assigned a rating of “**CARE AAA**” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CARE has vide its letters dated November 11, 2013 and December 10, 2013 revalidated its credit rating. CRISIL Limited (“**CRISIL**”) has, vide its letter dated October 29, 2013, assigned a rating of “**CRISIL AAA/Stable**” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CRISIL has vide its letter dated December 10, 2013 revalidated its credit rating. ICRA Limited (“**ICRA**”) has, vide its letter dated October 25, 2013, assigned a rating of “**[ICRA] AAA (Stable)**” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. ICRA has vide its letter dated December 10, 2013 revalidated its credit rating. For more information, see “*Annexure D - Credit Rating and Rationale*” of this Shelf Prospectus.

Expert Opinion

Except the letters dated October 28, 2013 and December 10, 2013 issued by CARE, in respect of the credit rating of the issue, and the auditor’s report dated November 11, 2013 and statement of tax benefits dated November 11, 2013 issued by V.K Verma & Co., Statutory Auditor of NHB, NHB has not obtained any expert opinions.

Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. NHB has decided not to stipulate minimum subscription for this Issue.

Underwriting

The Issue is not underwritten.

Issue Programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	ISSUE CLOSES ON
[●]	[●]

*The Issue shall open for subscription from 10.00 a.m. to 5.00 p.m.(Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, NHB shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Tranche Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper. For more information, see “*Issue Procedure*” on page 108 of this Shelf Prospectus.

Application Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Members of the Syndicate or the Trading Members of the Stock Exchange(s), as the case maybe, at the centers mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) by the centers of the Members of the Syndicate or the Trading Members of the Stock Exchange, as the case may be, only at the Specified Cities. On the Issue Closing Date the Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and not later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event if a large number of Applications are received on the Issue Closing Date, there may be some Applications which may not be uploaded due to lack of sufficient time for uploading. Any such Applications which are not uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday). Neither the Bank, nor the Members of the Syndicate or Trading Members of the Stock Exchange(s) shall be liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise.

CAPITAL STRUCTURE

Under the NHB Act, the initial authorized and paid-up capital of the NHB shall be Rs.100.00 crore and shall be subscribed by the RBI. It was also provided that, the GoI can increase the authorized capital to Rs. 500.00 crore and such increased capital was also required to be subscribed by RBI. In terms of this provision, the capital was increased to Rs. 350.00 crore which was subscribed by RBI. NHB Act was amended by Act No. 15 of 2000, which inter-alia provided increase in authorized capital of NHB up to Rs. 2000.00 crore. The increased authorised capital can be issued to RBI, Central Government, Scheduled Banks, Public Financial Institutions, Housing Finance Institutions or such other Institutions as may be approved by the Central Government. However, no increase in the issued capital shall be made in such a manner that the RBI, the Central Government, Public Sector Banks, Public Financial Institutions or other institutions owned or controlled by the Central Government, hold in aggregate at any time, less than fifty one percent of issued capital of the National Housing Bank. The authorized capital was increased to Rs. 450.00 crore in the year 2002-03 and the increase in the capital of Rs. 100.00 crore was also subscribed by RBI.

1. Our capital as on September 30, 2013 and as at the date of this Shelf Prospectus is set forth below:

Capital	(Rs. in crore)
(A) Authorized Capital	450.00
(B) Paid-up Capital (Wholly subscribed by Reserve Bank of India)	450.00

2. Change in the capital structure as on the last quarter end, as on September 30, 2013 for the last five years

There have been no changes in our authorised and paid up capital in the last five years.

3. Details of any Acquisition or Amalgamation in the last one year

There has been no acquisition or amalgamation in the last one year.

4. Details of any reorganization or reconstruction in the last one year

There has been no reorganization or reconstruction in the last one year

5. Details of the paid up capital held by the promoters as on September 30, 2013.

Sr. No	Name of Shareholder(s)	Paid up Capital (Rs. in crore)	Percentage (%)
1.	Reserve Bank of India	450.00	100%

6. Shareholding pattern of NHB and list of shareholders

(a) *Share holding pattern* –The entire capital of National Housing Bank has been subscribed by Reserve Bank of India.

(b) *List of top ten holders of capital as on September 30, 2013:*

Sr. No	Shareholder(s)	Paid up Capital (Rs. in crore)	Percentage (%)
1.	Reserve Bank of India	450.00	100%

7. Details of Top Ten Bond Holders

For the list of Top 10 holders of the secured redeemable non convertible bonds, for each ISIN, as on September 30, 2013, refer to section titled “*Annexure B- List of Top Ten Bondholders*” of this Shelf Prospectus.

8. Gross Debt - Equity ratio[^]

Debt Equity Ratio prior to the Issue*	9.76
Debt Equity Ratio after the Issue**	10.35

* *Pre-issue figures are as on September 30, 2013*

** *Post- issue figures are based on the assumption that the entire issue amount of Rs. 2,100.00 crore will be subscribed and there is no change in our capital and other long/ short term debt subsequent to September 30, 2013, except subscription of the entire issue amount, as above.*

[^] *The entire paid up capital of the Bank has been considered for the calculation of Gross Debt - Equity ratio.*

9. No part of capital of the Bank is pledged or otherwise encumbered.

10. NHB does not have any outstanding borrowings/ debt securities issued (i) for consideration other than cash, (ii) at a premium or discount, or (iii) in pursuance of an option, whether in whole or part, since its incorporation, except those listed below.

a) NHB Zero Coupon Bonds (Sumeru) aggregating to 7, 50,000 bonds were issued on December 24, 2008 at a discount price of Rs. 4,360.19 per Bond of Face Value Rs.10,000 maturing on December 24, 2018.

- b) NHB Zero Coupon Bonds (Sumeru) aggregating to 3,00,000 bonds were issued on March 31, 2009 at an average discount price of Rs. 4,212.445 per Bond of Face Value Rs. 10,000 maturing on March 31, 2019.
 - c) NHB Zero Coupon Bonds in the nature of unsecured redeemable non convertible debentures aggregating to 3281 bonds were issued on 13.02.2012 at a discount price of Rs. 7,60,421 per Bond of Face Value of Rs. 10,00,000/- maturing on 13.02.2015 with put/call option after 19 months from the date of issue. However the said Bonds have been redeemed.
 - d) 7.19% NHB Tax Free Bond 2022 Series I in the nature of secured redeemable non convertible debentures aggregating to 1260 bonds were issued on December 14, 2012 at a premium of Rs. 100/- per Bond of Face Value of Rs. 10,00,000 maturing on December 14, 2022.
 - e) 7.17% NHB Tax Free Bond 2023 Series II in the nature of secured redeemable non convertible debentures aggregating to 1100 bonds were issued on January 1, 2013 at a premium of Rs. 100 per Bond of Face Value of Rs. 10,00,000 maturing on January 1, 2023.
 - f) 6.87% NHB Tax Free Bond 2023 Series III in the nature of secured redeemable non convertible debentures aggregating to 1250 bonds were issued on February 6, 2013 at a premium of Rs. 100 per Bond of Face Value of Rs. 10,00,000 maturing on February 6, 2023.
 - g) 6.89% NHB Tax Free Bond 2023 Series IV, in the nature of secured redeemable non convertible debentures aggregating to 829 bonds were issued on March 22, 2013 at a premium of Rs.100 per Bond of Face Value Rs. 10,00,000/- maturing on March 22, 2023.
 - h) 8.01% NHB Tax Free Bond 2023 Series V, in the nature of secured redeemable non- convertible debentures aggregating to 170 bonds were issued on August 30, 2013 at a premium varying between Rs.100 to Rs. 500 per Bond of Face Value Rs.10,00,000 maturing on August 30, 2023.
 - i) 8.46% NHB Tax Free Bond 2028 Series V, in the nature of secured redeemable non - convertible debentures aggregating to 8830 bonds were issued on August 30, 2013 at a premium varying between Rs.600 to Rs. 1000 per Bond of Face Value Rs.10,00,000/- maturing on August 30, 2028.
11. NHB has not issued any debt securities or shares/ capital on account of any acquisition, amalgamation, reorganisation or reconstruction in the last one year.
12. For information on outstanding borrowings of NHB as on September 30, 2013, see "*Description of Certain Indebtedness*" on page 69 of this Shelf Prospectus.

OBJECTS OF THE ISSUE

Issue Proceeds

This is a Public issue by NHB of the tax free bonds in the nature of secured redeemable non-convertible debentures of face value of Rs. 5,000/- each, having benefits under section 10(15)(iv)(h) of the Income Tax Act, up to a Shelf Limit of Rs. 2,100.00 crore* in Fiscal 2014 ending on March 31, 2014. The Bonds will be issued in one or more tranches subject to the Shelf Limit, in accordance with the terms and conditions set out in separate Tranche Prospectus(es) for each such tranche. The Issue is being made under the SEBI Debt Regulations and pursuant to Notification No. 61/2013/F.No.178/37/2013-(ITA.1) dated August 8, 2013, issued by the Central Board of Direct Taxes, Department of Revenue, MoF, GoI, by virtue of powers conferred on it under section 10(15)(iv)(h) of the Income Tax Act.

**In terms of the Notification, NHB has raised Rs. 900.00 crore on a private placement basis in one tranche through information memorandum dated August 30, 2013 i.e. up to 30 % of the allocated limit for raising funds through tax free bonds during Fiscal 2014 ending on March 31, 2014. NHB shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 3,000 crore.*

Object of the Issue

To mobilize long term resources for providing financial assistance for housing or for any other purpose as laid down in the NHB Act and as amended from time to time.

Utilisation of Issue Proceeds

The proceeds of Issue may be utilised for normal business activities of NHB and for such other purposes as may be decided by NHB's Board or Chairman and Managing Director and as permissible under NHB Act, and in accordance with all applicable laws including the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, as amended. For more information on NHB's business and associated risks, see "**Business**" and "**Risk Factors**" on pages 46 and 9 of this Shelf Prospectus, respectively.

The objects of NHB as specified in NHB Act permits it to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

In accordance with SEBI Debt Regulations, NHB is required not to utilise the proceeds of the Issue for providing loans to or acquisitions of shares of any person who is a part of the same group as NHB or who is under the same management as NHB or any subsidiary or associate company of NHB. Further, NHB is a statutory authority and, as such, we do not have any identifiable 'group' companies or 'companies under the same management' though we do have shareholding interest in certain Special Purpose Vehicles which are engaged in the area of housing development.

We shall utilise the Issue proceeds only on execution of documents for creation of security as stated in this Shelf Prospectus under "**Terms of the Issue**" on page 94 of this Shelf Prospectus and on the listing of the Bonds.

Interim use of Proceeds

The Board or Chairman and Managing Director, in accordance with policies formulated from time to time, will have flexibility in deploying the proceeds of the Issue. Pending utilisation of the Issue proceeds for the purposes described above, NHB intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities or inter-corporate loans as may be approved by the Board or Chairman and Managing Director. Such investment would be in accordance with the investment policies approved by the Board of Directors or Chairman and Managing Director, from time to time.

Issue Expenses

A portion of the Issue proceeds will be used to meet Issue expenses. The following are the estimated Issue expenses, which shall be specified in the respective Tranche Prospectus:

Particulars	Amount (Rs. in crore)	percentage of the Issue	percentage of total expenses of the Issue
To the Registrar to the Issue	[•]	[•]	[•]
To the Lead Managers, Selling and brokerage, commission and SCSBs (Processing fee)	[•]	[•]	[•]
To the Bond Trustee	[•]	[•]	[•]
Printing & Stationary	[•]	[•]	[•]
For advertising and marketing	[•]	[•]	[•]
Other Miscellaneous Expenses	[•]	[•]	[•]
Total	[•]	[•]	[•]

NHB shall pay processing fees to the SCSBs for ASBA forms procured by Syndicate/ Sub-brokers/Trading Members and submitted to SCSBs for blocking the Application Amount of the Applicant, at the rate of Rs. [•] per Application Form procured, as finalised by NHB. However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

Monitoring of Utilization of Funds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. The Board or Chairman and Managing Director shall monitor the utilisation of the proceeds of the Issue. NHB will disclose in our

financial information for the relevant fiscal commencing from Fiscal 2014, the utilization of the proceeds of the Issue under a separate head along with any details in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

For more information, see "*Terms of the Issue - Utilisation of Issue Proceeds*" and "*Issue Procedure -Monitoring & Reporting of Utilisation of Issue Proceeds*" on pages 104 and 105 of this Shelf Prospectus.

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bond Holder. This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Bond, under the current tax laws presently in force in India. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Bond Holders advised to consider in his own case the tax implications in respect of subscription to the Bond after consulting his tax advisor as alternate views are possible interpretation of provisions where under the contents of his statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bond Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. INCOME TAX

1. Interest from Bond do not form part of Total Income.

- a) In exercise of power conferred by item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961 the Central Government vide notification no 61/2013/- F.No.178/37/2013-(ITA.1) dated 8th August, 2013 authorizes National Housing Bank to issue during the Financial year 2013-14, tax free, secured, redeemable, non- convertible bonds of Rs. 5,000 each for the aggregate amount not exceeding Rs 3,000 Crore subject to the other following conditions that-
- (i) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer.
 - (ii) The holder of such bonds must register his or her name and holding with the issuer.
 - (iii) The tenure of the bonds shall be ten, fifteen or twenty years as management will decide at the time of filing Tranche Document.
 - (iv) There shall be ceiling on the coupon rates based on the reference G-sec rate. The ceiling coupon rate for AAA rated issuers shall be reference G-sec rate less 55 bps in case of Retail Individual Investors and G-sec rate minus 80 bps in case of Qualified Institutional Buyers, Corporates and High Net Worth Individuals.
 - (v) These ceiling rates shall apply for annual payment of interest and in case the schedule of interest payments is altered to semi-annual, the interest rates shall be reduced by 15 basis points
 - (vi) The higher rate of interest, applicable to retail investors, shall not be available in case the bonds are transferred by retail investors to non retail investors
 - (vii) Issue Expenses & brokerage
 - i) in case of a public issue, total issue expense shall not exceed 0.65% of the issue size;
 - ii) in case of a private placement it shall not exceed 0.25% of the issue size;
- b) Section 10(15)(iv)(h) read with section 14A(1) provides that in computing the total income of a previous year of any person, interest receivable in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf shall not be included;
- Section 2(36A) of the IT Act defines —Public sector company as any corporation established by or under any state Central, State, Provincial Act or a Government company as defined section 617 of the companies Act, 1956.
- c) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.
- d) Since the interest Income on these bonds is exempt, no Tax Deduction at Source is required.
- e) Under section 195 of the Income Tax Act, Income Tax shall be deducted from sum payable to non residents on the long term capital gain and short term capital gain arising on sale and purchase of bonds at the rate specified in the Finance Act of the relevant year or the rate or rates of the income tax specified in an agreement entered into by the Central Government under section 90, or an agreement notified by the Central Government under section 90A, as the case may be.

However under section 196D, No deduction of tax shall be made from income arising by way of capital gain to Foreign Institutional Investors.

2. CAPITAL GAIN

- a) Under section 2 (29A) of the I.T. Act, read with section 2 (42A) of the I.T. Act, a listed Bond is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.
- Under section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the bonds from the sale consideration.
- However as per third proviso to section 48 of Income tax act, 1961 benefits of indexation of cost of acquisition under second proviso of section 48 of Income tax act, 1961 is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gain tax can be considered 10% on listed bonds without indexation.
- Securities Transaction Tax (STT) is a tax being levied on all transactions in specified securities done on the stock exchange at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the Bonds.
- In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. Rs 200,000 in case of all individuals, Rs 250,000 in case of resident senior citizens and Rs 500,000 in case of resident very senior citizens, the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of ten per cent in accordance with and the proviso to sub-section (1) of section 112 of the I.T.Act read with CBDT Circular 721 dated September 13, 1995.

A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge for corporate only) is payable by all categories of tax payers.

- b) Short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the I.T. Act.

The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at para 2 (a) above would also apply to such short-term capital gains.

- c) As per the provision of section 54F of the Income Tax Act, 1961 and subject to conditions specified therein, any long-term capital gains (not being residential house) arising to Bond Holder who is an individual and Hindu Undivided Family, are exempt from capital gains tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

Provided that the said Bond Holder should not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the years in which such residential house is transferred, similarly, if the Bond Holder purchase within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above) than the original exemption will be taxed as capital gains in the years in which the additional residential house is acquired.

- d) The income by way of short term capital gains or long term capital gains (not covered under Section 10(38) of the IT Act) realized by FIIs on sale of security in the Company would be taxed at the following rates as per Section 115AD of the I.T. Act.

- Short term capital gains- 30% (plus applicable surcharge and education cess).
- Long term capital gains - 10% without cost indexation (plus applicable surcharge and education cess)

As per section 90(2) of the IT Act, the provision of the IT Act would not prevail over the provision of the tax treaty applicable to the non-resident to the extent such tax treaty provisions are more beneficial to the non resident. Thus, a non resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

3. Profit and loss

In case the Bonds are held as stock in trade, the income on transfer of bonds would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

4. Taxation on Gift

As per section 56(2)(vii) of the I.T. Act, in case where individual or Hindu undivided Family receives bond from any person on or after 1st October, 2009

- A. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such bonds/debentures or;
- B. for a consideration which is less than the aggregate fair market value of the Bond by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such property as exceeds such consideration;
- shall be taxable as the income of the recipient.

Provided further that this clause shall not apply to any sum of money or any property received—

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer or donor, as the case may be; or
- (e) from any local authority as defined in the Explanation to clause (20) of section 10; or
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or
- (g) from any trust or institution registered under section 12AA.

B. WEALTH TAX

Wealth-tax is not levied on investment in bond under section 2(ea) of the Wealth-tax Act, 1957.

C. Proposals made in Direct Taxes Code

The Government will come up with a modified Direct Tax Code (DTC) Bill after incorporating the suggestions of the standing committee of finance. The DTC Bill is likely to be presented before the Indian Parliament thereafter. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

For V.K VERMA & CO.
Chartered Accountants
Firm Registration No: 000386N

Vivek Kumar
(Partner)
Membership Number- 503826

Place: New Delhi
Date: November 11, 2013

SECTION IV- ABOUT NHB INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on 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, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated for presentation in this Shelf Prospectus.

Overview of the Indian Economy

The overall growth of GDP at factor cost constant (2004-2005) prices is provisionally estimated at 5 % in Fiscal 2013 as compared to the growth of 6.2 % during the Fiscal 2012 (first revised estimates). The GDP growth rate is placed at 4.4 % in the first quarter in Fiscal 2014. The Index of Industrial Production was 2.6 % during July, 2013 as compare to (-) 0.1 (zero point one) % in July, 2012. In Fiscal 2013, exports increased by 13.0 % and imports decreased 0.7 %, in US dollar terms during August, 2013 over August, 2012. However, Fiscal 2013 the Rupee depreciated against US dollar, Pounds Sterling, Japanese Yen and Euro in the month of August, 2013 over July, 2013. The latest growth estimates by the Central Statistical Office (CSO) has revealed that the GDP has grown by 5 % in Fiscal 2013 with Agriculture, Industry and Services registering growth rates of 1.9 %, 2.1 % and 7.1 %, respectively as compared to 6.2 % during the same period last fiscal. The WPI inflation for all commodities for the month of August, 2013 has increased to 6.10 % from 5.79 % in the pervious month. Gross tax revenue for the Fiscal 2014 (April-July) was Rs. 245,323 crore, recorded growth of 6.5 % over Fiscal 2013 (April - July). As a proportion of budget estimates for Fiscal 2014, fiscal deficit and revenue deficit during Fiscal 2014 (April - July) was 62.8 % and 73 %, respectively. (Source: Ministry of Finance, Department of Economic Affairs, Economic Division, 4(3)/Ec.Dn./2012, Monthly Economic Report, August, 2013, Highlights)

Housing Sector in India

Housing is one of the basic needs of every individual as besides providing shelter and security, it also enables easy access to the credit market by working as collateral comfort / security. (Source: Report on Trend and Progress of Housing in India, 2013, published by NHB)

The Technical Group on Housing Shortage has estimated the housing shortage in urban India at 18.78 million in 2012. 95% of the shortage of housing is in the EWS/LIG segments. The need for low cost, safe and affordable housing to achieve inclusive growth cannot be overemphasized. (Source: Report on Trend and Progress of Housing in India, 2013, published by NHB.)

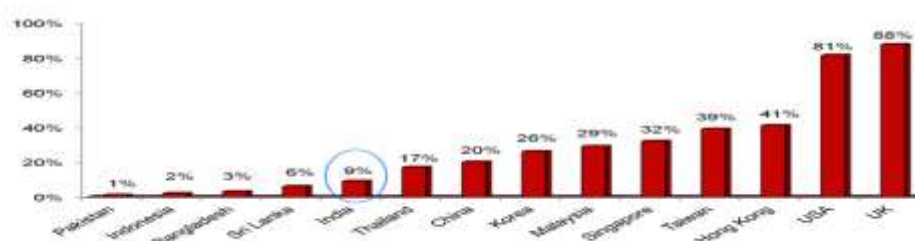
Importance of Housing

Macroeconomic stability and the housing sector are inextricably linked. Housing is a significant engine for growth and development of any economy. Safe, secure and affordable housing implies an increase in employment and educational opportunities for individuals and also enriches communities leading to a better quality of life and a better civil society. (Source: Report on Trend and Progress of Housing Sector in India, 2013, published by NHB)

The house-building industry is a major employer with strong and large multiplier effects. Further, housing is increasingly seen to have social consequences and diverse economic effects. The housing industry is one of the largest employment generator in India, only second to agriculture. The housing sector in India is ranked 4th as per multiplier effect in terms of income generation ahead of agriculture and transport. The housing and real estate industry ranks 3rd amongst 14 major industries in terms of its linkage effect. (Source: Report on Trend and Progress of Housing Sector in India, 2013, published by NHB)

Mortgage lending has significantly contributed to the growth in housing production (construction) and housing consumption activities. Outstanding Mortgage debt in the country accounts for nearly 9 per cent of India's GDP. A host of vocations and professions directly or indirectly derive their livelihoods from housing which includes construction workers, builders, developers, suppliers, civil engineers, valuers, property consultants, furnishers, interior decorators, and plumbers – a virtually unending list. The mortgage to debt ratio in various countries is as given in chart below. (Source: Report on Trend and Progress of Housing Sector in India, 2013, published by NHB)

Chart: Mortgage to Debt Ratio in India and other Countries



Further, indirect impact of housing is in terms of improved habitat, living, educational, social and cultural standards leading to human capital formation which together result in improved and thereby the future earning capabilities. Housing as an asset provides an important source of income for livelihoods for all the members of the households. The house value is an important collateral for contracting other loans, that improve the earning and repayment capacity of the borrower. All these together lead to improved productivity further leading to enhanced income, and saving and repayment potentials on sustainable lines. (Source: Report on Trend and Progress of Housing Sector in India, 2013, published by NHB)

Issues Concerning Housing in India

Affordability is a function of cost of the various inputs (finance, land, technology, building materials) and income of people. Recent years have witnessed steep rise in the prices of real estate including residential properties. This phenomenon has the potential to exclude a large segment of the society as they get priced out of the formal housing finance market. Affordability has to be addressed both on the demand and supply side. Though the affordability of the housing has improved in the country, it continues to remain the most critical aspect of housing for a vast segment of the population. (Source: *Report on Trend and Progress of Housing Sector in India, 2013, published by NHB*)

The rapid pace of urbanization owing to the rural–urban migration is putting a strain on the urban infrastructure in the cities of India and has led to substantial housing shortage. The growing concentration of people in urban areas has resulted in an increase in the number of low income people living in slums & informal settlements. This has resulted in ever widening gap between the demand and supply of housing, both in terms of quantity and quality such as congestion, obsolescence, etc. The Technical Group on Housing Shortage has estimated the housing shortage in urban India at 18.78 million with 95% shortage in EWS/LIG segments in 2012. (Source: *Report on Trend and Progress of Housing Sector in India, 2013, published by NHB*)

India's urban housing shortage is being primarily driven by the EWS and LIG categories. The supply side impediments in India to build affordable, low cost housing for the masses include high land costs, archaic building bye laws, delay in project approval and unfavourable credit provisions for construction agencies that will need to be addressed through suitable changes in perceptions and policies. The demand side constraints in terms of credit supply to individuals at the retail level are now better understood and tackled by the financial sector institutions within a prudent supportive, but regulatory regime. (Source: *Report on Trend and Progress of Housing Sector in India, 2013, published by NHB*)

There is a looming housing shortage in rural India where 67% of the country's population resides. The rural housing shortage is estimated at 43.9 million by the Working Group on rural housing shortage in 2012 out of which more than 90% of the shortage of housing lies with the lower income and marginalized groups. The vulnerabilities in the rural housing sector are often considered to emanate from the sub markets of housing materials, services and finance and the delivery system therefore. The rural housing market is also deeply affected by infrastructure – deficit, viz., – roads, electricity supply, drinking water and sanitation, etc. There is a real paucity of common or non-agricultural land for meeting the housing needs of the poor in the rural areas. There is competing demand from various sectors on limited land that is available in the rural areas. The lack of vibrancy in the market for village properties and the marked volatility in agricultural incomes combine to dampen the prospects of this nebulous sector. Hence, the need for low cost, safe and affordable housing, on “project mode” for mass/cluster housing will need to be considered for making a significant difference in the present condition. An appropriate successful model can be replicated on a large scale to cater to the underserved and unserved segments, which can lead to inclusive housing and contribute to inclusive growth. (Source: *Report on Trend and Progress of Housing Sector in India, 2013, published by NHB*)

Housing Shortage: Causes

Like any other sector, housing is also affected by both demand and supply constraints. On the demand side, together with income levels of the people, overall cyclical condition of the economy and affordability of “housing” play an important role in determining the effective demand in the market. Availability of land and finance at reasonable price, organised infrastructure and appropriate and efficient, legal and regulatory framework are also some of the important constraints that affects the viability of the business model for the construction agencies in turn affecting the affordability adversely. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

Land Availability and Shortage: Land is in limited supply resulting in high population density in urban areas based on huge demand for urban land due to rapidly growing population in urban centres. The limited availability of land in urban areas affects both supply of land and pricing thereby affecting the affordability of housing units in urban centres. As a result there is proliferation and growth of slums and squatters in the form of informal segments. Policies at the state and local level to facilitate and support acquisition/supply of land parcels on a regular basis accompanied with proper planning, design, technology and financing models are required. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

Financial Constraints: Lack of institutional and formal credit especially to the low income households and informal households has also contributed to the increase in housing shortage. A survey by the Planning commission has shown that 66% of household in India construct homes using their own resources, 9% using institutional finance and the remaining depend on non institutional sources such as family, friends, money lenders etc. A number of schemes are under implementation at the centre and the state level, both in urban and rural areas. However, all these schemes together, though successful have not addressed the housing shortage in any large measure given the magnitude of the problem. In the financial sector, besides the commercial banks and housing finance companies, local institutions such as Co-operative Banks and RRBs should be supported to develop capacity for lending in their jurisdictions which will allow greater flow of credit into the housing sector. Various institutional linkage models like Bank-SHG-MFI models and funding by understanding the Saving Patterns in the rural areas can be helpful in overcoming the impediments of finance in the housing sector, and mitigating the credit risks. The current financing mechanism prevalent in the country mostly targets middle and high income sections of the society while the households falling under low income and economically weaker sections category as also the informal sector find it difficult to enter the market of formal housing finance. Making housing credit affordable and easily accessible is still a challenge that requires collective efforts of all stakeholders including the policy makers at the centre, state and local levels, financiers, construction agencies, NGOs/CBOs, etc. Financing for housing is in great demand, with the rate of retail home loans growing at 20% in the fiscal year 2012 despite the economic slowdown. Ownership of the house by the poor serves as a means to inclusive banking and credit since a house serves as an asset, a long term capital investment and a collateral for obtaining credit from formal banking institutions. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

Need for developing long-term fixed rate mortgages: Absence of long term debt market in the country also affects the growth of long term fixed rate mortgage products. This can result in serious Asset Liability Management (ALM) issues emanating from maturity mismatches. Though this can be partially addressed through "securitisation", there is need to develop and deepen the long term market for debt funds, which are ideally matched for housing loans. Measures to promote securitisation is a critical policy aspect that will need to be addressed through supportive policies across all market segments viz. mortgage market, financial market and capital market. Securitisation transactions based on ‘Originate, hold and Sell’ model instead of ‘Originate and Sell’ is most appropriate for the Indian market. Given the strict adherence to prudential measures by the banks and housing finance institutions and sustained good quality of retail mortgage assets, there is

need for a more supportive and flexible regulatory framework for securitisation in the country. Pension, provident and insurance funds should be more accessible in the mortgage industry either by way of loans or investments in the securitised instruments. The long term funding institutions should be encouraged to invest in long term debt papers and mortgage backed securities that can also be traded in the secondary market. New innovative instruments such as the covered bonds, REITS and Real Estate Mutual Funds for the residential mortgages can expand the participation of investors in the housing industry, liquefy the otherwise illiquid housing assets, allowing for easy liquidity and adequate supply of funds for the housing sector. Developing uniform and prudent standards of underwriting, documentation, benchmarking, security etc will provide more conducive environment for promoting securitisation market in the country. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

Loan Products: A housing loan is inherently different from any other retail loan. This is because a house is probably the single largest investment a person makes in his/her lifetime. It has a longer tenure and a larger sum. Further, often ancillary services like loan counselling or legal advice to ensure the title of the property is clear or technical advice to ensure that the structural aspects of the property are in order are required. In India, the mortgage market has simple vanilla home loan products such as loans for home improvement and extension, land loans, loans for non-residential premises. There is greater need for fixed interest rate loan products for individual borrowers and greater awareness about such products and their attributes for the borrowers. The informal sector borrowers are still not integrated to the formal financial market and continue to depend for their credit needs on the informal sources, including the money lenders, etc. Lenders will be more comfortable in lending to the non-salaried/non-fixed pay borrowers if they have a certain track records of earning and saving. Given the size of the informal sector, the product like deposit linked home loan scheme can be usefully tried for serving this large and ever growing market segment. This would be very useful for low income groups particularly, as they can build equity and establish payment capability track record for availing of home loans. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

Operational constraints: With growing demand for housing in big cities including the metros, the pressure on land in urban centres continues to grow unabated. This has resulted in encroachment of public lands as well as lack of clear titles to private lands causing an artificial scarcity of free and unencumbered land for undertaking housing projects by the private sectors, builders and developers. Absence of large scale digitization of land records and the easy access to such records for checking titles/encumbrances have also affected the sentiments of the lenders who perceive high risk in lending to households in this segment unless supported by the state government policies and programmes. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

The Indian Housing Finance Market

The housing finance market in India is growing fast and is served by multiplicity of institutions across the vast geographical and income spread. Banks and housing finance institutions are the dominant players offering mostly plain vanilla amortization home loans with relatively short maturities at predominantly floating rates.

Prior to the establishment of NHB in 1988, the housing finance market in India was characterized by centralized directed credit. The Government of India was operating a number of subsidized housing schemes and loan schemes which were meant for industrial workers, economically weaker section of the society and slum dwellers, while the loan schemes were targeted for the people in the low-income and middle-income groups as well as rental housing schemes for State Government employees.

The formal institutional funding for housing has increased considerably. Soon after the NHB was set up in the year 1988 under an act of parliament, the Indian economy entered a new phase, as it prepared to transit from a regulated regime to a liberalized and market-based system. With the onset of financial sector reforms, new challenges were faced, particularly by those institutions which had been newly set up. They had to cope with the challenges of a paradigm shift from a highly regulated and directed financial sector and credit regime to a more liberalised and open economy environment.

Over the last 25 years, there has been a veritable revolution in housing finance in India and especially in the last one and half decade. This is demonstrated by the housing finance statistics that captures the magnitude of change from the year 2000 onwards. The outstanding housing loans of the HFCs were Rs.25,326.01 crore as on 31st March 2000, and that of the SCBs were Rs.18,524.88 crore i.e. a total of Rs.43,850.89 crore between these two major sets of institutions. The same has exponentially grown to Rs.2,85,711 crore and Rs.4,62,200 crore for HFCs and SCBs respectively with the total at Rs. 7,47,911 crore as on 31st March 2013 which means a growth of 1605.58%.

Access to housing finance has thus been considerably widened. Housing loans are available at all the metropolitan, urban and semi-rural branches of banks and in almost all branches of housing finance companies. The number of housing finance institutions registered with NHB has grown from an almost negligible number in the early nineties to 57 currently. These intermediaries are spread across the country and are quite diverse in their housing finance activities. However, more than 80% of the low income groups and economically weaker sections in urban areas do not have access to institutional finance. This can be attributed to the low income levels, lack of collateral and proper title deeds, combined with informal sector employment of these people.

Quality of Assets: The distinguishing feature of the housing loan portfolio in India is the low NPA level. While presently the GNPA level for HFCs in the housing loan sector is less than 1%, it is less than 2% for the commercial banks. Higher delinquency (in case of commercial banks) is observed in the small ticket size loans compared to the large ones, mainly on account of irregular income streams of the informal sector, which also results in delayed payments beyond 90 days, the yardstick for designating NPA.

The mortgage to GDP ratio stands at 9% in India in 2012-13, significantly lower than the levels achieved in most of the advanced economies where the mortgage markets average roughly around 60 per cent of GDP. Some advanced economies (such as Denmark, the Netherlands and Switzerland) have mortgage markets that are close to 100 per cent of GDP, while others (such as Australia, New Zealand and the United States) average around 80 per cent. Even the economies in the Emerging Asian region have figures going up to 31 per cent in Malaysia, 19 per cent in Thailand and 17 per cent in China. The potential of the housing sector is under exploited in the country, which indicates the extent of opportunity for deeper penetration of such market. These can be realized through innovative financial products and efficient execution capabilities on the part of both the lending as well as the construction agencies.

Housing Schemes Implemented By the GoI

The Government of India has played an important role in providing housing to the masses through various schemes and policies. Housing sector has been funded through under various 5 year plans of the Government of India through the years. With the onset of the reform process and liberalisation, the potential of the private sector and that of public and private partnerships have duly recognised and reflected in the various policies of the government at the central and state levels. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

- **The National Urban Housing & Habitat Policy, 2007** strives to promote equitable distribution of land, shelter, and services by promoting “Various types of public-private partnerships for realizing the goal of affordable housing for all”. The policy seeks to promote a symbiotic development of rural and urban areas. The core focus of this Policy is provision of “Affordable Housing for All” with special emphasis on vulnerable sections of society such as Scheduled Castes/Scheduled Tribes, Backward Classes, Minorities and the urban poor. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)
 - To prevent frauds in loan cases involving multiple lending from different banks/HFCs on the same immovable property, the Government has facilitated setting up of the **Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI)** as a government company under the **SARFAESI Act, 2002**. The object of the CERSAI is to maintain and operate a Registration System for the purpose of registration of transactions of securitisation, asset reconstruction of financial assets and creation of security interest over property, as contemplated under Chapter IV of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). (Source: *Report on Trend and Progress of Housing in India, 2012, published by NHB*)
- The Jawaharlal Nehru National Urban Renewal Mission (JNNURM), a Central Government Program launched in collaboration with various State Governments and Urban Local Bodies, supports 63 cities across the country. The focus of the programme is on improving efficiency in urban infrastructure, services delivery mechanism, community participation and accountability of Urban Local Bodies. The Bharat Nirman programme, launched in 2005, is continuing its focus on the provision of basic amenities like drinking water, roads, irrigation facilities, electricity and the construction of houses in rural areas through its six flagship programmes. (Source: *Report on Trend and Progress of Housing in India, 2012, published by NHB*)
- The **Indira Awas Yojana (IAY)** is focused on the provision of cash subsidy to rural BPL families for construction of dwelling units using their own design and technology. The funding under the Scheme is provided by the Centre and State in the ratio of 75:25 respectively. The **Two Million Housing Programme**, launched in 1998-99 is a loan based Scheme and seeks to facilitate the construction of 20 lakh additional houses per annum of which 7 lakh are targeted in urban areas and 13 lakh in rural areas. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)
 - **Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)**: To improve the affordability of housing loans by EWS/LIG segments in urban areas, Ministry of Housing and Urban Poverty Alleviation (MHUPA), Government of India introduced ISHUP Scheme on December 26, 2008. Under the Scheme, an interest subsidy of 5 per cent per annum for whole duration of the loan (15-20 years) is provided on loans up to Rs. 1 lakh extended to EWS/LIG beneficiaries by PLIs. This interest subsidy was provided on NPV and upfront basis. The Scheme is being implemented through Primary Lending Institutions viz. Banks and select Housing Finance Companies. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

The National Urban Housing & Habitat Policy 2007 (NUHHP-2007) seeks to promote various types of public-private partnerships for realizing the goal of “Affordable Housing for All” with special emphasis on the urban poor. Given the magnitude of the housing shortage and budgetary constraints of both the Central and State Governments, the NUHHP-2007 focuses the spotlight on multiple stake-holders namely, the Private Sector, the Cooperative Sector, the Industrial Sector for labour housing and the Services/ Institutional Sector for employee housing. The State Housing Policies of states including Rajasthan, Tamil Nadu and Maharashtra has various provisions for facilitating accelerated Public Private Partnerships. The Rajasthan Model for Public Private Partnerships has proved to be successful and now other states are also trying to formulate their own policies. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

The Ministry of Housing and Urban Poverty Alleviation has introduced guidelines for affordable housing in partnership under the JNNURM. The Scheme of Affordable Housing in Partnership aims at operationalising the strategy envisaged in the National Urban Housing & Habitat Policy (NUHHP) 2007, of promoting various types of public-private partnerships – of the government sector with the private sector, the cooperative sector, the financial services sector, the state parastatals, urban local bodies, etc. – for realizing the goal of affordable housing for all. It intends to provide a major stimulus to economic activities through affordable housing for the creation of employment, especially for the construction workers and other urban poor who are likely to be amongst the most vulnerable groups in recession. It also targets the creation of demand for a large variety of industrial goods through the multiplier effect of housing on other economic activities. The common theme across all the state housing policies is the focus on the role played by various stakeholders and to encourage and catalyze partnership amongst all the players in the public, private, cooperative, formal and informal sectors. Looking ahead, a clear transformation and up scaling of the role and contribution of different players in the sector is visible. (Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

Announcements relating to Housing and Housing Finance in Union Budget - (2013-14)

The Union Budget for the year 2013-14 was announced on 28th February 2013 by Hon’ble Finance Minister. The budget had various announcements pertaining to the housing and housing finance sector which are as summarized below:

- Additional deduction of interest upto Rs. 1 lakh for a person taking first home loan upto Rs. 25 lakh during period 1.4.2013 to 31.3.2014. Interest subvention of 1 percent continued
- All Regional Rural Banks and cooperative banks to be e-linked by this year-end
- National Housing Bank (NHB) to set up Urban Housing Bank Fund and Rs. 2,000 crore will be allocated in this regard
- Rs. 6,000 crore to be allocated for Rural Housing Fund in 2013-14
- TDS at the rate of 1 percent on the value of the transfer of immovable properties where consideration exceeds Rs. 50 lakh. Agricultural land to be exempted.
- For homes and flats with a carpet area of 2,000 sq.ft. or more or of a value of Rs. 1 crore or more, which are high-end constructions, where the component of services is greater, rate of abatement reduced from 75 to 70 percent.
- Securitization Trusts exempted from Income Tax.
- Existing exemptions from service tax for low cost housing and single residential units will continue in 2013-14

(Source: *Report on Trend and Progress of Housing in India, 2013, published by NHB*)

BUSINESS

Overview

NHB was established under the Act of Parliament viz, NHB Act in 1988 to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support to such institutions. NHB is wholly owned by the Reserve Bank of India. NHB believes that in the past 25 years of their operations Primary Lending Institutions (“PLIs”) viz., Housing Finance Companies, Scheduled Banks and Institutions in the Co-operative Sector are the primary agencies for the development and expansion of the housing finance market in India. In future, NHB endeavours to continue to support a healthy housing finance sector in the country and realize their goal of affordable housing for all.

Our functions may be broadly classified as follows:

- Regulatory and Supervision

NHB regulates and supervises the activities of HFCs in accordance with the provisions of the NHB Act. This includes registration of HFCs for conduct of housing finance business, on-site and off-site supervision of HFCs, consumer interface and protection and co-ordination with other regulators.

- Financing

NHB provides financial assistance to PLIs by way of refinance for development and expansion of housing finance market in India. NHB also provides direct finance to public agencies, private agencies in PPP mode for the provision of affordable and low cost housing in the country. NHB is a significant provider of developmental finance towards affordable housing in the country. NHB seeks to catalyze institutional funds to reduce housing shortage in the country through various development initiatives particularly for rural housing and housing for low and moderate income households. NHB is focused on the holistic development of the housing finance market in the country.

- Promotion and Development

NHB plays the role of a facilitator to promote and develop HFC’s to improve/ strengthen the credit delivery network for housing finance in the country. NHB have been promoting inclusive expansion and stability in the housing finance market. NHB believe that our proactive policy support has expanded the reach and depth of the Housing Finance Industry. NHB has sought to play an important role in the establishment and promotion of a diversified base of mortgage lending industry, integrating the housing finance market with the overall economic system, augmenting credit flow to various segments of the population, and boosting investor confidence in the sector. NHB has played a central nodal role in implementing various schemes of the GoI under its initiative of “Affordable Housing for All”.

Key financial parameters

Provided below is a summary of our key financial parameters for the last three Fiscals.

(Rs. in crore)

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Sanctions	14,293.30	23,459.93	24,266.01
Disbursements	12,034.58	14,553.63	17,634.53
Net Owned Funds	2,770.21	3,153.75	3,599.34
Net NPA’s	Nil	3.03	156.10
Reserve & Surplus	2,351.72	2,739.46	3,190.40
Gross Profit/PBT	399.20	542.00	664.12
Net Profit/PAT	278.93	387.10	449.94
Balance Sheet Size	25,780.76	31,331.71	38,721.36
PAT Per Employee	3.21	4.07	4.89

STRENGTHS

We are the Financial Institution in the country for housing finance and we along with the GoI have been playing a pivotal role in the promotion of housing and housing finance. Our principal mandate is to promote housing finance institutions to improve/strengthen the credit delivery network for housing finance in the country. We also monitor and supervise various schemes and encourage various stakeholders involved to reach the goal of “**Housing for All**”. We believe that the following are our primary strengths:

- *Strong GoI support and relationships with government entities.*

We are the principal agency to promote housing finance institutions both at local and regional levels and provide financial and other support to such institutions. We are wholly owned by the Reserve Bank of India. We believe that our ownership and position as a policy based institution for promotion of housing finance have helped in shaping the contours of housing sector in the country. We have been able to supplement the available long term resources for housing development by channelling funds from the domestic debt market, domestic financial institutions and the multilateral institutions. The introduction refinance schemes are aimed at addressing the constraints faced by the banks and HFCs while lending to housing sector and to facilitate incremental credit flow to the sector.

We believe that we derive a strategic advantage from our strong relationship with the GoI and we occupy a key position in plans for the growth and development of the housing sector. NHB has been promoting inclusive expansion and stability in the housing finance market. We believe that the proactive policy support of NHB has expanded the reach and depth of the housing finance industry.

- ***Pioneering initiatives in the housing sector in India***

NHB has pioneered initiatives towards energy efficient housing and is continuing its partnership with domestic and international agencies and other stakeholders in this Global effort. For the said purpose, NHB has a tie up with KfW, during the Indo- German Government negotiation in September, 2008 both Governments agreed to promote the concept of energy efficiency in buildings. We are hopeful that the collective efforts will see successful implementation of 'energy efficiency' measures and codes for residential housing in the country that could be developed along international standards.

- ***Financial strength***

Our business is funded through capital from the Reserve Bank of India and market borrowings of various maturities, including bonds and term loans. Our relationship with the GoI and RBI currently provides us with access to lower cost funding and has additionally enabled us to source foreign currency loans from bi-lateral and multi-lateral agencies. Further, CRISIL and CARE have assigned us the highest credit ratings of "CRISIL AAA/Stable" and "CARE AAA" with stable outlook respectively, for our long-term domestic borrowings. These ratings enable us to borrow funds at competitive costs.

We have operated our financing business profitably since inception, including a profit after tax of Rs. 449.94 crore for June 30, 2013, as on June 30, 2013, we had a net owned fund of Rs. 3, 599.34 crore.

- ***Strong asset quality and robust credit and risk management policies.***

We believe that our strong asset quality has been achieved in part due to our disciplined credit and risk management policies. In addition, we have evolved internal credit and risk management policies and processes involving extensive screening to assess potential risks and devise appropriate risk mitigation mechanisms and a systematic review mechanism, in order to identify and take advantage of viable investment opportunities as and when they arise and to continuously monitor and evaluate the projects in our portfolio. As at June 30, 2013, we had non-performing assets aggregating to Rs. 184.05 crore.

- ***Established relationships with housing sector participants.***

NHB which is now in its 25th year of operation has sought to play an important role in the establishment and promotion of a diversified base of mortgage lending industry, integrating the housing finance market with the overall economic system, augmenting credit flow to various segments of the population, and boosting investor confidence in the sector. NHB has played a central nodal role in implementing various schemes of the GoI under its initiative of "**Affordable Housing for All**".

- ***Well-developed relationships with banks and financial institutions.***

We have well-developed relationships with multilateral financing institutions, domestic financing institutions as well as housing scheduled commercial banks. We believe that these relationships enable us to encourage an increased flow of long-term capital, including foreign capital, into housing sector in India and also enable us to play a key role in developing and introducing innovative financial products and structures to allow a broader cross-section of lenders and investors to participate in housing financing in India.

- ***Experienced and committed management and employee base with in-depth sector expertise.***

We believe we have an experienced, qualified and committed management and employee base. The officers and staff are appointed as per the provisions of NHB Act. We have a wide pool of employees from diverse backgrounds ranging from finance, law, engineering, architecture, planning and designing, economics and sociology. As on June 30, 2013, NHB has a total strength of 92 employees.

Our Strategies

The key elements of long term business strategy of NHB comprise the following:

- ***Continue to play a strategic role in GoI initiatives for HFC's***

In accordance with the NHB Act, NHB will continue to play a prime role in ensuring sound expansion of housing finance system and catalyse the overall development of the housing sector, through policy promotion efforts, increased resource flows, technical and financial support to the HFC's and other lending agencies, capacity building in the housing sector and through development of market infrastructure.

NHB has enabled a responsive institutional system for financing of housing activities, which includes HFCs, commercial banks, regional rural banks, cooperative, self-help groups, micro financing institutions. NHB has provided financial assistance to these institutions and participated in the equity of number of HFCs, introduced residential mortgage securitization in the Indian capital market.

NHB is well positioned to develop the housing finance market and can bring standardisation, transparency, robustness, and discipline in the lending market in housing sector. Further, NHB believes that they can bring in international best practises, market and policy environment and research initiatives for the efficient functioning of the housing finance system, comprising primary and secondary mortgage market.

- ***Strengthen relationships with banks and financial institutions.***

NHB provides refinance to a large set of retail lending institutions. These include specialized housing finance institutions, scheduled commercial banks, scheduled state cooperative banks, scheduled urban cooperative banks, apex cooperative housing finance societies and agriculture and rural development banks. Refinance is provided by NHB under its various schemes.

NHB has a close relationship, developed over the years, with the banks and financial institutions. Towards leveraging this close relationship, we intend to establish strategic alliances like JVs with the banks and financial institutions to enhance our business in the housing financing sector. Further, keeping in view the projected growth of the housing finance sector, we intend to improve our asset portfolio by extending financial assistance to the banks and financial institutions under the refinance scheme.

- **Reduce the housing shortage in the country through various initiatives particularly for rural housing and low moderate income Households.**

NHB's long term strategy is to meet the challenge to reduce housing shortage in the country through various development initiatives particularly for rural housing and housing for low and moderate income households. For this purpose, NHB will seek to convert in to a secondary (mortgage) market within the framework of NHB Act, with underlying mandate to (a) augment and channelize resource in to housing sector (b) develop market oriented sound and sustainable housing finance system and (c) retain focus on low and moderate income housing as well as rural housing.

Our Main Functions:

1. Regulation

In terms of the NHB Act, we are expected, in the public interest, to regulate and supervise the housing finance system of the country. As on date September 30, 2013, there are 57 HFCs registered with us, out of which 18 HFCs have been provided the Certificate of Registration with permission to accept public deposits.

Our regulatory and supervisory role is aimed at preventing the affairs of any HFCs being conducted in a manner detrimental to the interest of the depositors or in a manner prejudicial to the interest of the HFCs. In this regard, further to regulatory provisions contained in the NHB Act, we issue the NHB Directions as also guidelines for the Asset Liability Management System in HFCs, KYC and Anti Money Laundering, Fair Practise Code, and various circulars to the HFCs and their auditors, and monitor them through on-site inspection and off-site surveillance.

Further, in order to provide value to the stakeholders, we have setup Compliant Redressal Cell for redressing the consumer grievances of the HFCs, disseminating the frauds information on mortgages to HFCs and interaction with other regulators.

2. Financing

As the financial institution in the housing finance sector, it has been the endeavour of NHB to promote a sound, healthy, viable and cost effective housing finance system in the country to cater to all segments of the population and to integrate the housing finance system with the overall financial system in the country. NHB's efforts have been directed towards development of a network of dedicated housing finance institutions to adequately serve all regions and sections in the society. To achieve this, NHB coordinates with Central and State Governments to develop and implement sustainable housing policies, develop new products – financing schemes and risk mitigants, promotes new HFCs through equity participation, does capacity building of HFCs and others through training and counselling, promote research in housing and habitat related areas and is building market infrastructure through house price index, valuation policies, mortgage repository etc.

NHB launched its first refinance scheme in 1988-89 to provide financial support to the Primary Lending Institutions (PLIs) and encourage them to lend for housing. The refinance assistance is provided to various Primary Lending Institutions viz. Banks, HFCs, Co-operative sector institutions towards their individual housing loans. The project finance intervention of NHB is through the direct finance window to Public and Development agencies/Municipal Corporations/Welfare Association/Micro Finance Institutions etc for the housing projects.

Following are the refinance disbursements in Fiscal 2013

During the Fiscal 2013, refinance disbursements aggregated to Rs.17, 541.64 crore. The details of disbursements during Fiscal 2013 as compared to previous year are as under:

Bank's refinance disbursements to various Primary Lending Institutions for last two years:

(Rs. in crore)

Institution	Disbursements	
	Fiscal 2012	Fiscal 2013
Housing Finance Companies	5,302.13	7,693.51
Scheduled Commercial Banks	8,851.42	9,459.33
Regional Rural Banks	143.04	388.80
Cooperative Sector	93.32	0.00
Total	14,389.91	17,541.64

The disbursements for all categories of institutions have increased compared to the previous year except the cooperative sector. The disbursements of Rs. 17541.64 crore during the Fiscal 2013 represented the highest ever annual refinance disbursements showing an increase of nearly 22 % over the previous year's refinance disbursements. Out of the total disbursements, Rs. 7,717.60 crore were disbursed for rural housing under the Bank's two rural housing refinance schemes viz. the Golden Jubilee Rural Housing Refinance Scheme (GJRHRS) and the Rural Housing Fund (RHF), together constituting 44% of the total disbursement.

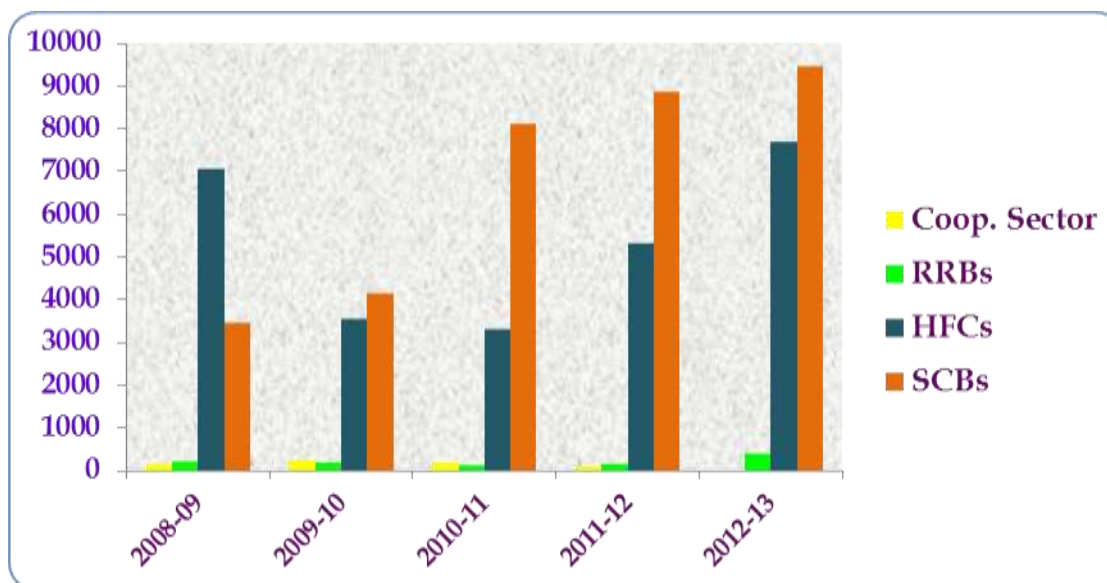
The percentage-wise breakup of disbursements between various categories of client institutions in Fiscal 2013 is as under:

Percentage-Wise Breakup of Disbursements between Various Categories of PLIs in Fiscal 2013

PLI Category	Disbursements	
	Amount (Rs. in crore)	(%) of Total
HFCs	7,693.51	43.86%
SCBs	9,459.33	53.93%
RRBs	388.80	2.21%
Coop. Sector	0.00	0.00%
Total	17,541.64	100.00%

As reflected above, banks availed approximately 56 % of the total refinance disbursed by NHB. It may be observed that a similar trend is being followed for the past 5 years with the exception being in the year 2008-09, as is reflected below:

Trend of Disbursements to Various Categories of Primary Lending Institutions



Tenure wise Breakup of Bank's Refinance Disbursements during Fiscal 2013

Period of Refinance	Amount (Rs. in crore)	% of Total
Upto 1 year	0.00	0.00
1 year to 3 years	5786.85	32.99
3 years to 5 years	2668.22	15.21
5 years to 7 years	3613.18	20.60
7 years to 10 years	4157.39	23.70
Over 10 years	1316.00	7.50

Out of the total refinance disbursed in Fiscal 2013, nearly 52 % represented long term refinance having repayment period of 5 years or above.

Interest Rate Wise Breakup of Bank's Refinance Disbursements during Fiscal 2013

Type of Interest Rate	Amount (Rs. in crore)	% of Total
Fixed Rate	11467.57	65.37
Floating Rate	6047.07	34.63
Total	17541.64	100.00

Loan Size Wise Breakup of Bank's Refinance Disbursements during Fiscal 2013

Loan Size	Amount (Rs. in crore)	percentage of Total	percentage cumulative
Upto Rs. 0.02 crore	1,206.62	6.88	6.88
Rs. 0.02 crore to Rs. 0.05 crore	2,924.34	16.67	23.55
Rs. 0.05 crore to Rs. 0.15 crore	6,231.57	35.52	59.07
Rs. 0.15 crore to Rs. 0.25 crore	2,218.66	12.65	71.72
Over Rs 0.25 crore	4,960.45	28.28	100.00
Total	17,541.64	100.00	

Approximately 72% of the total refinance disbursements in the Fiscal 2013 have been made in respect of housing loans in the priority sector segment i.e., individual housing loans up to Rs. 0.25 crore. The loan of less than Rs. 0.05 crore comprise 23.55 % of the total disbursement

Interest Rate Breakup of Bank's Refinance Outstanding with Various PLIs

Institutions Rated	Amount (Rs. in crore)	percentage of Total
Fixed Rate	25,619.64	74.26
Floating Rate	8,880.18	25.74
Total	34,499.82	100.00

Disbursements in respect of Housing Loans in Rural and Urban Areas

The break-up of annual refinance disbursements into rural and urban (i.e. refinance disbursed against individual housing loans in rural / urban areas) during the five year period Fiscal 2009 to Fiscal 2013 is given in Table below.

Bank's Annual Refinance Disbursements into Rural and Urban during the Five Year Period from Fiscal 2009 to Fiscal 2013

Fiscal	Total Disbursements	Rural				Urban	
		GJRHFS		RHF		Amount	percentage of Total
		Amount	percentage of Total	Amount	percentage of Total		
2009	10,853.62	718.44	6.62	1,761.5	16.23	8,373.70	77.15
2010	8,107.76	1,680	20.72	2,015.8	24.86	4,411.94	54.42
2011	11,722.79	3,781.92	32.26	2,003.7	17.09	5,937.21	50.65
2012	14,389.91	2,604.51	18.1	3,003	20.87	8,782.37	61.03
2013	17,541.64	3,690.18	21.03	4,027.4	22.95	9,824.04	56.00

Refinance Disbursements under the Rural Housing Fund

The Hon'ble Finance Minister, in his Union Budget speech for 2008-09, announced the setting up of the Rural Housing Fund to enable primary lending institutions to access funds for extending housing finance to targeted groups in rural areas at competitive rates. The corpus of the fund for 2008-09 was Rs. 1,778.18 crore, which was enhanced to Rs. 2,000 crore for 2009-10, to Rs. 3,000 crore for 2011-12 and further enhanced to Rs. 4,000 crore for 2012-13. A total amount of Rs. 12,778.18 crore has been received by the Bank under the Fund, and the Bank has deployed the full amount towards refinance for rural housing for the target groups. An allocation of Rs. 6,000 crore has been made in the Union Budget for the financial year 2013-14 for Rural Housing Fund.

The break-up of refinance disbursements under the Rural Housing Fund during the five years of its existence is as under :

Refinance Disbursements under the Rural Housing Fund

(Rs. in crore)

Fiscal	Allocation	Utilization						
		Institution Category					Total	No. of Units
		HFCs	SCBs	UCBs	RRBs	ACHFS & ARDBs		
2009	1,778.18	1,544.88	0.00	15.00	201.60	0.00	1,761.48	95,577
2010	2,000.00	1,794.86	0.00	4.00	184.96	32.00	2,015.82	70,995
2011	2,000.00	1,687.54	182.00	0.00	134.12	0.00	2,003.66	42,859
2012	3,000.00	2,125.25	721.42	13.32	143.04	0.00	3,003.03	12,6795
2013	4,000.00	1,939.94	1,802.03	0.00	285.45	0.00	4,027.42	35,6480
Total	12,778.18	9,092.47	2,705.45	32.32	949.17	32.00	12,811.41	69,2706

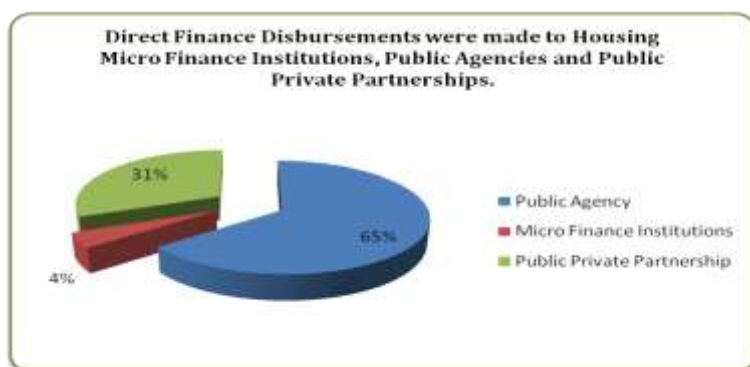
Since its inception in Fiscal 2009, the Rural Housing Fund was available for refinance to HFCs, RRBs and Co-operative Sector Institutions. Later in the Fiscal 2010, NHB decided to extend the benefit of the Fund to those Public Sector Banks which have fulfilled their priority sector commitments and are therefore not required to contribute to the corpus of the Fund. This was intended to leverage the rural outreach and branch network of the Public Sector Banks in order to promote housing finance in rural areas. During, Fiscal 2011, 2012 and 2013, refinance disbursements of Rs. 2705.45 crore were made to Public Sector Banks under the Rural Housing Fund .

Sanctions and Disbursements through Direct Finance

We provide direct financial assistance for project lending to a range of borrowers both in the public and private sector including microfinance institutions, state level housing boards and area development authorities for large scale integrated housing projects and slum redevelopment projects.

Project Finance and Technology Promotion:

During the Fiscal 2013, we have sanctioned Project Finance assistance for 4 projects amounting to Rs. 154.26 crore and disbursed Rs. 92.89 crore. The disbursements were made to Housing Micro Finance Institutions, Public Agencies, Welfare Housing Organizations and Public Private Partnerships. The bifurcation made to these entities is shown in the graph below:



Public Agency	[65%]
Micro Finance Institutions	[4%]
Public Private Partnership	[31%]
Total	[100%]

Sanction and Disbursement under Project Financing For the Last 5 Fiscal:

(Rs. in crore)

Fiscal	Sanctions	Disbursements	No. of houses benefited	Category to which funding viz. MFI, PPP etc
2009	248.3	35.41	Cumulatively NHB has extended financial assistance for construction of houses and housing related infrastructure for around 1,25,000 houses.	Category of Funding includes: Housing Boards, Development Authorities, Municipal Corporations, State Housing Corporations, Welfare Housing Organisations, Micro Finance Institutions, Non-Governmental Organisations, Dairy Cooperatives and Public Private Partnership Companies.
2010	312.07	51.53		
2011	78.80	311.79		
2012	314.30	63.72		
2013	154.26	92.89		

Housing Micro Finance Programme:

NHB's Housing Micro Finance (HMF) programme started in 2004-2005. Through housing microfinance, we have been providing long term financial support, technical assistance and training for housing finance for low income families. Under the program, we have sanctioned Rs. 101.68 crore to 32 Microfinance Institutions spread across 11 states for financing 40,210 urban and rural housing/sanitation units. The beneficiaries include farmers, petty traders, artisans, dairy workers and other low income households. More than 90% of the beneficiaries were women.

Refinance for Energy Efficient Housing

We are committed to preservation of environment through energy efficiency. In pursuance of the goal, we have executed an agreement with KfW, Germany for promoting energy efficiency in new residential buildings. KfW, Germany, a German Development Bank, partly owned by Government of Germany have been Promoting Energy Efficiency (EE) in residential sector in Germany and worldwide since last three decades. We will borrow an amount of € 50 million comprising € 12 million under concessional IDA window and balance € 38 million under the normal window. During the year 2012-13, refinance disbursements aggregating Rs. 103.77 crore were made under this Scheme. The refinance assistance under this scheme is expected to improve the demand for energy efficient residential unit. The breakup of the disbursement made under Energy Efficient Housing Refinance Scheme is given below:

(Rs. crore)

Fiscal	Amount
2012	128.96
2013	103.77
Total	232.73

Performance of NHB

The financial highlights of NHB for the year ending June 30, 2013 are as outlined below:

Key Operational and Financial Parameters for the last three audited years

(Rs. in crore)

Parameters	Fiscal 2013	Fiscal 2012	Fiscal 2011
Networth	3,599.34	3,153.76	2,770.22
Total Debt	33,559.25	26,803.10	21,852.01
of which – Non Current Maturities of Long Term Borrowing	26,943.00	22,054	16,859
-Short Term Borrowing	6,205.78	3738	4,642
-Current Maturities of Long Term Borrowing	410.00	1011	351
Net Fixed Assets	24.50	19.23	20.31
Non Current Assets (Loans & Advances+ Long Term Investments)	34,805.98	28,782.00	22,691.77
Cash and Cash Equivalents	2,655.23	1,683.91	2,117.6
Current Investments	754.28	515.53	654.89
Current Assets	481.36	332	297
Current Liabilities	1,521.71	1,340	1,127
Assets Under Management	NA	NA	NA
Off Balance Sheet Assets	NA	NA	NA
Interest Income	3,007.33	2,477.97	1,938.64
Interest Expense	2,220.91	1,850.07	1,489.5
Provisioning & Write-offs	86.29	53.324	31
PAT	449.94	387	279
Gross NPA (%)	0.53	0.01	Nil
Net NPA (%)	0.45	0.01	Nil
Tier I Capital Adequacy Ratio (%)	15.34	18.57	19.39
Tier II Capital Adequacy Ratio (%)	1.25	1.25	1.25

3. Promotion and Development

We have been promoting inclusive expansion and stability in the housing finance market. We believe that our proactive policy support has expanded the reach and depth of the Housing Finance Industry. NHB which is now in its 25th year of operation has sought to play an important role in the establishment and promotion of a diversified base of mortgage lending industry, integrating the housing finance market with the overall economic system, augmenting credit flow to various segments of the population, and boosting investor confidence in the sector. We have played a central nodal role in implementing various schemes of the GoI under its initiative of “Affordable Housing for All”.

The Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH), which is managed by NHB, will provide credit guarantee for affordable housing loans up to Rs. 0.05 crore and will facilitate and catalyse the growth of inclusive housing in the Country. Towards the promotion and preservation of the environment, NHB has pioneered initiatives towards Energy Efficient Housing and is continuing in partnership with domestic and international agencies and other stakeholders in the global effort. We are hopeful that the collective efforts will see successful implementation of “energy efficiency” measures and codes for residential housing in the country that could be developed along international standards.

Our participation in government programmes

A. In 2012, two schemes were launched by the Hon’ble Minister for Housing and Urban Poverty Alleviation as outlined below:

- a) A **Special Refinance Scheme for Urban Low Income Housing** was launched with an objective of providing long term funds to retail lending institutions at lower interest rates to enable these institutions to increase their housing credit flow to the lower income segments in urban areas. The Scheme presently covers loans up to Rs. 0.10 crore extended to households having annual income upto Rs. 1,80,000/- for purchase/acquisition of house. The lending institutions would pass on the benefit of lower interest rates to the ultimate borrowers. The Scheme aims to improve affordability by providing refinance at fixed lower interest rate for a long term ranging 10-15 years resulting in considerable reduction in EMIs and also hedging against interest rate volatility.
- b) **NHB launched a Refinance Scheme for Installation of Solar Water Heating and Solar Lighting Equipment’s** in Homes, to promote the use of solar equipment in the domestic context so as to conserve energy and reduce dependence on fossil fuels. NHB through its effort aims to promote energy efficient homes. The newly launched scheme for solar equipment, which covers retail loans up to Rs. 50,000/- is expected to go a long way towards improving the penetration and usage of solar lighting and solar water heating equipment’s in homes.

B. *1% Interest Subsidy*

We have been designated as the sole Nodal Agency for Schedule Commercial Banks and Housing Finance Company for the implementation of “1% Interest Subvention Scheme”. Under the Scheme, interest subsidy of 1 % is offered on housing loans up to Rs. 0.15 crore provided cost of house/dwelling units is up to Rs. 0.25 crore. An allocation of Rs. 500 crore has been made for

the year 2012-13 of this, NHB, has received Rs. 400 crore as advance subsidy for onward disbursement to PLIs. As on date subsidy amounting to Rs. 386.25 crore has been disbursed to PLIs. NHB, as nodal agency, is playing an important role in the implementation of the scheme.

C. *Interest Subsidy Scheme for Housing the Urban Poor*

We have been appointed as one of the Central Nodal Agencies for Interest Subsidy Scheme for Housing the Urban Poor (ISHUP). For implementation of the Scheme, NHB has signed MOU with 34 PLIs. (27 banks including 5 Regional Rural Banks and 7 Housing Finance Companies) for disbursement of subsidy under the Scheme. Till the year ending June 30, 2013, NHB as nodal agency, has disbursed NPV of subsidy amounting to Rs. 8.17 crore covering 9,126 beneficiaries under the Scheme.

STATUS OF SUBSIDY CLAIMS IN THE PAST 3 FISCAL YEARS

	FISCAL YEAR			TOTAL
	2010-11	2011-12	2012-2013	
Amt. of NPV of interest subsidy disbursed (Amt. in Rs. incrore)	3.41	2.89	1.18	7.48
No. of Beneficiaries	4,611	2,987	755	8,353

From the above table, it can be seen that the amount of subsidy disbursed under ISHUP has increased from Rs. 3.41 crore covering 4611 beneficiaries during 2010-11 to Rs. 2.89 crore covering 2987 beneficiaries. Further, the disbursement was reduced to Rs. 1.18 crore during 2012-13 covering 755 beneficiaries.

As on June 30, 2013, the state-wise status of claims disbursed under ISHUP Scheme is as follows:

(in Rs. crore)		
Name of State	Claims Sanctioned/Disbursed	
	No. of Beneficiaries	Amount of Subsidy
Andhra Pradesh	7,805	5.7481
Karnataka	924	1.3799
Kerala	231	0.5656
Madhya Pradesh	9	0.0155
Maharashtra	1	0.0023
Rajasthan	56	0.1696
Tamil Nadu	99	0.2881
Uttar Pradesh	1	0.0029
Total	9126	8.172

D. *Credit Risk Guarantee Trust for Low Income Housing*

The Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) was announced in the Union Budget and has been set up by the GoI on May 1, 2012 under the aegis of the Ministry of Housing and Urban Poverty Alleviation (MoHUPA) and is being managed by NHB. The Credit Risk Guarantee Fund Scheme (CRGFS) for low income housing has also since been notified in the Gazette by GOI and is effective from June 21, 2012. NHB is facilitating and overseeing the implementation and operations of the Scheme. The broad objectives of the Fund Trust includes providing default guarantee for housing loans, without any collateral /third party guarantee, provided to EWS/LIG segments upto Rs 0.05 crore in urban areas and to undertake securitisation of guaranteed loans. As on June 30, 2013, 37 Primary Lending Institutions including 19 PSBs, 15 HFCs, 2 RRBs and 1 NBFC-MFI have signed the MOU with the Credit risk fund trust for implementation of CRGFS.

E. *National Urban Housing Habitat Policy (NUHHP)- 2007 Scheme*

Under the NUHHP-2007 the State Governments are also expected to formulate and implement their respective State Housing Policies. Having actively contributed in formulation of NUHHP-2007, we assists the State Governments in formulation of their respective State Housing Policies.

F. *Rural Housing Fund*

Rural Housing Fund, with contributions from scheduled commercial banks not achieving their priority sector lending obligations was set up with NHB during the year 2008-09 to enhance its refinancing operations to the rural housing sector undertaken for people falling under the Weaker Sections category. The total fund received under RHF is Rs. 12,778.00 crore as on June 30, 2013.

G. *Reverse Mortgage Loan Scheme*

In 2007, NHB conceptualized the Reverse Mortgage Loan (RML) and formulated the Operational Guidelines for RMLs. This enabled the banks and HFCs to extend RML to senior citizens and avail monthly stream of income against mortgage of his/ her house/ GoI notified the Reverse Mortgage Loan Scheme vide its notification No. S.O 2310(E) dated September, 2008.

H. *The Golden Jubilee Rural Housing Finance Scheme (GJRHFS)*

GJRHFS has been conceptualized to address the problem of rural housing through improved access to housing credit which would enable an individual to build a modest new house or to improve or add to his old dwelling in rural areas. The progress under the Scheme is monitored by NHB and is reported to the GoI on quarterly basis. GJHFS is the principal instrument of NHB for financing for rural housing.

Our Operations

Our Sources of Funding

We were incorporated with an initial capital of Rs. 100 crore. As on the date of filing of this Shelf Prospectus, our issued, subscribed and paid-up shares capital is Rs. 450.00 crore. For details, see the section titled "**Capital Structure**" on page 36 of this Shelf Prospectus.

In addition to the above, we fund our assets, primarily comprising of loans, with borrowings of various maturities in the domestic and international markets. Our market borrowings include bonds, loans, public deposits and external commercial borrowings. As on September 30, 2013, we had total outstanding borrowing of Rs. 35,134.91 crore, of which Rs. 3,477.04 crore or 9.90 % was secured and Rs. 31,657.87 crore or 9.10 % was unsecured. For details of our outstanding borrowings as on September 30, 2013, see the section titled "**Description of Certain Indebtedness**" on page 69 of this Shelf Prospectus.

Domestic borrowings

Debentures

We issue debentures through public issues and private placements to institutional investors. The outstanding debentures issued by us are listed on the NSE and the BSE.

Bonds

Taxable Bonds: We issue unsecured, non-convertible, redeemable taxable bonds under various series typically with a maturity period of three years from the date of allotment and bearing an interest rate ranging from to 6.82% to 11.40% as on June 30, 2013.

These bonds are issued on private placement basis and are currently listed on the "whole sale debt market segment" on NSE.

Tax-free bonds: We issue unsecured/ secured, non-convertible, redeemable tax free bonds under various series typically with a maturity period ranging from ten to fifteen years from the date of allotment and bearing an interest rate ranging from 6.87% to 7.19 %.

These bonds were issued on private placement basis and have been listed on the "whole sale debt market segment" on NSE (bonds raised through private placement).

Loans

We have availed secured as well as unsecured long term and short term loans from various banks and financial institutions and RBI. These loans are mostly in the nature of term loans with a maturity period ranging from 14 days to 10 years and bearing fixed as well as floating interest rate ranging from 6% to 10.55%.

Public deposits

We have obtained public deposits at an average interest rate of interest of 9.29 % calculated on June 30, 2013, repayable over a period of one to five years. We have launched the following two deposit Schemes, which was intended to be key components of deposit mobilization from general Public.

- NHB Sunidhi Term Deposit Scheme: Under the scheme, deposits are accepted in multiples of Rs. 10,000 subject to a minimum of Rs. 50,000. The rates of interest on these deposits are in accordance with the rate fixed by us from time to time.
- NHB Suvridhi (Tax Saving) Term Deposit Scheme: We have framed the above scheme to mobilize deposits from individuals and HUFs. The scheme was notified in the Gazette of India dated October 18, 2008. The Central Government has notified the said scheme for the purpose of Section 80C of the Income Tax Act, 1961 vide notification No. S.O.21 (E) dated January 5, 2009. In line with the above, depositors can invest upto a maximum of Rs. 0.01 crore in this scheme with a lock in period of 5 years which would qualify for exemption under Section 80C.

Rural Housing Fund (RHF)

RHF was created by the Union Government to enhance refinance operations of NHB in the rural housing sector. The contribution to the fund is made by Scheduled Commercial Bank to the extent of their shortfall in their priority sector lending. Budgetary Allocations for RHF from year 2008-2009 is as follows:

Year	RHF ALLOCATIONS
2008-2009	2,000.00
2009-2010	2,000.00
2010-2011	2,000.00
2011-2012	3,000.00
2012-2013	4,000.00
2013-2014	6,000.00

(Rs.in crore)

Urban Housing Fund (UHF)

Urban Housing Fund, with contributions from scheduled commercial banks not achieving their priority sector lending obligations is set up with NHB during the current year to enhance its refinancing operations to the urban housing sector undertaken to augment resources and improve credit availability and meet the housing needs of the people in lower income segments residing in urban areas. The year wise amount received under UHF is as under:

Year (July-June)	Amount (Rs. in crore)	Year of Maturity
2013-14 (till September 30,2013)	500.00*	2020-21

* Out of total allocation of Rs. 2000 crore for the financial year -2013-14

Foreign Borrowings:

External Commercial Borrowings

We have obtained foreign currency loans of US\$ 2.50 crore from USAID, US\$ 14.00 crore from ADB and € 5.00 crore from KfW and which are either guaranteed by the Central Government. These loans bear a fixed and floating interest rate.

Other Initiatives

We are strongly committed towards creating an appropriate environment for affordable housing and housing finance that can cater to all segments of the population. At the same time, we continually seek to contribute towards the development of sustainable habitat and towards the promotion and preservation of environment through energy efficiency and other initiatives. In this regard, we continue to seek partnership with domestic and international agencies towards the promotion and implementation of such initiatives in the country. Through the implementation of a "Programme for Energy Efficient New Residential Housing in India" implemented in collaboration with KfW, Germany, we seek to address challenges and promote adoption of energy efficient/green measures in residential buildings through a slew of measures. Under the aegis of this Programme, we seek to promote development and adoption of energy efficient/green residential buildings in the country through the provision of financial and technical support to various stakeholders.

With the implementation of the Programme on a country-wide basis, we are undertaking measures towards training and capacity building of various stakeholders in the sector. Through this Programme directed towards housing projects which meet stipulated energy saving requirements, we have joined the efforts of the national and international community in striving for climate protection and environmental preservation.

UN-HABITAT Water & Sanitation Programme:

We have signed an agreement of cooperation with UN-Habitat for collaborating on water supply and sanitation projects for low income households in the year 2008-09. Under the agreement UN Habitat has agreed to provide \$3, 75,000 through NHB for the water and sanitation component of housing micro finance projects as well as for standalone water and sanitation projects, as well as for capacity building and training efforts in this field. Under this program we have sanctioned Rs. 7.65 crore for construction of estimated 12984 toilet/water connections to 6 institutions covering 6 states.

A workshop on Water and Sanitation was organized by NHB in collaboration with UN-Habitat at Institute of Rural Management (IRMA), Anand Representatives from UN-Habitat, Microfinance Institutions such as Sanghamitra Rural Financial Services, Swayamshree Micro Credit Services and Cooperatives such as Kaira District Milk Producers Union Limited (AMUL), SUMUL and research institutes such as Environmental Sanitation Institute participated and benefited from the workshop.

Research and Analytical Activities and Training:

We are conducting and sponsoring research and analytical studies on areas relating to housing and housing finance. Apart from this we also prepare occasional research papers and conducts meetings / conferences / knowledge-dissemination exercises on different aspects of housing and housing finance.

Achievements and highlights of 2012-2013

- We entered into its 25th year on July 9, 2012. To commemorate this important milestone in the journey of the institution, NHB organized the Inaugural event for the year long Silver Jubilee Celebrations on July 9, 2012 at New Delhi (the "Event"). The Event was graced by Kumari Selja, the then Hon'ble Minister for Housing & Urban Poverty Alleviation and Minister of Culture, Chairman, Economic Advisory Council to the Prime Minister, Dr C Rangarajan and the Hon'ble Minister of State for Finance, Mr Namo Narian Meena.
- The Event marked the launch of NHB's new Logo and its new website – a mark of continuity with change in the changing times but reflecting its enduring values.
- On the occasion of the Silver Jubilee Celebrations, two new refinance schemes were launched viz Special Refinance Scheme for Urban Low Income Housing and Refinance Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes.
- Refinance disbursements touched the highest ever figure of Rs. 17,541.64 crore during the year 2012-13, registering an increase of 22% over the disbursements of Rs. 14,389.91 crore made in 2011-12.
- Giving greater emphasis on rural housing, Rs. 7,717.60 crore were disbursed for rural housing under the Bank's two rural housing refinance schemes together constituting 44% of the total disbursements.
- Certificate of Registration (CoR) was given to 2 HFCs during the year 2012-2013. The CoR was cancelled for one HFC due to merger and acquisition. Thus, as on June 30, 2013, the number of HFCs registered with NHB stood at 57.
- From January 2013, NHB-Residex has been further expanded to cover 6 new cities taking the total number of cities to 26.
- Under GJRHF Scheme, the total achievement by the PLIs were 4,18,896 units against a target of 4,00,000 units. The total achievement since inception stood at 39,09,374 units i.e. an achievement of 95% against the allocated targets.

- The Credit Risk Guarantee Fund Scheme was launched by Shri Ajay Maken, Hon'ble Union Minister for Housing & Urban Poverty Alleviation (MoHUPA) on October 31, 2012 at New Delhi.
- The Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) was launched by the Ministry of Housing and Urban Poverty Alleviation, GoI for addressing the housing needs of EWS and LIG segments of urban areas. During the year 2012-2013, NHB as nodal agency has disbursed subsidy claims of Rs. 1.18 crore covering 755 beneficiaries Under ISHUP scheme. Cumulatively, subsidy claims amounting to Rs. 8.17 crore have been disbursed benefiting 9126 beneficiaries in 8 States.
- In order to stimulate demand for credit to housing in the lower and middle income segment of population in the country, GoI introduced "1% Interest Subvention Scheme". Total Budget allocation under the Scheme upto FY 2011-12 was Rs. 300 crore and the same has been utilized fully. An allocation of Rs. 500 crore has been made for the year 2012-13. Of this, NHB, as Central Nodal Agency, has received Rs. 400 crore as advance subsidy for onward disbursement to PLIs. As on date subsidy amounting to Rs. 386.25 crore has been disbursed to PLIs. NHB, as nodal agency, is playing an important role in the implementation of the scheme.
- The Bank's Balance sheet size increased has from Rs. 31,332 crore to Rs. 38,721 crore in 2012-2013 from the preceding year. The Bank saw an increase in its Net Profit from Rs. 387 crore in 2011-2012 to Rs. 450 crore in 2012-2013 showing a sound growth of 16.27%. The PAT per employee grew to Rs. 4.84 crore in 2012-2013 from Rs. 4.07 crore in 2011-2012.

Seminars & Conferences:

NHB regularly undertakes Seminars, Conferences and Round Tables both at National & International levels, apart from the regular CEO's meet. Some of the convened conferences during the year included:

1. Development and Research Advisory Committee (DRAC) has been constituted in the year 2008, to review, guide and advise the development activities of NHB and also to provide feedback on NHB's new initiatives. DRAC is chaired by CMD of NHB and has four external experts besides the Executive Directors of NHB as members.
2. NHB in association with Asia Pacific Union for housing finance (APUHF) and the Asia Pacific Ministerial Conference on Housing and Urban Development (APMCHUD) organised the 3rd International Conference on "Housing-An Engine for inclusive growth" during April 11-12, 2013 at New Delhi.
3. NHB collaborated with Ministry of Finance in organising an International Conference on "Reviving Growth" in partnership with National Institution of Public Finance and Policy (NIPFP) and Confederation of Indian Industry on December, 2012.
4. NHB was knowledge partner (supporting organisation) for Conference on "Urban and Housing Development" organised by Marcus Evans during October 15-17, 2012 at New Delhi.
5. NHB is in association with the Asia Pacific Union for Housing Finance (APUHF) and the Asia Pacific Ministerial Conference on Housing and Urban Development (APMCHUD) organized International Conference on 'Growth with Stability in Affordable Housing Markets' during January 30-31, 2012 at New Delhi.

Our business process

In respect of the refinance operations the limits are sanctioned to the PLIs on annual basis. NHB sanctions one single limit to each institution, and disbursement is made under its different schemes depending upon the characteristics of the individual loans against which disbursement is sought. Applications for sanction of limits are received from the PLIs in the prescribed format with all the relevant information and annexure. Once the information is vetted for completeness, the case is forwarded to the risk management wing for internal credit rating. Rating is done on various financial and non financial parameters using the credit rating models in use for the purpose.

After rating has been received, the proposal is appraised and processed for sanction of limit. The quantum of the refinance limit to be sanctioned to any PLI is decided on the basis of its financial performance, internal credit rating, and the PLI's appetite for credit. Sanction of limit is done at the appropriate level on the basis of the delegation of powers in force. After sanction, the limit is conveyed to the PLI and necessary documentation completed.

After completion of the documentation, disbursement can be availed by the PLI at any time during the validity of the sanction as per the requirements of the PLI.

In case the refinance limit is fully utilized, the PLI can seek sanction of additional limit, which shall remain valid till the end of the year. In case the limit, annual or additional, remains unutilized at the end of the year, the same can be carried forward to the next year at the request of the PLI.

Human Resource

Our human resources policy is aimed at recruitment and retention of skilled, well balanced and motivated employees. We are committed to the continued development of employees, including through on-the-job training and participation in in-house as well as external training courses and conferences and seminars.

As at June 30, 2013, we had 92 full time employees, including officers, officers on deputation and subordinate staff. None of our employees are unionized, and we do not have any employee stock option or purchase schemes.

The total Staff strength of NHB stood at 92 as on June 30, 2013. During the year, 3 officers were relieved from the services of NHB which includes 2 Assistant Managers and 1 Manager on account of retirement /resignation.

To upgrade skills and enhance their proficiency, NHB deputed its officers for various training and management development programmes besides organizing in-house programmes.

Risk Management and Internal Controls

In the course of our business operations, we are exposed to a number of risks, including the following:

Credit risk - the risk that our borrowers will fail to discharge their repayment obligations and thereby cause us to incur a financial loss.

Liquidity risk: the risk that we will be unable to meet our net funding requirements. This may be caused by market disruptions or downgrading of our credit ratings, which may cause certain sources of funding to become unavailable.

Interest rate risk: the risk arising from re-pricing and/ or maturity mismatches between our assets and liabilities, thus impairing our net interest income.

Operating and other risks: the risk of loss arising from inadequate or failed internal processes, people, systems and/ or from external events, including legal risk.

However, for any additional information refer to Section 2 “*Risk Factors*” of this Shelf Prospectus.

Corporate Governance

NHB is committed to follow the best practices of corporate governance and has laid down the cardinal values of fairness, transparency and accountability for performance at all levels in dealing with its stakeholders. Towards this end, to facilitate that the right information is accessible to right people at the right time, records of the meetings of the Board and other Directors’ Committee have been digitized and updated regularly. Further, compliance with all the statutory requirements is ensured by NHB.

Other Investments

In terms of the mandate given to NHB towards promotion and development of the housing finance system in the country, NHB has been participating in the equity share capital of start-up companies/ new institutions. In this connection, NHB has made the investments by way of acquiring equity stake in the following entities:

- i. Cent Bank Home Finance Limited;
- ii. Mahindra Rural Housing Finance Limited;
- iii. Central Registration of Securitization Asset Reconstruction and Security Interest of India;
- iv. Indian Mortgage Guarantee Co. Limited;
- v. Periwal Bricks Limited; and
- vi. MPL Corporation Limited (*Erstwhile Marmite Polycast Limited*).

Brief details of the said companies and the equity stake of NHB is described hereinbelow.

1. Cent Bank Home Finance Limited

Cent Bank Home Finance Limited (“**CBHFL**”) is a Housing Finance Company registered with NHB. It is a subsidiary of Central Bank of India. NHB has a 16 % stake in the CBHFL since 1991. The total investment made by NHB in the equity share capital of CBHFL till date is Rs. 3.20 crore. CBHFL is in the business of extending housing loans in India.

2. Mahindra Rural Housing Finance Limited

Mahindra Rural Housing Finance Limited (“**MRHFL**”) is a Housing Finance Company registered with NHB. It is a subsidiary of Mahindra & Mahindra Financial Services Limited. NHB has a 12.50 % stake in MRHFL since 2008. The total investment made by NHB in the equity share capital of MRHFL is Rs. 5.71 crore. MRHFL is in the business of extending housing loans in India.

3. Central Registration of Securitization Asset Reconstruction and Security Interest of India (CERSAI)

Central Registration of Securitization Asset Reconstruction and Security Interest of India (CERSAI) is a company licensed under Section 25 of the Companies Act, 1956. The object of the CERSAI is to maintain and operate a Registration System for the purpose of registration of transactions of securitisation, asset reconstruction of financial assets and creation of security interest over property, as contemplated under Chapter IV of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). NHB has a 5 % stake in CERSAI since 2012. The total investment made by NHB in the equity share capital of CERSAI is Rs. 0.25 crore.

4. India Mortgage Guarantee Corporation Pvt. Ltd. (IMGC)

NHB, Genworth, Asian Development Bank (ADB), and IFC, a member of the World Bank Group, have together set up a joint venture mortgage guarantee company - India Mortgage Guarantee Corporation Pvt. Ltd. (IMGC). IMGC offers mortgage guarantees against borrower defaults on housing loans from mortgage lenders, which helps to expand access to housing in India. IMGC will be the first mortgage guarantee company to operate in India. NHB has a shareholding of 38 % of IMGC, Genworth has a stake of 36 %, while ADB and IFC, a member of the World Bank Group, have a 13 % stake each in the joint venture company.

5. Periwal Bricks Limited

Periwal Bricks Limited (PBL) is a company incorporated under the Companies Act, 1956. NHB has pursuant to its guidelines on the Form of Equity Participation for Building Material Industries acquired an equity stake in PBL since 1993. The total investment made by NHB in the equity share capital of PBL is Rs. 0.20 crore. NHB had, in 1999, called upon the promoters to buy back NHB’s shareholding in PBL, as envisaged in the undertaking furnished by the said promoters to this effect. However,

the promoters have failed comply with their obligation and NHB has filed a suit for recovery of monies against the promoters of PBL. For more information see "**Legal and other Information**" at page 79 of this Shelf Prospectus.

6. MPL Corporation Limited

MPL Corporation Limited (MCL) is a company incorporated under the Companies Act, 1956 and has set up a plant for the manufacture of cast polyester molded products at Malanpur, District Bhind. NHB has pursuant to its guidelines on the Form of Equity Participation for Building Material Industries acquired an equity stake in MCL. The total investment made by NHB in the equity share capital of MCL is Rs. 0.33 crore. NHB had, in 1995, called upon the promoters to buy back NHB's shareholding in MCL, as envisaged in the undertaking furnished by the said promoters to this effect. However, the promoters have failed comply with their obligation and NHB has filed a suit for recovery of monies against the promoters of PBL. For more information see "**Legal and other Information**" at page 79 of this Shelf Prospectus.

For more information, see "**Annexure A - Financial Information**" of this Shelf Prospectus.

Credit Exposure

As of June 30, 2013, aggregate loans to our ten largest borrowers amounted to Rs. 19,229.42 crore, representing approximately 54.44% of our total loans outstanding as of such date. Our single largest borrower on such date had an outstanding balance of Rs. 2,496.61 crore, representing 7.24 % of our total loans outstanding as of such date.

Credit Rating

Our long term borrowing programme of Rs. 10,000 crore has been rated "CRISIL AAA/ Stable" by CRISIL vide its letter reference no. SN/FSR/NHB/2012-13/1891 dated February 5, 2013 and our non convertible debenture issue of Rs. 12,000 crore has been rated "CRISIL AAA/ Stable" by CRISIL vide its letters reference nos. AK/FSR/NHB/2012-13/1973 dated February 20, 2013 and SN/FSR/NHB/2013-14/1405 dated October 29, 2013, this rating is considered to have the highest degree of safety regarding timely servicing of financing obligations. Such instrument carries lowest credit risk. Further, CARE has given a credit rating of "CARE AAA" for our capital market borrowing programme of Rs. 6,745 crore vide its letter dated October 28, 2013. The instruments with the said rating are considered to have the highest degree of safety regarding timely servicing of financing obligations. Such instrument carries lowest credit risk. Our long term borrowing programme of Rs. 10,000 crore has been rated "[ICRA] AAA (Stable)" by ICRA vide its letter reference no. D/RAT/N4/2013-14/4 dated October 25, 2013, this rating is considered to have the highest degree of safety regarding timely servicing of financing obligations. Such instrument carries lowest credit risk

NHB's fixed deposit programme of Rs. 10,000 crore has been rated "FAAA/ Stable" by CRISIL vide its letter reference no. (VR/FSR/NHB/2009-10/613) dated July 22, 2009 and "AAA (Ind)" by Fitch vide its letter reference no. (UIN:139/NHB/BAN/2008) dated January 7, 2010.


NHB's deposits programme under Rural Housing Fund and Urban Housing Fund of Rs. 12,000 crore has been rated "CARE AAA" by CARE vide its letter dated November 12, 2013.

Our commercial paper/ short term debt programme of Rs. 5,000 crore enjoys "ICRA A1+" rating from ICRA Limited vide its letter (Ref:D/RAT/N4/2013-14/4) dated October 17, 2013, this rating is considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

Offices

Our Head Office is located at Core 5-A, Indian Habitat Centre, Lodhi Road, New Delhi- 110 003. We also have one Regional Office at Mumbai and the ten Regional Representative Offices at Hyderabad, Chennai, Kolkata, Bengaluru, Lucknow, Ahmedabad, Patna and Bhopal, Bhubaneswar and Nagpur.

Intellectual Property

We have filed an application bearing number 2360498 dated July 7, 2012 for registration of our NHB logo  in class 36 in accordance with the provisions of the Trade Mark Act, 1999 and the same is pending registration. Further our mark "NHB RESIDEX" has been registered with the Trade Mark Registry in Class 36. In this regard, the Trade Mark Registry has on March 17, 2011 issued a certificate of registration bearing number 977925. The said registration is valid for a period of 10 years i.e up to February 24, 2017. Additionally, our application for registration of our copy right over the "Housing Information Portal (HIP)- Logo" has also been allowed and the copyright in respect thereof vests with NHB.

HISTORY, MAIN OBJECTS AND CERTAIN CORPORATE MATTERS

Brief Background

NHB is the Financial Institution in the country for housing finance, set up under an Act of Parliament in 1988 and is wholly owned by the Reserve Bank of India. NHB, besides regulating the Housing Finance Companies, is also a significant provider of developmental finance towards affordable housing in the country. NHB seeks to catalyse institutional funds to reduce housing shortage in the country through various development initiatives particularly for rural housing and housing for low and moderate income households. NHB is focused on the holistic development of the housing finance market in the country. NHB is an officer oriented institution, headquartered in Delhi with offices in Mumbai, Hyderabad, Bengaluru, Kolkata, Chennai, Ahmedabad, Lucknow, Bhopal and Patna, Bhubaneswar and Nagpur.

Change in Head office

In 1995, the head office of NHB was shifted from the Hindustan Times House, 6th and 9th Floor, 18-20, Kasturba Gandhi Marg, Hindustan Times Building, New Delhi – 110001 to Core 5-A, Indian Habitat Centre, Lodhi Road, New Delhi-110003, for administrative and operation activities.

Vision and Mission

“Promoting Inclusive Expansion with stability in the housing finance market” and “to harness and promote the market potentials to serve the housing needs of all segments of the population with focus on low and moderate in income housing.”

Main Objects

NHB is the financial institution for housing finance in India. It has three main activities, viz. regulation and supervision of housing finance companies, promotion and development of housing finance market and providing financial assistance to housing finance institutions, banks and others. NHB regulates and supervises the activities of housing finance companies in accordance with the provisions of the NHB Act. This includes registration of housing finance companies for conduct of housing finance business, on-site and Off-site supervision of housing finance companies, consumer interface and protection & co-ordination with other regulators.

NHB ensures to promote a sound, healthy, viable and cost effective housing finance system in the country to cater to all segments of the population and to integrate the housing finance system with the overall financial system in the country. NHB’s efforts have been directed towards development of a network of dedicated housing finance institutions to adequately serve all regions and sections in the society. To achieve this, NHB coordinates with Central and State Governments to develop and implement sustainable housing policies, develop new products – financing schemes and risk mitigants, promotes new HFCs through equity participation, does capacity building of HFCs and others through training and counselling, promote research in housing and habitat related areas and is building market infrastructure through house price index, valuation policies, mortgage repository etc.

Subsidiary

As on date of this Shelf Prospectus we don’t have any subsidiary.

Material Agreements

Other than the agreements in relation to the Issue, NHB has not entered into material agreements which are not in the ordinary course of its business.

MANAGEMENT

Members of the NHB Board

NHB was constituted by an Act of Parliament namely NHB Act for promotion and development of housing finance market and regulation and supervision of the housing finance companies in the country. NHB is the principle agency to promote housing finance institutions, to provide financial and other support to such institutions. As per sub-section 6 (1) of the NHB Act, the Board of Directors of NHB shall consist of:

- (a) a Chairman and Managing Director, provided that the same person may be appointed as Chairman and Managing Director;;
- (b) two directors from amongst the experts in the field of housing, architecture, engineering, sociology, finance, law, management and corporate planning or in any other field, special knowledge of which is considered useful to NHB;
- (c) two directors who shall be the persons with experience with the working of institutions involved in providing funds for housing or engaged in housing development or have experience in the working of financial institutions or scheduled banks;
- (ca) two directors elected in such manner as may be prescribed by shareholders other than the Reserve Bank, the Central Government and other institutions owned or controlled by the Central Government;
- (d) two directors from out of the directors of the Reserve Bank;
- (e) three directors from amongst the officials of the Central Government;
- (f) two directors from amongst the officials of the State Government;

The Chairman, the Managing Director and other directors [excluding the directors referred to in clauses (ca) and (d)], shall be appointed by the Central Government in consultation with the Reserve Bank and directors referred to in clause (d) shall be nominated by the Reserve Bank.

(i) *Details of the current directors (as on the date of this Shelf Prospectus)*

The Board of Directors of the NHB is appointed in accordance with section 6 of the NHB Act. The existing Board of Directors of NHB is as follows:

Name, Designation, address, Nationality, Occupation	Director since	Director Identification Number* (DIN)	Age in Years	Other Companies in which Directorship held^
Shri R.V. Verma Chairman & Managing Director, National Housing Bank, Core 5-A, India Habitat Centre, Lodhi Road, New Delhi - 110 003 Nationality - Indian Occupation- Service	15-09-2010	03546341	58	1. Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) 2. India Mortgage Guarantee Corporation Private Limited
Dr. Santosh Chandra Panda Director Professor of Economics, Delhi School of Economics, North Campus, University of Delhi Delhi – 110 007 Nationality - Indian Occupation- Service	14-06-2012	Not Available	58	NIL
Dr. Neelima Risbud, Director Dean, School of Planning and Architecture, 4-Block-B, Indraprastha Estate, New Delhi – 110 002 Nationality - Indian Occupation- Service	14-06-2012	Not Available	64	NIL
Shri H.R. Khan Director Deputy Governor, Reserve Bank of India, Central office, Shaheed Bhagat Singh Marg, Mumbai - 400 001. Nationality - Indian Occupation - Service	08-08-2011	Not Available	59	NIL

Name, Designation, address, Nationality, Occupation	Director since	Director Identification Number* (DIN)	Age in Years	Other Companies in which Directorship held^
Shri G.M. Rao Director Group Chairman, GMR Group, IBC Knowledge Park, Phase 2, 'D' Block, 4/1, 11 th Floor, Bannerghatta Road, Bangalore – 560029 Nationality - Indian Occupation - Business	30-11-2011	00574243	64	1. GMR Infrastructure Limited 2. GMR Holdings Pvt. Limited 3. GMR Energy Limited 4. GMR Hyderabad International Airport Ltd 5. GMR Varalakshmi Foundation 6. Delhi Aerotropolis Pvt. Limited 7. GMR Hyderabad Aerotropolis Limited 8. Kakinada Refinery and Petrochemicals Pvt. Limited. 9. Delhi International Airport Private Limited 10. GMR Airports Limited 11. AMG Healthcare Destination Pvt. Limited 12. GMR Tambaram Tindivanam Expressways Private Limited 13. GMR Tuni-anakapalli Expressways Private Limited 14. GMR Vemagiri Power Generation Limited 15. GMR Ambala- Chandigarh Expressways Private Limited 16. GMR Mining and Energy Private Limited 17. GMR Jadcherla Expressways Private Limited 18. GMR Pochanpalli Expressways Limited 19. Raxa Securities Services Limited 20. GMR Highways Limited 21. GMR (Badrinath) Hydro Power Generation Private Limited 22. GMR Ulundurpet Expressways Private Limited 23. GMR Krishnagiri SEZ Limited 24. GMR Airport Developers Limited 25. GMR Projects Private Limited 26. GMR Infratech Private Limited 27. GMR Infraventure Private Limited 28. GMR Infraventures LLP
Shri Arvind Kumar, IAS Director Joint Secretary to the Government of India Ministry of Finance Department of Financial Services Jeevan Deep Building, Parliament Street, New Delhi-110 001 Nationality - Indian Occupation - Service	30-07-2013	03567738	47	1. ICICI Bank Limited 2. New India Assurance Company Limited 3. IFCI Limited 4. United India Insurance Company Limited 5. Irrigation and Water Resources Finance Corporation Limited 6. Agriculture Insurance Company of India Limited
Smt. Vijaya Srivastava, IAS Director Joint Secretary to the Government of India, Rural Housing Wing, Department of Rural Development, Ministry of Rural Development, Krishi Bhawan, Dr. Rajendera Prasad Marg, New Delhi - 110 011 Nationality - Indian Occupation - Service	13-09-2012	Not Available	55	NIL

Name, Designation, address, Nationality, Occupation	Director since	Director Identification Number* (DIN)	Age in Years	Other Companies in which Directorship held [^]
Shri Ajay Kumar Dutta[#] Director Secretary to Govt. of West Bengal, Housing Department, New Secretariat Building 1, K.S. Roy Road. Kolkata – 700 001 Nationality - Indian Occupation - Service	31-12-2012	Not Available	59	NIL
Dr. S. Siddharth, IAS Director Secretary to the Government of Bihar, Urban Development and Housing Department ,Government of Bihar, New Secretariat, Vikas Bhawan, Patna – 800 015 Nationality - Indian Occupation - Service	22-07-2013	01208759	48	1. Phoenix Conveyor Belt India Private Limited 2. Bharat Heavy Plate and Vessels Limited 3. Triveni Structurals Limited 4. Bharat Pumps and Compressors Limited 5. Bridge & Roof Co (India) Limited 6. Tungabhadra Steel Products Limited 7. Tide Water Oil Co India Limited 8. Bihar Urban Infrastructure Development Corporation Limited 9. Bihar State Road Transport Corporation Limited 10. Bihar State Tourism Development Corporation Limited 11. Bihar Forestry Development Corporation Limited

* Since NHB is not a Company incorporated under the Companies Act, 1956, the Director appointed on the board of NHB are not statutorily required to have DIN, thus, NHB has not been maintaining records of DIN of its Directors. However, wherever available the DIN of the Directors have been disclosed.

[^] The details of other directorship is based on the data available on the MCA Portal i.e www.mca.gov.in on the basis of available DIN.

[#] The consent of Mr. Ajay Kumar Dutta to name him as Director in this Shelf Prospectus has not been received by the Bank. Thus, the Bank by its letter dated December 2, 2013 had inter-alia sought the permission from SEBI to file the Offer Documents in respect of the Issue with the signatures of eight directors without the specific consent of one director namely Mr. Ajay Kumar Dutta. SEBI vide its letter bearing no. IMD/DOF-1/BM/RA/OW//2013 dated December 9, 2013 has permitted NHB to file the Offer Documents to be signed by all the other eight directors i.e other than Mr. Ajay Kumar Dutta.

None of the current directors of NHB (other than Mr. Ajay Kumar Dutta) appears on the defaulters list of RBI or ECGC default list. In relation to Mr. Ajay Kumar Dutta, in the absence of any written confirmation from him, the Bank is not in a position to confirm whether his name appears on the aforesaid defaulters list or not.

(ii) *The changes in our Board in the last three years are as follows[^]*

S.No.	Name and Designation	Date of Joining/ Appointment	Date of Cessation
1.	Shri S. Sridhar Chairman and Managing Director, NHB	17-04-2006	15-09-2010
2.	Shri R.V. Verma Chairman and Managing Director, NHB	15-09-2010	-----
3.	Ms. Nilam Sawhney, IAS, Joint Secretary to the GOI, Ministry of Rural Development	07-09-2005	22-09-2010
4.	Shri Sanjay Kumar Rakesh, IAS, Joint Secretary to the GOI, Ministry of Rural Development	22-09-2010	25-04-2012
5.	Shri Ashok Dongre, IAS, Secretary to the Govt. of Tamil Nadu, Housing and Urban Development Department	24-02-2010	24-05-2011
6.	Ms. Shyamala Gopinath Deputy Governor, RBI	21-11-2005	20-06-2011
7.	Shri H.R. Khan Deputy Governor, RBI	08-08-2011	-----

S. No.	Name and Designation	Date of Joining/ Appointment	Date of Cessation
8.	Ms. Kiran Dhingra, IAS, Secretary to the GOI, Ministry of Housing and Urban Poverty Alleviation	24-03-2009	02-09-2011
9.	Shri Arun Kumar Misra, IAS, Secretary to the Government of India, Ministry of Housing and Urban Poverty Alleviation	02-09-2011	1-05-2012
10.	Shri G.S. Sandhu, IAS, Principal Secretary to the Govt. of Rajasthan, Housing/ Urban Development Deptt.	15-01-2009	18-09-2011
11.	Shri K. Phanindra Reddy, IAS, Secretary to the Govt. of Tamil Nadu, Housing/ Urban Development Department	24-05-2011*	18-09-2011
12.	Shri Alok Nigam, IAS, Joint Secretary to the Govt. of India, Ministry of Finance	09-12-2009	18-10-2011
13.	Shri Anurag Jain, IAS, Joint Secretary to the Govt. of India, Ministry of Finance	18-10-2011	30-07-2013
14.	Dr. Errol D'Souza Professor, Economics Area, Indian Institute of Management, Ahmedabad	05-08-2005	Not Available#
15.	Shri Vidyadhar K. Pathak Retd. Principal Chief, Town and Country Planning Division, Mumbai Metropolitan Region Development Authority	05-08-2005	Not Available #
16.	Shri R.V. Shastri Ex-CMD, Canara Bank	05-08-2005	Not Available #
17.	Ms. Jayshree A. Vyas MD, Shri Mahila Sewa Sahkari Bank Ltd.	05-08-2005	Not Available #
18.	Shri Lakshmi Chand IAS(Retd.), Director – Central Board of Directors, RBI	20-07-2006	30-11-2011
19.	Shri G.M. Rao Group Chairman, GMR Group	30-11-2011	-----
20.	Shri Utpal Kumar Sengupta Secretary to Govt. of West Bengal, Housing Department	19-03-2012	31-12-2012
21.	Shri Susheel Kumar, IAS, Joint Secretary to the Government of India, Ministry of Housing and Urban Poverty Alleviation	01-05-2012	13-6-2013
22.	Shri Shashi Shekhar Sharma, IAS, Principal Secretary to the Govt. of Bihar, Urban Development and Housing Department	19-03-2012	02-07-2012
23.	Shri Sudhir Kumar, IAS, Secretary to the Govt. of Bihar, Urban Development and Housing Department	2-07-2012	27-08-2012
24.	Dr. Santosh Chandra Panda Professor, Delhi School of Economics	14-06-2012	-----
25.	Dr. Neelima Risbud Dean, School of Planning and Architecture	14-06-2012	-----
26.	Smt. Vijaya Srivastava IAS, Joint Secretary to the GOI, Ministry of Rural Development	13-09-2012	-----
27.	Shri Ajay Kumar Dutta, Secretary to Govt. of West Bengal, Housing Department	31-12-2012	-----
28.	Shri Susheel Kumar, IAS, Joint Secretary to the Government of India, Ministry of Housing & Urban Poverty Alleviation	01-05-2012	15-06-2013
29.	Shri Anurag Jain, IAS, Joint Secretary to the Ministry of Finance, Government of India	18-10-2011	30-07-2013
30.	Shri Arvind Kumar, IAS, Joint Secretary to the Government of India, Department of Financial Services, Ministry of Finance, Government of India	30-07-2013	-----
31.	Dr. S. Siddharth, IAS, Secretary to the Govt. of Bihar, Urban Development and Housing Department, Government of Bihar	22-07-2013	-----

*Mr. Phanindra Reddy was appointed on 21-05-2011, however the letter of appointment was issued on 24-05-2011.

No records of the actual date of resignation/ cessation of these Directors from the Board of the Bank is available. However, letter dated 12-03- 2012 is issued by the Board of the Bank to these Directors expressing deep appreciation for their valuable contributions as a Director on the Board of the Bank

^ Since NHB is not a Company incorporated under the Companies Act, 1956, the Director appointed on the board of NHB are not statutorily required to have DIN, thus, NHB has not been maintaining records of DIN of its Directors.

Relationship with other directors

None of our directors is related to one another.

Borrowing powers of the Board

Section 15 of the NHB Act provides for issues relating to borrowings and empowers NHB to borrow money by the issue of bonds, debentures, deposit or such other instruments as it may deem fit for discharging its functions under NHB Act.

Shareholding of the directors

Since NHB is not a company under the Companies Act, 1956, there is no requirement of holding qualification shares. None of our Directors have any shares in the capital of the Bank. For more information see “*Capital Structure*” on page 36 of this Shelf Prospectus.

Remuneration of the Chairman and Managing Director

The Remuneration payable to the Chairman and Managing Director during the Fiscal 2013 is as follows:

S. No.	Name of the Chairman and Managing Director	Salary for Annual Year 2012-13 (Rs. in crore)	Perquisite for Annual Year 2012-13 (Rs. in crore)	Total (Rs. in crore)
1	Sh. R. V. Verma, CMD	0.28**	0.01	0.29

** Including Performance Incentive before Tax that is equal to Rs.0.08 crore.

No Remuneration is paid to the Directors. Further, except for Dr. Neelima Risbud and Mr. Santosh Chandra Panda, no other Directors are paid any sitting fees.

The following table sets forth the details of the sitting fees paid to Mr. Santosh Chandra Panda and Dr. Neelima Risbud during Fiscal 2013:

Name of Director	Sitting Fees (Rs. in crore)*		Total(in Rs. crore)
	Board Meeting	Committee Meetings	
Santosh Chandra Panda	0.0050	0.0055	0.0105
Neelima Risbud	0.0020	0.0010	0.0030
Total	0.0070	0.0065	0.0135

Interest of the 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 remuneration paid to the Chairman and Managing Director and reimbursement of expenses payable to them.

Our Directors, may also be regarded as interested, to the extent they, their relatives or the entities in which they are interested as members, directors, partners or trustees, are allotted Bonds pursuant to this Issue, if any.

Except as otherwise stated in this Shelf Prospectus and statutory registers maintained in this regard, NHB has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Shelf Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

The Directors have not taken any loan from NHB.

Details of various committees of the Board

NHB has constituted the following committees of the Board:

- A. Executive Committee
- B. Audit Committee
- C. Remuneration Committee

The details of these Committees are set forth below:

A. Executive Committee: The members of the Executive Committee as on date of this Shelf Prospectus are:

- 1. Shri R.V. Verma, Chairman
- 2. Shri H.R. Khan, Member
- 3. Shri G.M. Rao, Member
- 4. Shri Arvind Kumar, Member
- 5. Dr. Santosh Chandra Panda, Member

The Executive Committee shall have full powers to transact all the usual business of the NHB except in such matters as are specifically reserved to the Board by the Act or in such matters in respect of which certain powers are to be exercised by the Board only, namely: (a) approval of the balance sheets relating to the General Fund referred to in sub-section (1) of Section 37 of

the NHB Act; (b) approval of appropriation of profits and other usual and necessary provisions relating to the said General Fund and (c) Approval of write-off of losses/bad debts in excess of Rs. 0.01 crore.

B. Audit Committee: The members of the Audit Committee as on date of this Shelf Prospectus are:

1. Shri H.R. Khan, Chairman
2. Shri G.M. Rao, Member
3. Shri Arvind Kumar, Member
4. Dr. Santosh Chandra Panda, Member
5. Dr. Neelima Risbud, Member.

The scope and the terms of reference of the Audit Committee, *inter alia*, include:

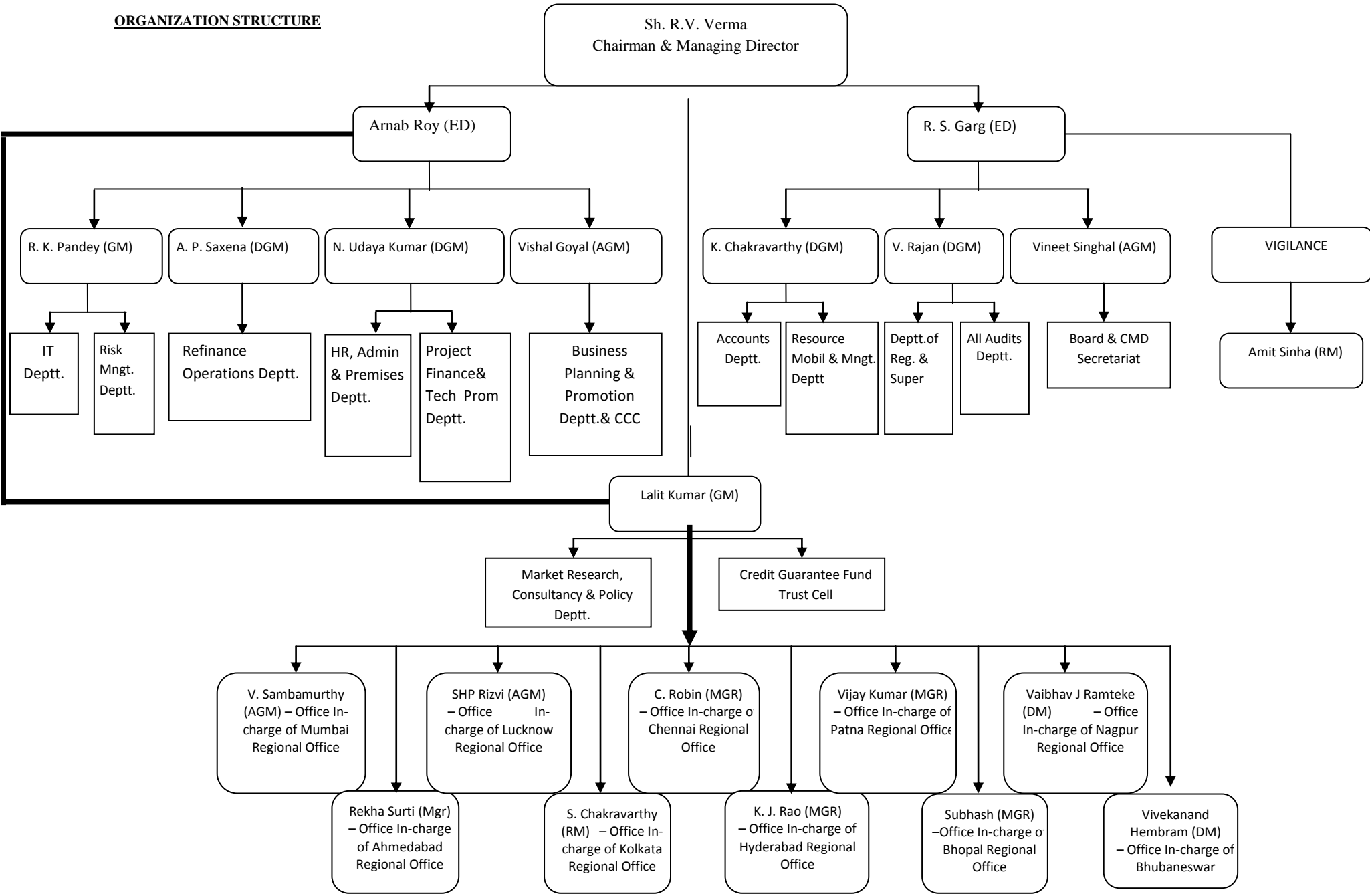
- (i) To oversee the financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- (ii) Reviewing with management the annual financial statements before submission to the board, focusing primarily on changes in accounting policies and practices, qualifications in draft audit report, compliance with accounting standards etc.
- (iii) Reviewing with management, external and internal auditors, the adequacy of internal audit system.
- (iv) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing etc.
- (v) Discussing with internal auditors any significant findings.
- (vi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud, irregularity etc.
- (vii) Discussing with external auditors the nature and scope of audit to ascertain any area of concern.
- (viii) Reviewing the financial and risk management policies
- (ix) To look into defaults, if any, in the payments to the depositors, debenture-holders, shareholders and creditors

C. Remuneration Committee: The members of the Remuneration Committee as on date of this Shelf Prospectus are:

1. Shri H.R. Khan, Chairman
2. Shri G.M. Rao, Member
3. Shri Arvind Kumar Member
4. Dr. Santosh Chandra Panda, Member
5. Dr. Neelima Risbud, Member.

The scope and the terms of reference of the Remuneration Committee, *inter alia*, include to conduct performance evaluation of Chairman and Managing Director/Whole time Directors of NHB under the Performance Linked Incentive Scheme of the GoI, Ministry of Finance, Department of Financial Services.

ORGANIZATION STRUCTURE



PROMOTER

NHB was established under the Act of Parliament viz, NHB Act in 1988 to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support to such institutions. NHB is wholly owned by the Reserve Bank of India.

STOCK MARKET DATA FOR OUR DEBENTURES

The stock market data for the non-convertible debentures issued by NHB listed on the BSE and NSE, are set forth in “*Annexure C*” of this Shelf Prospectus. Stock market data for each class of issued non-convertible debentures has been given separately for each of the said stock exchange(s) in Annexure C. The non-convertible debentures for which data is not stated in Annexure C have not been traded on the respective stock exchange(s) for the period concerned. For details on the non-convertible debentures of the Bank please refer to “*Annexure B- List of Top Ten Debenture holders*” of this Shelf Prospectus.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Details of borrowings as on September 30, 2013

(a) *Secured Loan Facilities*

(i) *Loans against Deposits*

(Rs. in crore)

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date	Security
Union Bank of India	Loan Against Deposit	150.00	150.00	October 14, 2013*	Against term deposit of Rs. 190.00 crore placed with the bank
Andhra Bank Lajpat Nagar	Loan Against Deposit	90.00	90.00	October 03, 2013*	Against term deposit of Rs. 100 crore placed with the bank
Punjab National Bank	Loan Against Deposit	180.00	180.00	October 10, 2013*	Against term deposit of Rs. 200 crore placed with the bank
Corporation Bank	Loan Against Deposit	270.00	270.00	October 10, 2013*	Against term deposit of Rs. 300 crore placed with the bank
Bank of India	Loan Against Deposit	260.00	260.00	October 14, 2013*	Against term deposit of Rs. 270 crore placed with the bank
Vijaya Bank	Loan Against Deposit	90.00	90.00	October 14, 2013*	Against term deposit of Rs. 100 crore placed with the bank
Indian Overseas Bank	Loan Against Deposit	90.00	90.00	October 3, 2013*	Against term deposit of Rs. 100 crore placed with the bank
Andhra Bank Green Park	Loan Against Deposit	180.00	180.00	October 1, 2013*	Against term deposit of Rs. 200 crore placed with the bank
Bank of Maharashtra	Loan Against Deposit	180.00	180.00	October 1, 2013*	Against term deposit of Rs. 200 crore placed with the bank
Dena Bank	Loan Against Deposit	45.00	45.00	October 1, 2013*	Against term deposit of Rs. 45 crore placed with the bank
Vijaya Bank	Loan Against Deposit	45.00	45.00	October 1, 2013*	Against term deposit of Rs. 50 crore placed with the bank
Total		1580.00	1580.00		

* As on date, these loans against deposits have been repaid.

(ii) *Collateralized Borrowing and Lending Obligation (CBLO)**

NHB borrows under CBLO which is an RBI approved Money Market Instrument backed by gilts as collaterals. The outstanding borrowing under CBLO window as on September 30, 2013 stood at Rs. 356.91 crore with repayment date as on October 01, 2013.

* The outstanding amount of Rs. 356.91 crore has been repaid on October 1, 2013.

(b) *Unsecured Loan Facilities*

(i) *Lines of Credit/Working Capital Demand Loans*

(Rs. in crore)

Details of the Lender	Type of Facility/ Instrument	Sanctioned Amount	Principal Amount Outstanding	Repayment Date/Schedule
Bank of Nova Scotia	Line of Credit	270.00	NIL	The Line of Credit is valid upto February 23, 2014. The amount drawn shall be based on the interest period between 7 to 364 days to a maximum tenor upto 364 days.
State Bank of India	Line of Credit	500.00	500.00	The Line of Credit is valid upto March 19, 2014.
Bank of Tokyo Mitsubishi	Working Capital Demand Loan	150.00	NIL	Working Capital Demand Loan is valid upto February 28, 2014. The Prepayment of the facility for the tenor of 14 days or less is allowed with one day prior notice in writing without any prepayment penalty
Allahabad Bank	Line of Credit	250.00	250.00	The Line of Credit shall be valid up to March 25, 2014.
Total		1,170.00	750.00	

(ii) *Borrowing of NHB from Reserve Bank of India*

(Rs. in crore)

Details of the Lender	Type of Facility/ Instrument	Sanctioned Amount	Principal Amount Outstanding	Repayment Date/Schedule
Reserve Bank of India	General Line of Credit*	1,000.00	15.785	Repayable in 15 equal yearly instalments. Period of loan will be 18 years inclusive of the moratorium period of 3 years from the date of execution of the Agreement dated June 29, 2001.

* RBI had sanctioned Rs. 1000 crore to NHB to provide financial assistance for construction of houses damaged in the Gujarat earthquake through its refinance and direct lending schemes.

(iii) *Term Loans*

(Rs. in crore)

Details of the Lender	Type of Facility/ Instrument	Sanctioned Amount	Principal Amount Outstanding	Repayment Date/Schedule
LIC of India*	Term Loan	500.00	400.00	February 1, 2017
LIC of India*	Term Loan	500.00	500.00	January 30, 2018
Union Bank of India	Short Term Loan	700.00	700.00	October 1, 2013**
Union Bank of India	Short Term Loan	550.00	550.00	October 1, 2013**
Union Bank of India	Short Term Loan	250.00	250.00	October 1, 2013**
United Bank of India	Short Term Loan	250.00	250.00	October 1, 2013**
State Bank of Hyderabad	Short Term Loan	300.00	300.00	October 1, 2013**
HDFC Bank Limited	Short Term Loan	1,000.00	Not availed	Not Drawdown
Total		4,050.00	2,950.00	

* As per the provisions of the loan agreement entered with LIC of India, NHB has agreed that if it creates any lien on any of its assets as security for any debt, such lien will ipso facto equally and rateably secure the payment of the principal of, and interest and other charges on the loan and NHB in creating or permitting the creation of any such lien, will make express provisions to that effect. Further, NHB has also executed a power of attorney in favour of LIC of India authorising it to execute all necessary documents for creation of charge over all of its assets for securing the above facilities and monies in connection therewith.

** As on date, these loans have been repaid.

(c) Details of NCDs as on September 30, 2013

Debt Series	Tenor (Yrs)/Period of Maturity	Coupon	Principal Amount Outstanding (Rs. in crore.)	Date of Allotment	Redemption Date/Schedule	Credit Rating	Secured/Unsecured
SS PS BOND 1997-98^	24.20	11.40%	60.00	March 31, 1998	June 10, 2022	Fitch AAA (Ind)	Unsecured
SS PS BOND 1998-99^	23.33	11.40%	89.20	February 10, 1999	June 10, 2022	Fitch AAA (Ind)	Unsecured
SS PS BOND 1999-00^	22.50	7.95%	130.40	December 16, 1999	June 10, 2022	Fitch AAA (Ind)	Unsecured
SS PS BOND 2001-02^^	23.42	9.45%	78.10	March 28, 2002	September 10, 2025	Fitch AAA (Ind)	Unsecured
ZCB SUMERU Bond 2018	10.00	8.65%	528.78	December 24, 2008	December 24, 2018	CRISILAAA/ Stable, Fitch AAA (Ind)	Unsecured
ZCB SUMERU Bond 2019	10.00	9.03%	204.58	March 31, 2009	March 31, 2019	CRISIL AAA/Stable, Fitch AAA (Ind)	Unsecured
9.05% NHB Bonds 2015	3.00	9.05%	100.00	August 24, 2015	August 24, 2015	CRISIL AAA/Stable	Unsecured
9.40% NHB Bonds 2013	5.00	9.40%	350.00	December 17, 2008	December 17, 2013****	CRISIL AAA/Stable, Fitch AAA (Ind)	Unsecured
8.50% NHB Bonds 2013	3.00	8.50%	1.00	November 24, 2010	November 24, 2013*****	Fitch AAA (Ind), BWR AAA	Unsecured
9.18% NHB Bonds 2016	5.00	9.18%	500.00	February 21, 2011	February 21, 2016	Fitch AAA (Ind), BWR AAA	Unsecured
9.62% NHB Bonds 2014	3.00	9.62%	500.00	November 4, 2011	November 4, 2014	Fitch AAA (Ind), BWR AAA	Unsecured
9.40% NHB Bonds 2015	3.00	9.40%	750.00	January 10, 2012	January 10, 2015	Fitch AAA (Ind), BWR AAA	Unsecured
9.37% NHB Bonds 2015	3.00	9.37%	1000.00	January 20, 2012	January 20, 2015	Fitch AAA (Ind), BWR	Unsecured
9.50% NHB Bonds 2015	3.00	9.50%	250.00	June 5, 2012	June 5, 2015	CRISIL AAA/Stable	Unsecured
8.78% NHB Bonds 2015	3.00	8.78%	500.00	December 07, 2012	December 07, 2015	CRISIL AAA/Stable	Unsecured
7.19% NHB Tax Free Bond 2022Series- I	10.00	7.19%	126.00	December 14, 2012	December 14, 2022	CRISIL AAA/Stable, CARE AAA	Secured*
8.95% NHB Bonds 2015	3.00	8.95%	1000.00	December 24, 2012	December 24, 2015	CRISIL AAA/Stable	Unsecured
7.17% NHB Tax Free Bonds 2023Series- II	10.00	7.17%	110.00	January 1, 2013	January 1, 2023	CRISIL AAA/Stable, CARE AAA	Secured*
8.63% NHB Bonds 2016	3.00	8.63%	500.00	January 8, 2013	January 8, 2016	CRISILAAA/ stable	Unsecured
6.87% NHB Tax Free Bonds 2023 Series- III	10.00	6.87%	125.00	February 6, 2013	February 6, 2023	CRISIL AAA/Stable, CARE AAA	Secured*
6.89% NHB Tax Free Bonds 2023 Series- IV	10.00	6.89%	82.90	March 22, 2013	March 22, 2023	CRISIL AAA/Stable, CARE AAA	Secured*

Debenture Series	Tenor (Yrs)/Period of Maturity	Coupon	Principal Amount Outstanding (Rs. in crore.)	Date of Allotment	Redemption Date/Schedule	Credit Rating	Secured/ Unsecured
6.82% NHB Tax Free Bonds 2012-13 [Public Offer]	10.00	6.82%	196.233	March 26, 2013	March 26, 2023	CRISIL AAA/Stable, CARE AAA	Secured**
8.59% NHB Bonds 2016	3.00	8.59%	500.00	April 10, 2013	April 10, 2016	CRISIL AAA/ stable	Unsecured
8.45% NHB Bonds 2016	3.00	8.45%	1000.00	April 25, 2013	April 25, 2016	CRISIL AAA/ stable	Unsecured
8.25% NHB Bonds 2016	3.00	8.25%	450.00	May 8, 2013	May 8, 2016	CRISIL AAA/ stable	Unsecured
8.12% NHB Bonds 2016	3.00	8.12%	500.00	June 20, 2013	June 20, 2016	CRISIL AAA/ stable	Unsecured
10.24% NHB Bonds 2016	3.00	10.24%	750.00	September 11, 2013	September 11, 2016	CAREAAA	Unsecured
8.01% NHB Tax Free Bonds 2023 Series – V	10.00	8.01%	17.00	August 30, 2013	August 30, 2023	CRISIL AAA/Stable, CARE AAA	Secured***
8.46% NHB Tax Free Bonds 2028 Series – V	15.00	8.46%	883.00	August 30, 2013	August 30, 2028	CRISIL AAA/Stable, CARE AAA	Secured***
10.14% NHB Bonds 2016	3.00	10.14%	750.00	September 23, 2013	September 23, 2016	CAREAAA	Unsecured
Total			11987.583				

^ NHB Special Series Priority Sector Bonds 2001-02

*The bonds are secured by way of first pari passu charge on the book debts of the Issuer, as may be agreed between the Issuer and the respective bond trustees with a minimum security cover of one time of the aggregate face value of amount of Bonds outstanding at all times

** The bonds are secured by way of first pari passu floating charge on the book debts of the Issuer, as may be agreed between the Issuer and the respective bond trustees with a minimum security cover of one time of the aggregate face value of amount of Bonds outstanding at all times

*** Security will be created within the prescribed time of 90 days.

**** The total principle amount outstanding of Rs. 350.00 crore has been repaid on December 17, 2013

***** The total principle amount outstanding of Rs. 1.00 crore has been repaid on November 24, 2013

(d) Corporate Guarantee issued by NHB

In order to provide credit enhancement to the Residential Mortgage Backed Securitisation (RMBS), NHB provides irrevocable Guarantee in its corporate capacity to the RMBS issues of eligible Primary Lending Institutions (PLIs). The outstanding guarantee given for RMBS issued in favour of SPV Trust as on September 30, 2013 stood at Rs.7.29 crore.

(e) Details of Commercial Paper as on September 30, 2013

(Rs.in crore)

Maturity Date	Amount Outstanding*
October 15,2013	496.40
November 26, 2013	1,180.45
Total	1,676.85

* The outstanding amount of Rs. 496.40 crore and Rs. 1,180.45 crore has been repaid on October 15, 2013 and November 26, 2013

Details of rest of the unsecured borrowings outstanding as on September 30, 2013

i. Foreign Borrowings

(Rs.in crore)				
Details of the Lender	Type of Facility/ Instrument	Sanctioned Amount	Principal Amount Outstanding [^]	Repayment Date/Schedule
ADB*	Foreign Loan	Currency US\$ 10	US\$ 6.01 (Rs. 375.94)	The Loan is repayable in forty unequal half yearly instalments commencing from December 15, 2002 and ending on June 15, 2022.
ADB*	Foreign Loan	Currency US\$ 4	US\$ 0.60 (Rs. 37.25)	The Loan is repayable in forty unequal half yearly instalments commencing from March 15, 2006 and ending on September 15, 2025.
USAID**	Housing Programme	Guarantee US\$ 2.5	Rs. 19.79	The Loan is repayable in forty equal half yearly instalments commencing from 2001 and ending on 2021.
KfW***	Foreign Loan	Currency € 3.8	€1.80 (Rs. 151.96)	The Loan is repayable 18 unequal half yearly instalments commencing from June 30, 2014 and ending on December 30, 2022
KfW***	Foreign Loan	Currency €1.2	€1.20 (Rs. 101.42)	The Loan is repayable 60 equal half yearly instalments commencing from June 30, 2021 and ending on December 30, 2050

* ADB has sanctioned a loan facility of US\$ 14 crore to NHB, out of which NHB has availed US\$ 12 crore from ADB in two tranches during the year 1997 and 2002. These loans are guaranteed by the GoI.

Further as per the provisions of the loan agreement entered with ADB, NHB has agreed that if it creates any lien on any of its assets as security for any debt, such lien will ipso facto equally and rateably secure the payment of the principal of, and interest and other charges on the loan and NHB in creating or permitting the creation of any such lien, will make express provisions to that effect.

**Under the Housing Guarantee Programme of USAID, NHB had raised a loan in the US Capital Market in the year 1990-91. The foreign currency funds received under USAID programme has been parked with the GoI against rupee funds made available by the Government to NHB. The loan is guaranteed by the GoI.

***KfW has sanctioned two facilities to NHB for promotion of Energy Efficient New Residential Housing in India. The loan facility of € 3.8 crore and another facility of € 1.35 crore (comprising of € 1.2 crore as loan, and € 0.15 crore as financing contribution). The loan is guaranteed by the GoI.

[^] For foreign currency reference rate, please refer to “**Exchange Rates**” on page 7 of this Shelf Prospectus.

ii. Public Deposit Scheme

NHB had launched two deposit schemes in December, 2008 namely “SUNIDHI Term Deposit Scheme” & “SUVRIDDIHI Tax Saving (u/s 80 C of I.T. Act) Term Deposit Scheme”. Deposits under the Sunidhi Scheme are accepted for a period of 12 Months/24 Months/36 Months/60 Months. Deposits under the Suvridhi Scheme are accepted for a fixed period of 60 months. The total deposit outstanding under both the schemes is Rs. 269.03 crore as on September 30, 2013.

ii. Rural Housing Fund (RHF)

Rural Housing Fund, with contributions from scheduled commercial banks not achieving their priority sector lending obligations was set up with NHB during the year 2008-09 to enhance its refinancing operations to the rural housing

sector undertaken for people falling under the Weaker Sections category. The year wise amount received under RHF is as under:

Year (July-June)	Amount (Rs. in crore)	Year of Maturity
2008-09	1778.18	2015-16
2009-10	2000.00	2016-17
2010-11	2000.00	2017-18
2011-12	3000.00	2018-19
2012-13	4000.00	2019-20
2013-14 (till 30-09-2013)*	1500.00	2020-21
Total	14278.18	

* Out of total allocation of Rs. 6000 crore for the financial year 2013-14

iv. Urban Housing Fund (UHF)

Urban Housing Fund of Rs.2000 crore, with contributions from scheduled commercial banks not achieving their priority sector lending obligations, is set up with NHB during the current year to enhance its refinancing operations to the urban housing sector undertaken to augment resources and improve credit availability and meet the housing needs of the people in lower income segments residing in urban areas. The year wise amount received under UHF is as under:

Year (July-June)	Amount (Rs. in crore)	Year of Maturity
2013-14 (till September 30, 2013)	500.00*	2020-21

* Out of total allocation of Rs. 2000 crore for the financial year 2013-14

(f) **Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by NHB, in the past 5 years:** NHB has made timely payments on its existing debt including the payment of interest due and principal repayments.

REGULATIONS AND POLICIES

The following description is a summary of certain specific laws and regulations in India, which are applicable to NHB. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

Except as otherwise specified in this Shelf Prospectus, taxation statutes such as the Income Tax Act, 1961, various labor laws and other miscellaneous laws apply to us as they do to any other entity. 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.

The National Housing Bank Act, 1987

The National Housing Bank Act, 1987 was enacted to establish the National Housing Bank (NHB) to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support to such institutions. The NHB Act contains provisions about the establishment of NHB, its management by a Board of Directors, its business which included promotion of housing finance companies, extension of financial and other support for housing activities to such companies and banks, borrowing in rupee and foreign currency in domestic and foreign markets, regulations and supervision of housing finance companies, its accounts and audit etc.

The NHB Act *inter-alia* provides for the following:

- i. The authorized capital of NHB may be increased by the Central Government in consultation with the RBI upto two thousand crore and issue the increased authorized capital to the RBI, Central Government, schedule banks, Public Financial Institutions or such other institutions as may be approved by the Central Government in such manner that the institutions owned and controlled by the Central Government shall hold in aggregate at any time not less than fifty percent of the issued capital of the National Housing Bank.
- ii. Under the NHB Act, a company is required to obtain certificate of registration and meet the minimum net owned fund requirements for commencement or carrying on the business of a housing finance institution. Further, every HFC receiving or holding deposits is required to invest and continue to invest in India in unencumbered approved securities, an amount which, at the close of business on any day, is not less than six percent (or such higher percentage as the NHB may specify), of the public deposits outstanding at the close of business on the last working day of the second preceding quarter.
- iii. 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 through an order. The NHB may cause an inspection to be made of any deposit accepting HFC, 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.

An amendment to NHB Act is proposed vide National Housing Bank (Amendment Bill), 2012. The said bill which is presently pending consideration before the Parliament of India *inter-alia* provides for (a) insertion of new clause 4A and 4B to enable transfer of issued capital of NHB subscribed by RBI to GoI, (b) amendment to Section 6 of the NHB Act for the purpose of nomination of one director by RBI on the board of NHB instead of two directors and dispensation of the requirement of consultation with RBI in appointment of the directors other than the Chairman and the Managing Director, (c) conferring/ transferring of powers relating to regulatory roles and functions of NHB, including the registration of the HFCs and determining the policy and issue directions under Section 29A, 29B, 30 and 30A of the NHB Act upon RBI, (d) to enable the Board to cause the books and accounts of NHB to be balanced and closed as on March 31 of each year in place of June 30 of each year, and (e) amendment of Section 14 of the NHB Act to provide for insertion of expression “non banking financial companies” in clause (b) thereof so as to extend the refinancing facilities by NHB to these companies and insertion of expression “including mortgage guarantee companies, securitisation companies, reconstruction companies and credit information companies” so as to enable NHB to do business in relation to such companies.

Master Circular- Resource Raising Norms for Financial Institutions (RBI/2013-14/77) dated July 1, 2013

The RBI has framed the Master Circular- Resource Raising Norms for Financial Institutions (***RBI/2013-14/77) dated July 1, 2013***) to facilitate the specialized financing institutions (viz. Exim Bank, NABARD, NHB and SIDBI) to meet their short term and long term resource requirements so as to enable the said FIs to cater to sectoral needs of credit, linked to the operations, purpose and objectives with which the FIs were set up as per their respective statutes. The

master circular aims at providing level- playing field, by bringing broad convergence in regulatory norms among financial institutions with regards to issue of bonds by them.

Master Circular- Disclosure Norms for Financial Institutions (RBI/2013-14/78) dated July 1, 2013

The RBI has framed the Master Circular- Disclosure Norms for Financial Institutions (***RBI/2013-14/78***)***dated July 1, 2013*** to provide guidance to All- India Term-Lending and Refinancing Institutions (viz. Exim Bank, NABARD, NHB and SIDBI) in the matter of disclosures in the 'Note of Accounts' to the Financial Statements.

Master Circular- Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by FIs RBI/2013-14/79) dated July 1, 2013

The RBI has framed the Master Circular- Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by FIs to provide a consolidated set of guidelines on classification, valuation and operation of investment portfolio to the All India Term Lending and Refinancing Institutions (viz. Exim Bank, NABARD, NHB and SIDBI).

Master Circular- Exposure Norms for Financial Institutions (RBI/2013-14/80) dated July 1, 2013

The RBI has framed the Master Circular- Exposure Norms for Financial Institutions to provide a detailed guidance to All India Term Lending and Refinancing Institutions (viz. Exim Bank, NABARD, NHB and SIDBI) in the matter of their exposure norms. The said Master Circular aims at promoting better risk management and avoidance of concentration of credit risks. Some of the important provisions of the said Master Circular are as under:

i. Single/ Individual Borrower

The credit exposure to single borrowers shall not exceed 15 % of capital funds of the FI. However, the exposure may exceed by additional five percentage points (i.e., up to 20 %) provided the additional credit exposure is on account of infrastructure projects. FIs may, in exceptional circumstances, with the approval of their Boards, consider enhancement of the exposure to a borrower up to a further 5 % of capital funds (i.e., 25 % of capital funds for infrastructure projects and 20 % for other projects).

ii. For Group Borrowers

The credit exposure to the borrowers belonging to a group shall not exceed 40 % of capital funds of the FI. However, the exposure may exceed by additional ten percentage points (i.e., up to 50 %) provided the additional credit exposure is on account of infrastructure projects. FIs may, in exceptional circumstances, with the approval of their Boards, consider enhancement of the exposure to a borrower up to a further 5 % of capital funds (i.e. 55 % of capital funds for infrastructure projects and 45 % for other projects).

iii. The refinance operations being the core function of these institutions, their refinance portfolio have not been subjected to these exposure norms. However, from the prudential perspective, the refinancing institutions have been advised to evolve their own credit exposure limits, with the approval of their Board of Directors, even in respect of their refinancing portfolio. Such limits could, inter alia, be related to the capital funds / regulatory capital of the institution. Any relaxation / deviation from such limits, if permitted, should be only with the prior approval of the Board of Directors.

Master Circular – Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002 (RBI/2013-14/94) dated July 1, 2013

The Master Circular on Know Your Customer and Anti Money Laundering Measures (KYC AML Guidelines) dated July 2, 2012 issued by the RBI lay down provisions to prevent All India Finance Institutions/ Schedule Commercial Banks (excluding RRBs) ("**Lenders**") and local area banks housing from being used, intentionally or unintentionally, by criminal elements for money laundering activities. The KYC AML Guidelines require, among other things, having a customer acceptance policy, and a customer identification procedure. Further, the KYC AML Guidelines also require the board of directors of the Lender to ensure that an effective Know Your Customer ("**KYC**") programme is put in place by establishing appropriate procedures and ensuring their effective implementation.

Guidelines on Fair Practices Code for the Schedule Commercial Banks and All India Financial Institutions

The Guidelines on Fair Practices Code for Lenders ("**Fair Practices Code**") were issued by the RBI on May 5, 2003. The Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase in transparency, encouragement of market forces, higher operating standards, fair and cordial relationship between customer and the Lenders and foster confidence in the finance system.

The Fair Practices Code provides for provisions in relation to providing regular and appropriate updates to the customer and prompt resolution of grievances. The lenders are required to convey to the borrower the credit limit along with the terms and conditions thereof and keep the borrower's acceptance of these terms and conditions given with his full knowledge on record. In the matter of recovery of loans, the lenders should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. the terms and conditions and other caveats governing credit facilities given by banks/ financial institutions arrived at after negotiation by lending institution and the borrower should be reduced in writing and duly certified by the authorised official. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement should be furnished to the borrower.

Guidelines on Fair Practices Code for the Schedule Commercial Banks and All India Financial Institutions (RBI/2006-2007/280) dated March 6, 2007

1. As directed by the Reserve Bank of India, vide circular DBOD.No.Leg.BC.65 /09.07.005/2006-07 dated March 6, 2007, the following necessary modifications have been made in the Fair Practices Code for the Lenders:
2. In terms of Para 2(i)(a) of the Circular DBOD. Leg. No.BC. 104 /09.07.007/2002-03 dated May 5, 2003, banks / FIs were advised that loan application forms in respect of priority sector advances up to Rs. 2.00 lakh should be comprehensive and should include information about the fees/charges, if any, payable for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interest of the borrower, so that a meaningful comparison with that of other banks can be made and informed decision can be taken by the borrower.
3. With a view to achieving greater transparency and in the light of experience gained, it has been decided that the above instructions will be applicable to all loan applications in respect of all categories of loans irrespective of the amount of loan sought by the borrower. Banks / FIs are advised to work out a transparent policy in this regard with the approval of their Board.
4. Further, in terms of Para 2(i)(d) of the above Circular dated May 5, 2003, banks / FIs were advised that in the case of small borrowers seeking loans up to Rs. 2 lakh, the lenders should convey in writing, within stipulated time, the main reason/reasons which, in the opinion of the bank / FI have led to rejection of the loan applications.
5. On a review, it has been decided that **in case of all categories of loans irrespective of any threshold limits, including credit card applications**, banks / FIs should convey in writing the main reason / reasons which, in the opinion of the bank / FI have led to rejection of the loan applications

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment of the Debt Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and financial institutions. The DRT Act lays down the 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 appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or 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 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**") regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. These assets are to be sold on a "without recourse" basis only. A securitization company may, for the purposes of asset reconstruction, provide for measures

such as the proper management of the business of the borrower, by change in, or takeover of, the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

SECTION V - LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION

Except as described below, there are no criminal/ civil prosecutions, tax proceedings and other outstanding litigations by/ against NHB and there are no pending criminal prosecutions launched against our Directors (other than Mr. Ajay Kumar Dutta). In relation to Mr. Ajay Kumar Dutta, Director, in the absence of any written confirmation or details provided by him, the Bank is not in a position to confirm whether he is involved in litigations. Thus, to that extent this chapter does not disclose the criminal/ civil prosecution, tax proceedings and other litigations, if any, involving Mr. Ajay Kumar Dutta.

A. PENDING LITIGATIONS FILED AGAINST NHB

Civil proceedings against NHB

1. Bishwanath Dhara Vs NHB {Suit No.69 of 2001}

The civil suit was filed before the Second Civil Judge, Sealdah for declaration and permanent injunction against NHB's letter dated January 4, 2001 instructing Furore Housing Finance & Investment (India) Limited ("FHFIL") *inter-alia* not to accept deposits from the depositors. The Plaintiff viz. Mr. Bishwanath is the Director of FHFIL and on the application of the Plaintiff, the Additional District Judge, Sealdah passed an ex-parte ad-interim order dated February 5, 2001 against NHB. The said ex-parte order was challenged by NHB before the District Judge, Alipore and the said Court vide its order dated February 19, 2001 stayed the operation of the order of the Second Civil Judge, Sealdah till the disposal of the miscellaneous appeal. The matter is currently pending.

2. Amrik Singh Lyallpuri Vs NHB {Suit No.72 of 1996}

The Plaintiff issued an advertisement in his Urdu Weekly "Lalkar" and demanded a huge amount. As settlement NHB offered to pay him Rs. 25, 000/- which he refused. He filed a suit for which notice does not seem to be received by NHB and obtained ex-parte decree against NHB. NHB deposited the decreed amount and filed application to set-aside the ex-parte decree and also filed its rejoinder. The Petitioner filed an application before High Court to quash the application filed by NHB. The High Court vide order dated February 15, 2006, dismissed the application filed by the Petitioner and directed the trial Court to take evidence and dispose off the matter. The Suit was renumbered as 683 of 2012 and is listed before the Civil Judge, Tis Hazari. The matter is at the stage of evidence. The matter is currently pending

Writ, Consumer Cases and other matters of civil nature

1. Rapti Housing Finance Limited and others Vs NHB & Others {W.P.No. 1472 of 1995}

The writ petition has been filed by Rapti Housing Finance Limited ("RHFL") before the Hon'ble Allahabad High Court challenging the constitutional validity of Sec. 31(4) of NHB Act and also the prohibitory order dated December 15, 1994 issued by NHB against RHFL. The matter is currently pending.

2. Hind Finance Industries & Investment Limited Vs NHB & Others {W.P.4541 of 2004}

The writ petition has been filed by Hind Finance Industries & Investment Limited ("HFIL") before the Hon'ble Bombay High Court against the NHB's orders for rejecting the application of HFIL for the certificate of registration as a housing finance company under the NHB Act. The Hon'ble Bombay High Court has granted an interim relief to HFIL, whereby NHB was directed not to charge penal interest till the pendency of the writ petition. The matter is currently pending.

3. Edoman Social Service Society Vs State of Kerala, HDFC, NHB & others {W.P.No. 24715 of 2006}

The writ petition was filed before the Hon'ble Kerala High Court aggrieved by the action of recovery of loan and repayment of subsidy released by Council for Advancement of People's Action and Rural Technology & Housing Development and Finance Corporation. The matter is currently pending.

4. Rajeev Rai Vs NHB & others {W.P.No. 40469 of 2011}

The said writ petition has been filed before Hon'ble Allahabad High Court by the Petitioner who has taken loan from Indiabulls Housing Finance Ltd. ("Indiabulls"). Due to delay in repayment of the loan, the account of the Petitioner was declared as NPA and an action was taken by Indiabulls under SARFAESI Act. Aggrieved by the said action of Indiabulls, the Petitioner has filed the said Writ Petition. NHB being a regulator of the housing finance institutions in India has been made pro-forma party to the said proceeding. The matter is currently pending.

5. Centre of Public Interest Litigation Vs Housing and Urban Development Corporation Limited, NHB & others {W.P(C) 573 of 2003}

The writ petition has been preferred by the Centre of Public Interest Litigation against HUDCO for certain act allegedly committed by HUDCO during the course of its operations. The petitioner has prayed for independent investigation into the affairs of HUDCO. NHB being a regulator has been made a pro-forma party to the said writ petition. The matter is currently pending.

6. Amdanga Consumers' Welfare Society Vs Furore Housing Finance & Investment (India) Ltd. & NHB {DFC No.16 of 2007}

The complaint has been filed before the District Consumer Disputes Redressal Forum, Maya Bhaban, Barasat, District , North 24 Parganas. The complaint was filed by the Complainant on behalf of a depositor of Furore Housing Finance & Investment India Limited ("FHFIL") who was not returned/ repaid the amount deposited with FHFIL, after maturity. NHB being regulator has been made a pro-forma party to the said proceedings. The matter is currently pending.

7. Shri Manish Kumar Mittal Vs First Blue Home Finance Ltd. & NHB {Consumer Case No.189 of 2012}

The complaint has been filed before Consumer Dispute Redressal Forum VII, Delhi by the Complainant who has availed a housing loan of Rs. 0.29 crore from First Blue Home Finance Limited ("First Blue"). The Complainant has alleged that despite of the circular issued by NHB, First Blue has charged prepayment penalty and also various illegal charges from him. NHB is only a pro-forma party to the proceedings. The matter is currently pending.

8. Charanjit Arora and others Vs Indiabulls Housing Finance Ltd. & NHB {Consumer case No.1230 of 2012}

The complaint has been filed before Consumer Dispute Redressal Forum, Indore, M.P. against Indiabulls Housing Finance Ltd.(IHFL) and NHB. The Complainant has availed a housing loan of Rs. 0.35 crore - from IHFL for construction of house on November 30, 2010. The Complainant has alleged that IHFL has charged prepayment penalty in contravention of the directions given by NHB. NHB has filed its reply. The matter is currently pending.

9. Sunil Bansal Vs Dewan Housing Finance Corporation Ltd. & others {Consumer Case No. 43 of 2013}

The Complaint has been filed before District Consumer Dispute Redressal Forum, Chandigarh against Dewan Housing Finance Corporation Ltd.(DHFL) and NHB. The Complainant has availed loan against property from DHFL. On the request of preclosure of loan, prepayment charges were levied. The Complainant has alleged that the prepayment charges imposed by DHFL is illegal and in violation of the directives of NHB. Nothing has been prayed against NHB. It has been made clear to the Court that NHB directions are applicable in case of housing loan and not loan against property and therefore the name of NHB should be deleted from the array of parties. The matter is pending.

10. Irfan Ahmed Vs NHB & others {O.S.No.5015 of 2013}

NHB is in receipt of a Court Notice whereby a case has been filed before the Civil Court, Bangalore against Indiabulls Housing Finance Ltd., and NHB. Details of the case are awaited.

11. V.Parvathy Vs National Trust Housing Finance Ltd. & Ors { W.P.No.29123 of 2013}

A Writ Petition has been filed before Hon'ble High Court at Madras against National Trust Housing Finance Ltd. for initiating action under SARFAESI Act and taking physical possession of the property and NHB has also been made proforma party to it. NHB has filed its reply.

12. State Bank of Indore Vs Shri Jagdish Prasad Yadav & NHB {Appeal No. A/08/1263}

An appeal has been filed against the order dated January 16, 2008 of the District Consumer Forum, Shivpuri, Madhya Pradesh before Madhya Pradesh State Consumer Disputes Redressal Commission. NHB has now been made Respondent No.2. The Respondent No.1 invested in the Home Loan Scheme introduced by NHB. The account was closed on his instruction for which he was paid interest @ 5%. Before the Consumer Forum, the Respondent No.1 prayed for the enhanced interest @ 10% along with compensation. The District Forum directed State Bank of Indore to pay an interest @ 10% together with interest of Rs. 2000/- as compensation and Rs. 500/- as cost. This order was challenged by the State Bank of Indore as the account was closed at the instruction of the Investor and by that time the rate of interest was reduced to 5% and therefore the Respondent No.1 is not entitled for enhanced interest and compensation

Service matters

1. Workman of National Housing Bank Vs NHB & others {ID No. 42/2003}

The said application was filed before the Labour Tribunal at Karkardoma, New Delhi, by the workmen of NHB who are employed as contract staff with NHB. Their demand was to get absorbed in the employment of NHB. The matter is currently pending.

2. Sanjeev Srivastava & Others Vs NHB {W.P.(C) 7453 to 7459 of 2006}

The said writ petitions have been filed by the officers of NHB before the Hon'ble Delhi High Court. They have prayed for inclusion of their past service for the purpose of pension from NHB. The matter is currently pending.

3. Sakti Prasad Ghosh Vs NHB & Others {W.P. No. 17415(W) of 2009}

The writ petition was filed by Mr. Sakti Prasad Ghosh, Ex- Executive Director of NHB before the Hon'ble Calcutta High Court praying for pension on the basis of his salary last drawn as Executive Director. The matter is currently pending.

4. M. Athmaram Vs NHB and others {Writ Petition No.4889 of 2013}

The Writ Petition has been filed by an employee of the Bank seeking letter of exoneration and consequential promotions. The Bank has completed the disciplinary proceedings and awaiting second stage advice from the Central Vigilance Commission in the matter. The matter is currently pending.

Securities Transactions

1. State Bank of Saurashtra Vs National Housing Bank {Civil Appeal No.2155 of 1999} pending before the Hon'ble Supreme Court

In respect of certain alleged securities transactions, NHB by an 'Account Payee' cheque drawn on RBI paid Rs. 95.39 crore to State Bank of Saurashtra (since merged with State Bank of India, hereinafter "SBS") on January 3, 1992. On being requested to reverse the said transaction, SBS denied its liability to pay back. In order to realise the money, NHB filed a suit, which was decided by the Hon'ble Special Court on February 24, 1999. The Special Court decreed the suit in favour of NHB with costs and held SBS liable to return Rs. 95.39 crore along with interest @ 19 % per annum from January 3, 1992 till the date of payment. SBS preferred an appeal bearing No. 2155 of 1999 against the said order of the Special Court, Mumbai, before the Hon'ble Supreme Court.

The Hon'ble Supreme Court vide its judgment dated July 31, 2013 dismissed the suit and set aside the decree passed by the Special Court in *toto*. Consequently NHB is liable to a sum of Rs. 236.78 crore to State Bank of India. NHB has fully paid a sum of Rs. 236.78 crore to SBI. NHB is entitled to receive a sum of Rs. 94.19 crore from the Custodian. An Interlocutory Application has been filed by State Bank of

India in CA No. 2155 of 1999 on the issue of interest and NHB has filed its reply dated October 25, 2013 and the same is pending consideration.

2. Ms. Jyoti H Mehta Vs Standard Chartered Bank & others {Civil Appeal No.9339 of 2010} pending before the Hon'ble Supreme Court

The said appeal has been filed against the Judgment and Order dated June 8, 2010 passed by the Hon'ble Special Court in Misc. Petition No. 5 of 2009. The said Misc. Petition was filed by Ms Jyoti Mehta before the Special Court challenging the decree passed in Misc. Petition No. 28 of 1995 in favour of the Standard Chartered Bank. The matter is currently pending.

As per the Terms of Settlement signed between NHB & Standard Chartered Bank on and from January 19, 2002, upon receipt of Rs. 620.43 crore by Grindlays Bank (since merged with Standard Chartered Bank) and Rs. 1025.43 crore by NHB, the disputes between the parties with respect to 9 Account Payee cheques issued by NHB in favour of Grindlays Bank shall stand resolved. The decision in the matter will have a bearing on the amount to be received by NHB from Standard Chartered Bank pursuant to the terms of settlement.

3. Ms. Jyoti H Mehta Vs State Bank of India & others {Civil Appeal No.9342 of 2010} pending before the Hon'ble Supreme Court

This Appeal has been filed against the judgment and order dated June 8, 2010 passed in Misc. Petition No.8 of 2009. The said Misc. Petition was filed by Jyoti Mehta before the Special Court challenging the decree passed in Misc. Petition No. 63 of 1992 in favour of the State Bank of India ("SBI"). The matter is currently pending.

As per the Terms of Settlement dated October 30, 2002 it was agreed between the parties that all the disputes and proceeds between NHB & SBI with regard to 14 cheques stands discharged. SBI was to pursue the case against Harshad Mehta and all the recoveries and realization made by SBI was to be shared with NHB in the proportion decided by RBI. NHB was to assist SBI in recovery of amount in Suit No. 63 of 1992. The decision in the matter will have a bearing on the amount to be received by NHB from SBI pursuant to the terms of settlement.

4. Ms. Jyoti H Mehta Vs Standard Chartered Bank & others {Misc Petition 195 of 2011} pending before the Hon'ble Special Court, Mumbai

The Misc Petition is filed by the Applicant before the Hon'ble Special Court, Mumbai. In the said Misc. Petition it has been alleged that a sum of Rs. 27.24 crore (which does not include the interest on the principle amount) was paid by Harshad Mehta to NHB and the said amount is lying unclaimed with NHB for the past several years. NHB has denied the allegations of transaction with Harshad Mehta. The matter is currently pending.

5. State Bank of Saurashtra Vs Shri Harshad S. Mehta and Others {Suit No.3 of 1995} pending before the Hon'ble Special Court, Mumbai

State Bank of Saurashtra (since merged with State Bank of India, hereinafter "SBS") filed the above suit against Harshad S. Mehta and others before the Hon'ble Special Court, Mumbai, praying *inter-alia* that NHB should be prohibited from recovering and/or declared not eligible to recover Rs. 95.39 crore from SBS/ Harshad S. Mehta. Since the matter is related to a Civil Appeal bearing No. 2155 of 1999 filed by SBS before the Hon'ble Supreme Court against the orders of the Special Court in suit No. 2 of 1995 and that the said appeal is pending for hearing. At the request of the parties, the Special Court was pleased to adjourn the hearing sine die till the disposal of the said appeal by the Hon'ble Supreme Court.

Tax matters

1. Hon'ble Income Tax Appellant Tribunal (hereinafter referred to as "ITAT") had set aside the orders passed by the learned Commission of Income Tax (Appeals) (herein after referred to as "CIT (A)") for the Assessment Years 2003-04 to 2006-07 and 2008-09 to 2009-10 for the demand raised aggregating to Rs. 121.29 crore and referred back the case to the Assessing Officer for reassessment. The entire demand raised by the learned Assessing Officer was either paid or adjusted against the refund due to NHB.

The matter was again heard by the learned Assessing Officer and the same has again been disallowed. NHB preferred appeals before CIT (A) against the said order which was also dismissed by CIT (A). NHB

had filed an appeal before ITAT for the said Assessment Years and the appeals are pending before ITAT for hearing & final disposal.

2. For the Assessment Year 2007-08, NHB has preferred an appeal before ITAT against the orders of CIT (A) for the demand of Rs. 13.74 crore. The said demand of Rs. 13.74 crore has been duly adjusted /paid by NHB. The appeals are pending before ITAT for hearing & final disposal.
3. For the Assessment Years 2008-09 and 2009-10, NHB has preferred an appeal before CIT (Appeals) against the orders dated February 26, 2010 and December 21, 2011 passed by the learned Assessing Officer raising a demand of Rs. 9.50 crore. The said appeals have been dismissed. The entire demand aggregating to Rs. 9.50 crore raised have been duly adjusted /paid by NHB. NHB had filed an appeal before ITAT for the said Assessment Years and the appeals are pending before ITAT for hearing & final disposal.
4. The Assessing Officer initiated the penalty proceedings against NHB for the Assessments Years 2003-04 to 2006-07 and 2008-09 to 2009-10. NHB has paid Rs. 65.28 crore as 50% of the total penalty levied by the IT Department. NHB has also filed an appeal before CIT (A) for the said Assessment Years where the hearing has completed and is pending for final disposal. NHB has also filed an application against the order of Assessing Officer for keeping the penalty proceedings in abeyance for the balance 50% till the disposal of the appeals.
5. For Assessment Year 2010-11, the Assessing Officer has raised a demand of Rs. 91.05 crore which was duly paid by the Bank. The Bank has also filed an appeal before CIT (A) where the hearing has completed and is pending for final disposal.

B. PENDING LITIGATIONS FILED BY NHB

Civil proceedings by NHB

1. NHB Vs Mal Chand Periwal & others {CS (OS) No. 2703 of 2000}

The said civil suit was filed by NHB against the promoters of Periwal Bricks Limited for specific performance of the contract dated March 19, 1993 before the Hon'ble High Court of Delhi. The Hon'ble High Court of Delhi passed a decree in favour of NHB directing the defendants to buy back 2,00,000 equity shares held by NHB in Periwal Bricks Limited aggregating for an amount of Rs. 0.20 crore plus Rs. 0.22 crore being interest from the subscription date upto October 31, 2000 aggregating to Rs. 0.42 crore along with future interest @ 15 % from November 1, 2000 till date.

The Execution Petition (No. 227 of 2011) has also been filed by NHB against the judgment debtors. The matter is currently pending.

2. NHB Vs Santosh Kumar Bagla and another {CS (OS) No. 2656 of 1998}

The said petition was filed by NHB against the promoters of MPL Corporation Limited for specific performance of the contract before the Hon'ble High Court of Delhi. The Hon'ble High Court passed a decree in favour of NHB directing the defendants to buy back 3,30,000 equity shares held by NHB in MPL Corporation Limited and for recovery of an amount of Rs.0.70 crore along with further interest @ 10 % from December 1, 1998 till date. The Execution Petition (No. 218 of 2011) has also been filed by NHB against the Judgment Debtors. The matter is currently pending.

3. NHB Vs India Housing Finance and Development Limited {CS (OS) No. 1037 of 1998}

The said petition was filed by NHB before the Hon'ble High Court of Delhi. The Hon'ble High Court vide its order dated April 20, 2005 passed a decree for a sum of Rs. 2.61 crore with 18 % interest w.e.f November 1, 2004 along with a cost of Rs. 0.02 crore in favor of the plaintiff viz. NHB. NHB has filed an execution petition in the Hon'ble High Court of Delhi (Execution Petition No. 77 of 2010). The matter is currently pending.

Securities Transaction

1. National Housing Bank Vs State Bank of Saurashtra and others {Civil Appeal No. 3647 of 1999}

NHB was holding and maintaining Rs. 40.22 crore in its Sundry Deposit Account. The Hon'ble Special Court, Mumbai vide its order dated February 24, 1999 and February 25, 1999 held that the said amount belongs to Harshad S. Mehta and directed NHB to deposit the said amount along with interest @19 % per annum to the Custodian, Special Court, Mumbai. Aggrieved by the order of the Hon'ble Special Court, NHB preferred an appeal before the Supreme Court. The matter is connected with C.A.No.2155 of 1999. The appeal has been disposed off as referred above. An Interlocutory Application has been filed by State Bank of India in CA No. 2155 of 1999 on the issue of interest and NHB has filed its reply dated October 25, 2013 and the same is pending consideration.

Regulatory proceedings by NHB

In addition to the above, NHB in its capacity as a regulator of the housing finance institutions in the country has from time to time instituted proceedings against various HFCs for the violations/ non compliances of directions and guidelines issued under the provisions of the NHB Act.

MATERIAL DEVELOPMENTS

Material Developments since the date of the latest balance sheet

Except as mentioned below there have not arisen, since the date of the last financial information disclosed in this Shelf Prospectus, any circumstances which materially and adversely affect or are likely to affect our performance, profitability or prospects, within the next 12 months:

1. NHB has, on August 30, 2013 allotted tax free bonds, in the nature of secured, redeemable, non-convertible bonds of face value of Rs. 10 lakh each, on a private placement basis, aggregating to Rs. 900.00 crore. Out of Rs. 900.00 crore, NHB has mobilized an amount of Rs. 17 crore at a coupon rate of 8.01 % for a tenor of 10 years and remaining of Rs. 883.00 crore at a coupon rate of 8.46 % for a tenor of 15 years.
2. NHB has, on September 11, 2013 allotted unsecured, redeemable, non-convertible bonds in the nature of debenture of face value of Rs. 10 lakh, on a private placement basis, aggregating to Rs. 750.00 crore.
3. NHB has, on September 23, 2013 allotted unsecured, redeemable, non-convertible bonds in the nature of debenture of face value of Rs. 10 lakh each, on a private placement basis, aggregating to Rs. 750.00 crore.
4. The International Development Association has granted a \$100 million concessional loan to NHB for low income housing finance project (Credit No. 5283- IN). In this regard NHB has entered into a Project Agreement dated August 14, 2013 with International Development Association and Subsidiary Loan Agreement (for IDA- Financed Low Income Housing Finance Project) dated October 4, 2013 with the Government of India, acting through Director, Department of Financial Services, Ministry of Finance, New Delhi.
5. The Department for International Development, a department of the United Kingdom of Great Britain and Northern Ireland has sanctioned term loan facility of upto GBP 40 million to NHB. In this regard, NHB has entered into an agreement dated October 7, 2013 with the Department of International Development. NHB has received an amount of GBP 5 million on December 4, 2013.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The CBDT has, by the Notification, authorised NHB to issue Bonds aggregating to Rs. 3,000.00 crore. NHB proposes to raise Rs. 2,100.00 crore* through a public issue of Bonds in one or more tranches, during the Fiscal, 2014.

** In terms of the Notification, NHB has raised Rs. 900.00 crore on a private placement basis in one tranche through information memorandum dated August 30, 2013 i.e. up to 30 % of the allocated limit for raising funds through tax free bonds during Fiscal 2014 ending on March 31, 2014. NHB shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 3,000.00 crore.*

The Board, at the meetings held on August 5, 2013, approved the Issue of the tax free bonds in accordance with the Notification.

Eligibility to make the Issue

NHB and persons in control of NHB have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Consents

Consents in writing from the Board of Directors (other than Mr. Ajay Kumar Dutta), the Compliance officer, the Lead Managers to the Issue, the Registrar to the Issue, the Legal Advisor to the Issue, the Statutory Auditors, the Escrow Collection Banks/Bankers to the Issuer, Bankers to NHB, Credit Rating Agencies, Consortium Members and the Bond Trustee to act in their respective capacities, have or shall be obtained.

IL&FS Trust Company Limited has given their consent for their appointment as Bond Trustees under regulation 4(4) of the SEBI Debt Regulations for the Issue.

Expert Opinion

Except the letters dated October 28, 2013, November 11, 2013 and December 10, 2013 issued by CARE, in respect of the credit rating of the issue, and the auditor's report dated November 11, 2013 and statement of tax benefits dated November 11, 2013 issued by V.K Verma & Co., Statutory Auditor of NHB, NHB has not obtained any expert opinions in respect of the Issue.

Minimum Subscription

For information, see "*Issue Structure - Minimum Subscription*" on page 93 of this Shelf Prospectus.

No Reservation or Discount

Pursuant to the Notification, at least 70 % of the Issue size shall be raised through public issue, of which 40 % shall be reserved for Retail Individual Investors. Apart from such reservation, there is no discount being offered in the Issue, to any category of Applicants.

Common Form of Transfer

NHB undertakes that there shall be a common form of transfer for the Bonds issued in physical form and all applicable laws shall be duly complied with in respect of all transfer of the Bonds and registration thereof. We shall also use a common form for transfer of Bonds in demat form which will be done as per the procedure/rules prescribed by the depositories (NSDL/CDSL) and depository participants.

Dividend

NHB has not paid any dividends on its capital since incorporation. The distribution of dividend, if any, will require the approval of the Bond Trustee if NHB defaults in the payment of interest on the Bonds or redemption thereof or in the creation of security as per the terms of the Issue.

Previous Public or Rights Issues by NHB during last five years

NHB has not undertaken any public or rights issue of any securities since incorporation, other than: (a) issuance of long term tax free bonds of face value of Rs. 10,000 each, in the nature of secured redeemable non-convertible debentures having benefits under Section 10(15)(iv)(h) of the Income Tax Act, for Rs. 3,750.00 crore, pursuant to a prospectus dated March 06, 2013.

Commission or Brokerage on Previous Issues

In relation to the issuance of long term tax free bonds of face value of Rs. 10,000 each, in the nature of secured redeemable non-convertible debentures having benefits under Section 10(15)(iv)(h) of the Income Tax Act, for Rs. 3,750.00 crore, pursuant to a prospectus dated March 06, 2013, the total commission/brokerage paid/ payable to brokers/ ASBA collection bankers was Rs. 0.24 crore and the total fee paid/ payable to the lead managers was Rs.1.

Change in auditors of NHB during last three years

Name	Address	Date of Appointment/ Resignation	Auditor of NHB Since (in case of resignation)	Remarks
Aiyar & Co.	607, Akashdeep, 26A, Barakhamba Road, New Delhi 110 001.	Appointed on February 4, 2010	2010	Appointed by RBI vide its letter dated (Ref: DBS.ARS.No.10428/08:15008/2009-10 dated February 4, 2010.
V.K Verma & Co.	C-37, Connaught Place, New Delhi-110001	Appointed on November 1, 2012	-	Appointed by RBI vide its letter (Ref: DBS.ARS.No.5648/08:15:008/2012-13) dated November 1, 2012

For more information on the Statutory Auditors, see "**General Information**" on page 32 of this Shelf Prospectus.

Revaluation of assets

NHB has not revalued its assets in the last five years.

Utilisation of Issue Proceeds

For information, see "**Terms of the Issue - Utilisation of Issue Proceeds**" on page 104 of this Shelf Prospectus.

Track record of past public issues handled by the Lead Managers

Details of the track record of the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the respective websites of the Lead Managers. The track record of past issues handled by Edelweiss Financial Services Limited, Axis Capital Limited, and RR Investors Capital Services Private Limited are available at www.edelweissfin.com, www.axiscapital.co.in and rrfcl.com, respectively.

Listing

For information, see "**Terms of the Issue -Listing**" on page 104 of this Shelf Prospectus.

Disclaimer clause of NSE

"As required a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/225291-3 dated December 20, 2013 permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this draft offer document for its internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the 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.”

Statement by the Board:

- (i) All monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- (ii) Details of all monies utilised out of the Issue shall be disclosed and continue to be disclosed till the time any part of the proceeds of the Issue remains unutilized under an appropriate separate head in NHB's financial statement in their Balance Sheet, indicating the purpose for which such monies were utilised; and
- (iii) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in NHB's financial statement in their Balance Sheet, indicating the form in which such unutilised monies have been invested.

Mechanism for redressal of investor grievances

Karvy Computershare Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant's Depository Participant (“**DP**”) ID, Client ID and Permanent Account Number (“**PAN**”), number of Bonds applied for, date of the Application Form, name and address of the Member of the Syndicate or Trading Member of the Stock Exchange or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/ demand draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked.

Applicants may contact the Compliance Officer and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amounts or refund or credit of Bonds in the respective beneficiary accounts, as the case may be.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of Bonds applied for, amount blocked on Application. Grievances relating to the Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

SECTION VI - OFFER INFORMATION
ISSUE STRUCTURE

The CBDT has, by the Notification, authorised NHB to issue Bonds aggregating to Rs. 3,000.00 crore. NHB proposes to raise Rs. 2,100.00 crore* through a public issue of Bonds in one or more tranches, during the Fiscal, 2014.

** In terms of the Notification, NHB has raised Rs.900.00 crore on a private placement basis in one tranche through information memorandum dated August 30, 2013 i.e. up to 30 % of the allocated limit for raising funds through tax free bonds during Fiscal 2014 ending on March 31, 2014. NHB shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 3,000.00 crore.*

The Board, at the meetings held on August 5, 2013, approved the Issue of the tax free bonds in accordance with the Notification.

Particulars of the Bonds

The following are the key terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in "*Terms of the Issue*" on page 94 of this Shelf Prospectus.

COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS	
Issuer	National Housing Bank
Lead Managers	Edelweiss Financial Services Limited, Axis Capital Limited and RR Investors Capital Services Private Limited
Type of instrument	Tax free bonds of face value of Rs. 5,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act.
Issue of Bonds	Public issue of the tax free bonds in the nature of secured redeemable non-convertible debentures of face value of Rs. 5,000/- each, having benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by NHB pursuant to the Shelf Prospectus and the relevant Tranche Prospectus(es), in one or more tranches for an amount aggregating up to Rs. 2,100.00* crore ("Shelf Limit") on terms and conditions as set out in separate Tranche Prospectuses for each tranche issue, which should be read together with this Shelf Prospectus. <i>*In terms of the Notification, NHB has raised Rs. 900.00 crore on a private placement basis in one tranche through information memorandum dated August 30, 2013 i.e. up to 30 % of the allocated limit for raising funds through tax free bonds during Fiscal 2014 ending on March 31, 2014. NHB shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 3,000.00 crore.</i>
Face Value	Rs. 5,000
Issue Price	Rs. 5,000
Nature of Instrument	Secured
Mode of Issue	Public issue
Minimum Application Size	As mentioned in the respective Tranche Prospectus(es)
Pay-in Date	Application Date. Full amount at Application See " <i>Issue Procedure – Payment Instructions</i> " on page 123 of this Shelf Prospectus.
Eligible Investor	See the section titled " <i>Issue Procedure</i> " – <i>Who can apply</i> " on page 109 of this Shelf Prospectus.
Listing	NSE. NSE being the Designated Stock Exchange. For more information, see " <i>Terms of the Issue – Listing</i> " on page 104 of this Shelf Prospectus. The Bonds shall be listed on the NSE within 12 Working Days from the Issue Closure Date.
Ratings of the Instrument	Credit Analysis & Research Limited ("CARE") has, vide its letter dated October 28, 2013, assigned a rating of "CARE AAA" to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited has vide its letters dated November 11, 2013 and December 10, 2013 revalidated its credit rating. CRISIL Limited ("CRISIL") has, vide letter dated October 29, 2013, assigned a rating of "CRISIL AAA/Stable" to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CRISIL Limited has vide its letter dated December 10, 2013 revalidated its credit rating. ICRA Limited ("ICRA") has, vide its letter dated October 25, 2013, assigned a rating of "[ICRA]

	AAA (Stable) ” to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited has vide its letter dated December 10, 2013 revalidated its credit rating. For the rationale for these ratings, see “ Annexure D – Credit Rating and Rationale ” of this Shelf Prospectus
Security	<i>Pari passu</i> floating first charge on the specific book debts of NHB as may be mentioned in the security documents and/ or Bond Trust Deed and as may be further notified by NHB to the Trustee, from time to time, with an asset cover of one time of the total outstanding amount of Bonds, from time to time.
Security Cover	One time of the total outstanding Bonds at any point in time.
Nature of Indebtedness and Ranking/ Seniority	The claims of the Bondholders shall be superior to the claims of any unsecured creditors of NHB and subject to applicable statutory and/or regulatory requirements, rank <i>pari passu</i> inter se to the claims of other creditors of NHB having the same security.
Put/Call Option	There is no put/call option for the Bonds
Bond Trustee	IL&FS Trust Company Limited
Depositories	Central Depository Services (India) Limited (“ CDSL ”) and National Securities Depository Limited (“ NSDL ”)
Registrar	Karvy Computershare Private Limited
Modes of Payment/Settlement Mode	1. Direct Credit; 2. National Electronic Clearing System (“ NECS ”); 3. Real Time Gross Settlement (“ RTGS ”); 4. National Electronic Fund Transfer (“ NEFT ”); and 5. Demand Draft/ Cheque/ Pay Order For more information, see “ Terms of the Issue – Manner and Modes of Payment ” on page 100 of this Shelf Prospectus.
Mode of Issuance	In dematerialised form and physical form, at the option of the Applicant**
Mode of Trading	In dematerialised form only**
Market Lot / Trading Lot	One Bond
Deemed Date of Allotment	The date on which, the Board of Directors or Chairman and Managing Director, approves the Allotment of Bonds for each Tranche Issue or such date as may be determined by the Board of Directors or Chairman and Managing Director and notified to the Designated Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus(es)) shall be available from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Issue Opening Date	[●]
Issue Closing Date	[●] The Issue shall remain open for subscription from 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors, or Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, the Bank shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in atleast one leading national daily newspaper.
Record Date	Date falling 15 days prior to the relevant Interest Payment Date on which interest or the Maturity Date on which the Maturity Amount is due and payable under the relevant Tranche Prospectus(es).
Objects of the Issue and Utilisation of Proceeds	See “ Objects of the Issue ” on page 38 of this Shelf Prospectus.
Working Day Convention	See “ Terms of the Issue – Effect of holidays on payment ” on page 100 of this Shelf Prospectus.
Day Count Convention	See “ Terms of the Issue – Day Count Convention ” on page 100 of this Shelf Prospectus.
Default Interest Rate	NHB shall pay liquidated damages at a compounded rate of 1% per annum on the amount in respect of which a default has been committed in the event NHB fails to pay any amounts outstanding payable, when due and payable.
Transaction Documents	The Draft Shelf Prospectus, the Shelf Prospectus, the Tranche Prospectus(es) read with notices, corrigenda, documents/undertakings/agreements entered into or to be entered into by NHB with Lead Managers and/or other intermediaries for the purpose of this Issue, including but not limited to the following: -

	Bond Trust Agreement	Bond Trust Agreement dated November 7, 2013 between the Bond Trustee and NHB
	Escrow Agreement	Agreement dated December 21, 2013 between NHB, the Registrar to the Issue, the Lead Managers and Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof.
	Lead Managers MoU	The Memorandum of Understanding dated November 7, 2013 between NHB and the Lead Managers
	Consortium Agreement	Agreement dated December 23, 2013 between NHB and the Consortium Members
	Registrar Agreement	Agreement dated November 7, 2013 between NHB and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
	Tripartite Agreements	Tripartite agreement dated March 1, 2013 between NHB, CDSL and the Registrar to the Issue and the tripartite agreement dated February 25, 2005 between NHB, NSDL and the Registrar to the Issue
Conditions precedent/subsequent to disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent/subsequent to disbursement. See “ <i>Terms of the Issue - Utilisation of Issue Proceeds</i> ” on page 104 of this Shelf Prospectus	
Events of Default	See “ <i>Terms of the Issue – Events of Default</i> ” on page 103 of this Shelf Prospectus	
Cross Default	Not applicable	
Roles and Responsibilities of Bond Trustee	See “ <i>Terms of the Issue-Bond Trustee</i> ” on page 103 of this Shelf Prospectus	
Discount at which Bond is issued and the effective yield as a result of such discount	Not applicable	
Governing Law	Laws of the Republic of India	
Jurisdiction	The courts of New Delhi will have exclusive jurisdiction for the purposes of the Issue.	

***In terms of Regulation 4(2)(d) of the Debt Regulations, NHB will make public issue of the Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, NHB, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialized form.*

Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, Applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

SPECIFIC TERMS FOR EACH SERIES OF BONDS

Options	Series of Bonds*		
	For Category I, II & III [#]		
	Tranche [•] Series [•]	Tranche [•] Series [•]	Tranche [•] Series [•]
Coupon rate (%) p.a.	As specified in the Tranche Prospectus(es) for a particular Series of Bonds	As specified in the Tranche Prospectus(es) for a particular Series of Bonds	As specified in the Tranche Prospectus(es) for a particular Series of Bonds
Annualised yield (%) p.a.	As specified in the Tranche Prospectus(es) for a particular Series of Bonds	As specified in the Tranche Prospectus(es) for a particular Series of Bonds	As specified in the Tranche Prospectus(es) for a particular Series of Bonds
Options	For Category IV only [#]		
	Tranche [•] Series [•]	Tranche [•] Series [•]	Tranche [•] Series [•]
	Coupon rate (%) p.a.	As specified in the Tranche Prospectus(es) for a particular Series of Bonds	As specified in the Tranche Prospectus(es) for a particular Series of Bonds
Annualised yield (%) p.a.	As specified in the Tranche Prospectus(es) for a particular Series of Bonds	As specified in the Tranche Prospectus(es) for a particular Series of Bonds	As specified in the Tranche Prospectus(es) for a particular Series of Bonds
For Category I, II, III & IV [#]			
Minimum Application	As specified in the Tranche Prospectus(es) for a particular Series of Bonds		
In the multiple of	As specified in the Tranche Prospectus(es) for a particular Series of Bonds		
Tenor	[•] years	[•] years	[•] years
Issue Price	Rs 5,000 per Bond	Rs 5,000 per Bond	Rs 5,000 per Bond
Face Value	Rs 5,000 per Bond	Rs 5,000 per Bond	Rs 5,000 per Bond
Tranche Issue Opening Date	As specified in the Tranche Prospectus(es) for a particular Series of Bonds		
Tranche Issue Closing Date	As specified in the Tranche Prospectus(es) for a particular Series of Bonds		
	The Issue shall open for subscription from 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, NHB shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Tranche Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper		
Maturity / Redemption Date	[•] years from the Deemed Date of Allotment	[•] years from the Deemed Date of Allotment	[•] years from the Deemed Date of Allotment
Redemption Amount (Rs./Bond)	Repayment of the Face Value plus any interest at the applicable Coupon/ Interest Rate that may have accrued at the Redemption Date		
Coupon/ Interest Type	Fixed coupon rate		
Coupon / Interest Payment Date	As specified in the Tranche Prospectus(es) for a particular Series of Bonds		
Coupon/ Interest Reset Process	Not applicable		
Default Interest Rate	NHB shall pay liquidated damages at a compounded rate of 1% per annum on the amount in respect of which a default has been committed in the event NHB fails to pay any amounts outstanding payable, when due and payable.		
Redemption Premium/Discount	Not applicable		
Frequency of Coupon/ Interest Payment	As specified in the Tranche Prospectus(es) for a particular Series of Bonds		
Interest on Application Money	See “ <i>Terms of the Issue-Interest on Application and Refund Money</i> ” on page 99 of this Shelf Prospectus		
Base Issue Size	As specified in the Tranche Prospectus(es)		
Option to retain oversubscription	As specified in the Tranche Prospectus(es)		

*NHB shall allocate and allot Tranche [●] Series [●]/ Series [●](depending upon the category of Applicants) to all valid applications, wherein the Applicants have not indicated their choice of the relevant Series of Bond in their Application Form.

#In pursuance of the Notification and for avoidance of doubt, it is clarified as under:

- a. The coupon rates indicated under Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] shall be payable only on the Portion of Bonds allotted to RIIs in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under RII Category viz Category IV.
- b. In case the Bonds allotted against Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] are transferred by RIIs to Non-RIIs viz, QIBs, Domestic Corporate and/or High Networth Individuals/HNIs, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●], respectively.
- c. If the Bonds allotted against Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] are sold/ transferred by the RIIs to investor(s) who fall under the RII category as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;
- d. Bonds allotted against Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under RII Category;
- e. If on any Record Date, the original RII allottee(s)/ transferee(s) hold the Bonds under Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] for an aggregate face value amount of over Rs. 10.00 lakh, then the coupon rate applicable to such RII allottee(s)/transferee(s) on Bonds under Tranche [●] Series [●], Tranche [●] Series [●], Tranche [●] Series [●] shall stand at par with coupon rate applicable on Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●], respectively;
- f. Bonds allotted under Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;
- g. For the purpose of classification and verification of status of the RII Category of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the respective Tranche Issue shall be clubbed and taken together on the basis of PAN.

Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. NHB has decided not to stipulate minimum subscription for this Issue.

Market Lot & Trading Lot

As per the SEBI Debt Regulations, since trading in the Bonds will be in dematerialised form only, the tradable lot is one Bond ("**Market Lot**"). NHB has made depository arrangements with CDSL and NSDL for trading of the Bonds in dematerialised form, pursuant to the tripartite agreement dated March 1, 2013 between NHB, CDSL and the Registrar to the Issue and the tripartite agreement dated February 25, 2005 between NHB, NSDL and the Registrar to the Issue (collectively, "**Tripartite Agreements**").

Listing

For information, see "**Terms of the Issue - Listing**" on page 104 of this Shelf Prospectus.

TERMS OF THE ISSUE

GENERAL TERMS OF THE ISSUE

Authority for the Issue

The CBDT has, by the Notification, authorised NHB to issue Bonds aggregating to Rs. 3,000.00 crore. NHB proposes to raise Rs. 2,100.00 crore* through a public issue of Bonds in one or more tranches, during the Fiscal, 2014.

** In terms of the Notification, NHB has raised Rs. 900.00 crore on a private placement basis in one tranche through information memorandum dated August 30, 2013 i.e. up to 30 % of the allocated limit for raising funds through tax free bonds during Fiscal 2014 ending on March 31, 2014. NHB shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 3,000.00 crore.*

The Board, at the meetings held on August 5, 2013, approved the Issue of the tax free bonds in accordance with the Notification.

Terms & Conditions of the Issue

The terms and conditions of Bonds being offered in the Issue are subject to the NHB Act, Companies Act, 1956 and the Companies Act, 2013, to the extent applicable, as the case may be, the SEBI Debt Regulations, the Debt Listing Agreement, the Notification, this Shelf Prospectus, Tranche Prospectus, the Application Form, the Abridged Prospectus and other terms and conditions as may be incorporated in the Bond Trustee Agreement and Bond Trust Deed to be entered into between NHB and IL&FS Trust Company Limited (in its capacity as the "**Bond Trustee**", which expression will include its successor(s) as trustee), as well as laws applicable from time to time, including rules, regulations, guidelines, notifications and any statutory modifications or re-enactments including those issued by GoI, SEBI, RBI, the Stock Exchange(s) and/or other authorities and other documents that may be executed in respect of the Bonds.

For more information, see "*Issue Structure*" on page 89 of this Shelf Prospectus.

Face Value

The face value of each Bond is Rs. 5,000/-.

Security

Pari passu floating first charge on the specific book debts of NHB, as may be mentioned in the security documents and/or Bond Trust Deed and as may be further notified by NHB to the Trustee, from time to time, with an asset cover of one time of the total outstanding amount of Bonds, from time to time.

The Bondholders are entitled to the benefit of the Bond Trust Deed and are bound by and are deemed to have notice of all provisions of the Bond Trust Deed.

Credit Rating

Credit Analysis & Research Limited ("**CARE**") has, vide its letter dated October 28, 2013, assigned a rating of "**CARE AAA**" to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited has vide its letters dated November 11, 2013 and December 10, 2013 revalidated its credit rating. CRISIL Limited ("**CRISIL**") has, vide letter dated October 29, 2013, assigned a rating of "**CRISIL AAA/Stable**" to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CRISIL Limited has vide its letter dated December 10, 2013 revalidated its credit rating. ICRA Limited ("**ICRA**") has, vide its letter dated October 25, 2013, assigned a rating of "**[ICRA] AAA (Stable)**" to the Bonds. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. ICRA Limited has vide its letter dated December 10, 2013 revalidated its credit rating. For details, see "*Annexure D -Credit Rating and Rationale*" of this Shelf Prospectus.

Issue Period

Issue Opens On	[●]
Issue Closes On	[●]

The Issue shall open for subscription from 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, NHB shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Tranche Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper.

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange(s) during the Issue Period mentioned above, on all days, i.e., between Monday and Friday, both inclusive, barring public holidays: (i) by the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, at the centres mentioned in the Application Form through the non-ASBA mode, or (ii) in case of ASBA Applications, (a) directly by Designated Branches of SCSBs or (b) by the centres of the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, only at the specified cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) ("**Specified Cities**"), except that on the Issue Closing Date, Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange(s) (after taking into account the total number of Applications received up to the closure of timings for acceptance of Application Forms as stated herein). Applicants may also make their Applications through Direct Online Applications using the online payment facility offered through the Stock Exchange(s) during the Issue Period, subject to such online payment facility being made available by the Stock Exchange(s) prior to the date of filing of the respective Tranche Prospectus(es).

Due to limitation of time available for uploading Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue.

The Bonds are being issued at par and the full amount of the face value per Bond is payable on Application, except ASBA Application the amount will be blocked in the ASBA Account.

Neither NHB, nor the Members of the Syndicate or Trading Members of the Stock Exchange(s) shall be liable for any failure in uploading Applications due to failure in any software/hardware system or otherwise.

MINIMUM APPLICATION

As mentioned in the respective Tranche Prospectus(es).

ESCROW MECHANISM

Please refer "*Issue Procedure - Escrow Mechanism for Applicants other than ASBA Applicants*" and "*Issue Procedure - Payment into Escrow Account*" on page 124 and 125, respectively, of this Shelf Prospectus.

ALLOTMENT OF BONDS

Deemed Date of Allotment

The Deemed Date of Allotment will be the date on which, the Board of Directors or Chairman and Managing Director approves the Allotment of Bonds for each Tranche Issue or such date as may be determined by the Board of Directors or Chairman and Managing Director and notified to the Designated Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche Issue by way of Tranche Prospectus(es)) shall be available from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.

Basis of Allotment

As specified in the respective Tranche Prospectus(es).

NHB shall Allot Tranche [●] Series [●]/ Series [●] (depending upon the category of applicants) to all valid applications, wherein the Applicants have not indicated their choice of the relevant Series of Bond.

Group of Applications and Allocation Ratio

The Registrar will aggregate the Applications based on the applications received through an electronic book from the stock exchange(s) and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

For the purposes of the basis of allotment:

- a) Applications received from Category I Applicants: Applications received from Applicants belonging to Category I shall be grouped together (“**QIB Portion**”);
- b) Applications received from Category II Applicants: Applications received from Applicants belonging to Category II, shall be grouped together (“**Domestic Corporate Portion**”);
- c) Applications received from Category III Applicants: Applications received from Applicants belonging to Category III shall be grouped together (“**High Networth Individual Portion**”); and
- d) Applications received from Category IV Applicants: Applications received from Applicants belonging to Category IV shall be grouped together (“**Retail Individual Investor Portion**”)

Pursuant to the Notification, at least 40% of the Issue size shall be reserved for Retail Individual Investors.

For avoidance of doubt, the terms “**QIB Portion**”, “**Domestic Corporate Portion**”, “**High Net Worth Individual Portion**” and “**Retail Individual Investor Portion**” are individually referred to as a “**Portion**” and collectively referred to as “**Portions**”.

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Portions, NHB shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case NHB opts to retain any oversubscription in the Issue up to the Shelf Limit. The aggregate value of Bonds decided to be allotted over and above the Base Issue Size, (in case NHB opts to retain any oversubscription in the Issue), and/or the aggregate value of Bonds up to the Base Issue Size shall be collectively termed as the “**Overall Issue Size**”.

Allocation Ratio

QIB Portion	Domestic Corporate Portion	High Networth Individual Portion	Retail Individual Investor Portion
[●]% of the Overall Issue Size	[●]% of the Overall Issue Size	[●]% of the Overall Issue Size	[●]% of the Overall Issue Size

Additional/Multiple Applications

Please refer “*Issue Procedure – Additional/Multiple Applications*” on page 118 of this Shelf Prospectus.

Form of Allotment and Denomination

The Allotment of Bonds shall be in dematerialized form as well as physical form. In terms of Regulation 4 (2)(d) of the SEBI Debt Regulations, NHB shall make public issue of Bonds in dematerialized form. However, in terms of Section 8(1) of the Depositories Act, NHB, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialized form.

The Bank has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to the tripartite agreement dated March 1, 2013 between the Bank, the Registrar and CDSL and the tripartite agreement dated February 25, 2005 between the Bank, the Registrar and NSDL. NHB shall take necessary steps to credit the Depository Participant account of the Applicant with the number of Bonds Allotted in dematerialized form. The Bondholders holding the Bonds in dematerialized form shall deal with the Bonds in accordance with the provisions of the Depositories Act, NHB Act, as the case may be, and rules and regulations notified thereunder, from time to time.

In case of Bonds held in physical form, whether on Allotment or on rematerialization of Bonds allotted in dematerialized form, a single certificate will be issued to the Bondholder for the aggregate amount ("**Consolidated Certificate**") for each Series of Bond. The applicant can also request for the issue of Bond certificates in denomination of the Market Lot.

In respect of Consolidated Certificates, we will, only on receipt of a request from the Bondholder within 30 Working Days of the request, split such Consolidated Certificates into smaller denominations in accordance with the applicable rules/regulations/act, subject to the minimum of Market Lot. No fees will be charged for splitting of Bond certificate(s) in Market Lots, but stamp duty payable, if any, would be borne by the Bondholder. The request for splitting should be accompanied by the original Consolidated Certificates which will, on issuance of the split Consolidated Certificate, be treated as cancelled by us.

Payment of Refunds

Refunds for Applicants other than ASBA Applicants

Within 12 Working Days of the Tranche Issue Closing Date, the Registrar to the Issue will dispatch refund orders/issue instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/Allotment of Bonds. Refunds, if any, to Applicants who have submitted Direct Online Applications through the online platform and online payment facility offered by Stock Exchange(s), will also be made as per this section. The Registrar to the Issue will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds. For Applicants who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be issued to the clearing system within 12 Working Days of the Tranche Issue Closing Date. A suitable communication will be dispatched to the Applicants receiving refunds through these modes, giving details of the bank where refunds will be credited with the amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses (in India) of Applicants, as per Demographic Details received from the Depositories. The Demographic Details would be used for mailing of the physical refund orders, as applicable.

Investors, who applied for Bonds in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of refund to the investor at their sole risk and neither the Lead Managers nor NHB shall have any responsibility and undertake any liability for such delays on part of the investors.

Mode of refunds for Applicants other than ASBA Applicants

Payment of refund, if any, for Applicants other than ASBA Applicants would be done through any of the following modes:

- 1. Direct Credit** – Applicants having bank accounts with the Refund Bank(s), as per Demographic Details received from the Depositories, will be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by NHB.
- 2. NECS** – Payment of refund would be done through NECS for Applicants having an account at any of the centres notified by RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the Magnetic Ink Character Recognition ("MICR") code from the Depositories.
- 3. RTGS** – Applicants having a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds Rs. 2.00 lakh, have the option to receive refund through RTGS provided the demographic details downloaded from the Depositories contain the nine digit MICR code of the Applicant's bank which can be mapped with RBI data to obtain the corresponding Indian Financial System Code ("IFSC"). Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

4. NEFT – Payment of refund will be undertaken through NEFT wherever the Applicant’s bank has been assigned the NEFT which can be linked to a MICR code, if any, available to that particular bank branch. NEFT will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the NEFT of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. If NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed/registered post only to Applicants that have provided details of a registered address in India. Such refunds will be made by cheques, pay orders or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Mode of refunds for ASBA Applicants

In case of ASBA Applicants, the Registrar to the Issue will instruct the relevant SCSB to unblock funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Tranche Issue Closing Date.

Interest on the Bonds

For Bondholders falling under Category I, II and III, the Bonds under Tranche[●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] shall carry interest at the coupon rate of [●] % p.a., [●] % p.a. and [●] % p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable[●] on the “Interest Payment Date”, to the Bondholders as of the relevant Record Date. The effective yield to Category I, II and III Bondholders would be [●] % p.a., [●] % p.a. and [●] % p.a. for the Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●], respectively.

For Bondholders falling under Category IV, the Bonds under Tranche[●] Series [●], Tranche[●] Series [●] and Tranche [●] Series [●] shall carry interest at the coupon rate of [●] % p.a., [●] % p.a. and [●] % p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable[●] on the “Interest Payment Date”, to the Bondholders as of the relevant Record Date. The effective yield to Category IV Bondholders would be [●] % p.a., [●] % p.a. and [●] % p.a. for the Tranche [●] Series [●], Tranche[●] Series [●] and Tranche [●] Series [●] respectively.

The coupon rates indicated under Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] shall be payable only on the Portion of Bonds allotted to RIIs in the Issue. Such coupon is payable only if on the Record Date for payment of interest the Bonds are held by investors falling under RII Category viz Category IV.

In case the Bonds allotted against Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] are transferred by RIIs to Non-RIIs viz, Qualified Institutional Buyers, Domestic Corporates and/or High Networth Individuals, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●], respectively.

If the Bonds allotted against Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] are sold/transferred by the RIIs to investor(s) who fall under the RII category as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;

Bonds allotted against Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under RII Category;

If on any Record Date, the original RII allottee(s)/ transferee(s) hold the Bonds under Tranche[●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] for an aggregate face value amount of over Rs. 10.00 lakh, then the coupon rate applicable to such RII allottee(s)/transferee(s) on Bonds under Tranche [●] Series [●], Tranche [●] Series [●], Tranche [●] Series [●] shall stand at par with coupon rate applicable on Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] respectively;

Bonds allotted under Tranche [●] Series [●], Tranche [●] Series [●] and Tranche [●] Series [●] shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;

For the purpose of classification and verification of status of the RII Category of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the respective Tranche Issue shall be clubbed and taken together on the basis of PAN.

The last interest payment in each case will be made on the Maturity Date on a pro rata basis.

Interest on Application and Refund Money

Interest on application monies received which are used towards allotment of Bonds

We shall pay interest on the amount for which Bonds are allotted, subject to deduction of income tax under the Income Tax Act, to any applicants to whom the Bonds are Allotted (except for ASBA Applicants) pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) up to one day prior to the Deemed date of Allotment, at the rate as specified in the Tranche Prospectus. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of the banking records, we shall pay interest on the Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the relevant stock exchange(s) up to one day prior to the Deemed Date of Allotment, at the aforementioned rates.

A tax deduction certificate will be issued for the amount of income tax so deducted.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, interest warrants will be dispatched along with the Letter(s) of Allotment at the sole risk of the applicant, to the sole/first applicant

Interest on application monies received which are liable to be refunded

We shall pay interest on Application Amounts which is liable to be refunded to the Applicants (other than Application Amounts received after the Issue Closure Date, and ASBA Applicants) subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, from the date of realization of the cheque(s)/demand draft(s) up to one day prior to the Deemed Date of Allotment, at the rate as specified in the Tranche Prospectus. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts liable to be refunded from three Working Days from the date of upload of each Application on the electronic Application platform of the relevant stock exchange(s) upto one day prior to the Deemed Date of Allotment, at the aforementioned rates. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the letter(s) of refund at the sole risk of the Applicant, to the sole/first Applicant.

A tax deduction certificate will be issued for the amount of income tax so deducted.

Provided that, notwithstanding anything contained hereinabove, our Bank shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid Applications or Applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant and/or (c) refund monies to the ASBA Applicants, and/or (c) monies paid in excess of the amount of Bonds applied for in the Application Form. See the section titled "***Issue Procedure – Rejection of Applications***" on page 127 of this Shelf Prospectus.

Interest in case of Delay

NHB undertakes to pay interest in connection with any delay in Allotment, dematerialised credit and refunds, beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under applicable statutory and/or regulatory requirements.

Redemption

NHB will redeem at par, on the respective Maturity Dates of each Series of Bonds.

Bonds held in electronic form:

No action is required on the part of Bondholders on the Maturity Date(s).

Bonds held in physical form:

No action will ordinarily be required on the part of the Bondholder at the time of redemption, and the Maturity

Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by NHB on the Record Date fixed for the purpose of redemption. However, NHB may require the Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Bond Certificate(s)) to be surrendered for redemption on Maturity Date and sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue or NHB or to such persons at such addresses as may be notified by NHB from time to time. Bondholders may be requested to surrender the Bond Certificate(s) in the manner stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment. The Bank shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds or non-registration of transfer of Bonds with the Bank.

Payment of Interest on Bonds

Day Count Convention

Coupon/ interest rate will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the coupon/ interest period (start date to end date) includes February 29, coupon/ interest rate will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.

Effect of holidays on payments

If the date of payment of coupon/ interest rate specified does not fall on a Working Day, the coupon payment shall be made on the immediately succeeding Working Day along with the interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next coupon/ Interest Payment Date. If the Redemption Date/ Maturity Date (also being the last Coupon/ Interest Payment Date) of any Series of Bonds falls on a day which is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with the interest accrued on the Bonds until but excluding the date of such payment.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF/18/2013 October 29, 2013 will be a disclosed in the relevant Tranche Prospectus(es).

Manner & Modes of Payment

For Bonds held in electronic form:

No action is required on the part of Bondholders on the Maturity Date. Payment on the Bonds will be made to those Bondholders whose name appears first in the register of beneficial owners maintained by the Depository, on the Record Date. NHB's liability to Bondholders for payment or otherwise will stand extinguished from the Maturity Date or on dispatch of the amounts payable by way of principal and/or interest to the Bondholders. Further, NHB will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.

The Bondholders' respective bank account details will be obtained from the Depository for payments. Applicants are therefore advised to immediately update their bank account details as appearing on the records of their DP. Failure to do so could result in delays in credit of payments to applicants at their sole risk, and neither NHB, the Members of the Syndicate, Trading Members of the Stock Exchange(s), Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchange(s) will bear any responsibility or liability for the same.

For Bonds held in physical form

The bank details will be obtained from the Registrar to the Issue for effecting payments.

Moreover, NHB, Lead Managers to the Issue and Registrar to the Issue will not be responsible for any delay in receipt of credit of interest, refund or Maturity Amount so long as the payment process has been initiated in time.

All payments to be made by NHB to the Bondholders will be made through any of the following modes, in the following order of preference:

(a) Direct Credit

Applicants having bank accounts with the Refund Bank(s), as per demographic details received from the Depository, will be eligible to receive payments through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by NHB.

(b) NECS

Applicants having a bank account at any of the centres notified by RBI, as per demographic details received from the Depository, will be eligible to receive payments through NECS. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. The corresponding NECS will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(c) RTGS

Applicants having a bank account with a bank branch which is RTGS enabled, as per the information available on the website of RBI and as per records received from the Depository, will be eligible to receive payments through RTGS in the event the payment amount exceeds Rs. 2.00 lakh. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. Charges, if any, levied by the Refund Bank for the same would be borne by NHB. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(d) NEFT

Applicants having a bank account with a bank branch which is NEFT enabled, as per records received from the Depository, will be eligible to receive payments through NEFT. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. The corresponding NEFT will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(e) Demand Draft/ Cheque/ Pay Order

For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched by Registered/Speed Post, only to Applicants that have provided details of a registered address in India. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where the Applications are received. Bank Charges, if any, for cashing such cheque, pay orders or demand drafts at other centres will be payable by the Applicants.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of payment orders/warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/warrants. Applications without these details are liable to be rejected. In relation to Bonds applied for and held in dematerialised form, these particulars would be taken directly from the Depositories. In case of Bonds held in physical form on account of rematerialisation, Applicants are advised to submit their bank account details with NHB or the Registrar to the Issue at least seven days prior to the Record Date, failing which the orders/warrants will be dispatched to the postal address (in India) of the Bondholder as available in the register of beneficial owners maintained by the Depository, at the sole risk of the Bondholder. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

Record Date

The record date for payment of interest on the Bonds or the Maturity Amount will be 15 days prior to the date on which such amount is due and payable under the relevant Tranche Prospectus(es) ("Record Date"). In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the date of redemption.

TRANSFER OF THE BONDS

The provisions relating to transfer and transmission and other related matters in respect of our securities contained in the NHB Act and NHB Bond Regulations will apply, *mutatis mutandis* (to the extent applicable to debentures) to the Bonds.

Transfer of Bonds held in dematerialized form

In respect of Bonds held in the dematerialized form, transfers of the Bonds may be effected, only through the Depositories where such Bonds are held, in accordance with the provisions of Depositories Act and/or rules as notified by the Depositories from time to time. The Bondholder shall give delivery instructions containing details of the prospective purchaser's DP's account to his DP. If a prospective purchaser does not have a demat account, the Bondholder may rematerialize his or her Bonds and transfer them in a manner as specified below.

Transfer of Bonds in physical form

The Bonds may be transferred by way of a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by NHB for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to NHB or to such persons as may be notified by NHB from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialized form, the Bonds may be dematerialized by the purchaser through his or her DP in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date, failing which the interest and/or Maturity Amount for the Bonds will be paid to the person whose name appears in the register of beneficial owners/ debenture holders maintained by the Depositories. In such cases, any claims will be settled *inter se* between the parties and no claim or action will be brought against NHB or the Registrar to the Issue.

TAXATION

For details, please see "*Statement of Tax Benefits*" on page 40 of this Shelf Prospectus.

Bondholder Not Shareholder

The Bondholders will not be entitled to any of the rights and privileges available to the shareholders/ capital holder of NHB.

Rights of Bondholders

Provided below is an indicative list of certain significant rights available to the Bondholders. The final rights of the Bondholders will be as per the Bond Trust Deed.

- (a) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with either (i) the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds; or (ii) the sanction of at least three-fourths of the Bondholders present and voting at a meeting of the Bondholders ("**Special Resolution**"), provided that nothing in such consent or resolution will be operative against NHB, where such consent or resolution modifies or varies the terms and conditions governing the Bonds if modification, variation or abrogation is not acceptable to NHB.
- (b) The registered Bondholder or, in case of joint-holders, the person whose name stands first in the register of bondholders/ beneficial owners maintained by the Depository will be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder will be entitled to one vote on a show of hands and, on a poll, his or her voting rights will be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.
- (c) Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the Bondholders convened with at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. NHB will redeem the Bonds of all the Bondholders who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the terms of this Shelf Prospectus and respective Tranche Prospectus(es) and Bond Trust Deed.

Joint-holders

Where two or more persons are holders of any Bond(s), they will be deemed to hold the same as joint holders with the benefit of survivorship, subject to the NHB Act and regulations made thereunder.

Nomination

Subject to the provisions of the NHB Act and regulations made thereunder, the sole/first Bondholder, with other joint Bondholders (being individuals), may nominate any one person (being an individual) who, in the event of death of the sole Bondholder or all the joint Bondholders, as the case may be, will become entitled to the Bonds. A nominee entitled to the Bonds by reason of the death of the original Bondholder(s) will become entitled to the same benefits to which he would be entitled if he were the original Bondholder. Where the nominee is a minor, the Bondholder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Bonds in the event of the Bondholder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of Bonds by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at NHB's Head Office or with the Registrar to the Issue or at such other addresses as may be notified by NHB.

The Bondholders are advised to provide the specimen signature of the nominee to NHB to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

Further, the Board or Chairman and Managing Director may at any time issue notice requiring any nominee to choose either to be registered himself or to transfer the Bonds, and if the notice is not complied with within a period of 90 days, the Board or Chairman and Managing Director may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

In case of Application for allotment of Bonds in dematerialised form, there is no need to make a separate nomination with NHB. Nominations registered with the respective DP of the Applicant will prevail. If Applicants want to change their nomination, they are advised to inform their respective DP. For Applicants who opt to hold the Bonds in physical form, the Applicants are required to fill in the details for 'nominees' as provided in the Application Form.

For avoidance of doubt, it is clarified that above provisions shall always be subject to the NHB Act and the regulations made thereunder and in the event of any inconsistency, the provisions of NHB and the regulations made thereunder shall prevail.

Events of Default

Subject to the terms of the Bond Trust Deed, the Bond Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution, passed at a meeting of the Bondholders, (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to NHB specifying that the Bonds, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the event of default occurs. The complete list of Event of Default(s) shall be specified in the Bond Trust Deed. The early redemption amount payable on the occurrence of an event of default shall be as detailed in the Bond Trust Deed.

The amount(s) so payable by NHB on the occurrence of one or more Event(s) of Default shall be as detailed in the Bond Trust Deed. If an Event of Default occurs, which is continuing, the Bond Trustee may, with the consent of the Bondholders, obtained in accordance with the Bond Trust Deed, and with prior written notice to NHB, take an action in terms of the Bond Trust Deed.

In case of default in the redemption of Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, NHB shall also pay interest on the defaulted amounts.

Bond Trustee

NHB has appointed IL&FS Trust Company Limited to act as Bond Trustee for the Bondholders. IL&FS Trust Company Limited has by its letter dated November 12, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in the Draft Shelf Prospectus, Shelf Prospectus, Tranche Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued, pursuant to this Issue pursuant to Regulation 4(4) of the SEBI Debt Regulations.

NHB has entered into a Bond Trustee Agreement with the Bond Trustee, the terms of which along with the Bond Trust Deed will govern the appointment and functioning of the Bond Trustee and specified the powers, authorities and obligations of the Bond Trustee. Under the terms of the Bond Trustee Agreement, NHB covenants with the Bond Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds at the rate/on the date(s) specified under the Bond Trust Deed. The Bond Trust Deed shall be provided to the Designated Stock Exchange within five Working Days of its execution.

The Bondholders will, without further act or deed, be deemed to have irrevocably given their consent to the Bond Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Bond Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by NHB to the Bond Trustee on behalf of the Bondholders will discharge NHB *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders will vest in and will be exercised by the Bond Trustee without reference to the Bondholders. No Bondholder will be entitled to proceed directly against NHB unless the Bond Trustee, having become so bound to proceed, failed to do so. The Bond Trustee will protect the interest of the Bondholders in the event of default by NHB in regard to timely payment of interest and repayment of principal and they will take necessary action at NHB's cost. Further, the Bond Trustee shall ensure that the assets of NHB are sufficient to discharge the principal amount at all time under this Issue.

Pre-Issue Advertisement

Subject to applicable law, NHB will, on or before the Issue Opening Date, publish a pre-Issue advertisement in the form prescribed under the SEBI Debt Regulations, in one national daily newspaper with wide circulation. Material updates, if any, between the date of filing of Tranche Prospectus and the date of release of the statutory pre-Issue advertisement will be included in the statutory pre-Issue advertisement.

Impersonation

Attention of the Applicants is specifically drawn to below sub-section (1) of Section 38 of the Companies Act, 2013 reproduced:

“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.”

Listing

The Bonds will be listed on NSE. NSE will be the Designated Stock Exchange. NHB has obtained in-principle approval for the Issue from NSE, by a letter no. NSE/LIST/225291-3 dated December 20, 2013. NHB will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Designated Stock Exchange(s) are taken within 12 Working Days of the Tranche Issue Closing Date.

NHB will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Designated Stock Exchange(s) are taken within 12 Working Days of the Issue Closing Date. If the permission to list and trade the Bonds has not been granted by the Stock Exchange, NHB shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of the Tranche Prospectus. In the event of non-subscription to any one or more of the Series of the Bonds, such Series(s) of Bonds will not be listed.

Utilisation of Issue Proceeds

The proceeds of Issue may be utilised for normal business activities of NHB and for such other purposes as may be decided by NHB's Board or Chairman and Managing Director and as permissible under NHB Act, and in accordance with all applicable laws including the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, as amended.

The objects of NHB as specified in NHB Act permits it to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

In accordance with SEBI Debt Regulations, NHB is required not to utilise the proceeds of the Issue for providing loans to or acquisitions of shares of any person who is a part of the same group as NHB or who is under the same management as NHB or any subsidiary or associate company of NHB. Further, NHB is a statutory authority and, as such, we do not have any identifiable 'group' companies or 'companies under the same management' though we do have shareholding interest in certain Special Purpose Vehicles which are engaged in area housing development.

Further, in accordance with the SEBI Debt Regulations and the Debt Listing Agreement as well as the Bond Trust Deed, the Issue proceeds will be kept in separate Escrow Account(s) and NHB will have access to such funds only after creation of Security for the Bonds and/or as per applicable law.

For more information (including with respect to interim use of the Issue proceeds), see *"Objects of the Issue"* on page 38 of this Shelf Prospectus.

Monitoring & Reporting of Utilisation of Issue Proceeds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. The Board or Chairman and Managing Director shall monitor the utilisation of the proceeds of the Issue.

To the extent required under applicable laws, the end-use of the proceeds of the Issue, duly certified by the Statutory Auditors, will be reported in NHB's annual reports and other reports issued by NHB to relevant regulatory authorities, as applicable, including the Stock Exchange(s) in relation to NHB's reporting obligations under the Debt Listing Agreement.

Further, NHB confirms that funds raised by NHB from previous public issues and private placements of bonds have been utilised for NHB's business as stated in the respective offer documents, and as reported to the Stock Exchange(s) in relation to NHB's reporting obligations under the Debt Listing Agreement, as applicable.

For more information (including with respect to interim use of the Issue proceeds), see "*Objects of the Issue*" on page 38 of this Shelf Prospectus.

Other Undertakings by NHB

NHB undertakes that to the extent required under applicable laws:

- (a) Complaints received in respect of the Issue will be attended to by NHB expeditiously and satisfactorily. All complaints in connection with the Issue may be addressed to the attention of Compliance Officer;
- (b) Necessary cooperation to the Credit Rating Agency(ies) will be extended in providing true and adequate information until the debt obligations in respect of the Bonds are outstanding;
- (c) NHB will use best effort to ensure that all steps for completion of necessary formalities for getting the Bonds listed and commencement of trading at all Stock Exchange(s) where the Bonds are listed within the specified time, i.e., within 12 Working Days of the Issue Closing Date are taken;
- (d) Funds required for dispatch of refund orders/Allotment Advice/Bond certificates will be made available by NHB to the Registrar to the Issue;
- (e) NHB will forward details of utilisation of the Issue Proceeds raised through the Bonds, duly certified by the Statutory Auditor, to the Bond Trustee at the end of each half year;
- (f) NHB will provide a compliance certificate to the Bond Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue of Bonds as contained in this Shelf Prospectus.
- (g) NHB will disclose the complete name and address of the Bond Trustee in its annual report.
- (h) NHB shall make necessary disclosures/reportings under any other legal or regulatory requirement as may be required by NHB from time to time.

Ranking of the Bonds

The Bonds will be secured by floating first charge on the specific book debts of NHB as may be mentioned in the security documents and/ or Bond Trust Deed and as may be further notified by NHB to the Trustee, from time to time, with an asset cover of one time of the total outstanding amount of Bonds, from time to time. Accordingly, the Bonds would constitute direct and secured obligations of NHB and will rank *pari passu inter se* to the claims of other secured creditors of NHB (including holders of outstanding tax-free bonds previously issued by NHB) having the same security and superior to the claims of any unsecured creditors of NHB, now existing or in the future, subject to any obligations preferred under applicable law.

The aforesaid charge over the receivables of NHB shall rank as a floating charge. NHB reserves the right to create floating first charge on present and future receivables for its present and future financial requirements or otherwise.

DRR

No Debenture Redemption Reserve (DRR) is required to be created for the Issue. The obligation to maintain a DRR is applicable only to companies registered under the Companies Act, 1956. From the definitions laid down by SEBI under SEBI Debt Regulations, it may be observed that the definition of issuer includes a company. Certain mandatory requirements are required of all issuers whereas certain requirements like creation of a DRR is required only if the issuer is a company. The term "issuer" is much wider and includes public sector undertakings and statutory corporations besides companies. NHB is a statutory authority making a public issuance of debt securities and so it falls under the definition of "issuer" however, it is not a company. Thus, NHB being an "issuer" but not a "company", the requirement to maintain a DRR in compliance under Regulation 16 of the SEBI Debt Regulations and Section

117C of the Companies Act, 1956 is not applicable to it. Further, in terms of Circular No. 04/2013 dated February 11, 2013 issued by MCA, DRR is not required to be created for debentures issued by All India Financial Institutions regulated by RBI and banking companies for both public as well as privately placed debentures. NHB besides being wholly owned is also regulated by RBI and therefore no DRR is created for any public issue of debentures by NHB.

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Replacement of Bond Certificates

In case of Bonds in physical form, if a Bond certificate is mutilated or defaced then on production thereof to NHB, NHB shall cancel such certificate and issue a new or duplicate certificate in lieu thereof, however, they will be replaced only of the certificate numbers and the distinctive numbers are legible. If any Bond certificate is lost, stolen or destroyed, then, on proof thereof to the satisfaction of NHB and on furnishing such indemnity as NHB may deem adequate and on payment of any expenses incurred by NHB in connection with proof of such destruction or theft or in connection with such indemnity NHB shall issue a new or duplicate Bond certificate. A fee may be charged by NHB not exceeding such sum as may be prescribed by applicable law for each new or duplicate Bond certificate issued hereunder except certificates in replacement of those which are old, decrepit or worn out or defaced or where the pages for recording transfers have been fully utilised.

Put/Call Option

There is no put or call option for the Bonds.

Future Borrowings

NHB will be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or debentures or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever, and to change its capital structure, on such terms and conditions as NHB may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection.

Lien

NHB will have the right of set-off and lien, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to NHB.

Lien on Pledge of Bonds

Subject to applicable laws, NHB, at its discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any bank or institution for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

Procedure for Rematerialisation of Bonds

Bondholders who wish to hold the Bonds in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time.

Sharing of Information

NHB may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with NHB, its subsidiary(ies) and affiliates, if any, and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required. **Neither NHB nor its subsidiaries and affiliates, if any, nor its or their respective agents will be liable for use of the aforesaid information.**

Notices

All notices to the Bondholders required to be given by NHB or the Bond Trustee will be published in one leading national daily newspaper having wide circulation and/or, will be sent by post/courier to the Bondholders from time to time, only to Applicants that have provided a registered address in India.

Governing Law and Jurisdiction

The Bonds, the Bond Trustee Agreement, Bond Trust Deed and other relevant documents shall be governed by and construed in accordance with the laws of India. The courts of New Delhi will have exclusive jurisdiction for the purposes of the Issue.

ISSUE PROCEDURE

This section applies to all Applicants. ASBA Applicants and Applicants making Direct Online Applications using the online payment facility of the Stock Exchange(s) should note that the ASBA and Direct Online Applications processes involve application procedures which may be different from the procedures applicable to Applicants who apply for Bonds through any of the other permitted channels and accordingly should carefully read the provisions applicable to ASBA and Direct Online Applications, respectively.

All Applicants are required to make payment of the full Application Amount with the Application Form. ASBA Applicants are required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Application Amount can be blocked by the SCSBs.

ASBA Applicants may submit their ASBA Applications to the Members of the Syndicate or Trading Members of the Stock Exchange(s) only in the Specified Cities or directly to the Designated Branches of SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the centres mentioned in the Application Form or make Direct Online Applications using the online payment facility of the Stock Exchange(s). For further information, please refer to "Submission of duly Completed Application Forms" on page 126 of this Shelf Prospectus.

This section has been prepared based on SEBI Circular No. CIR/IMD/DF-1/20/2012 dated July 27, 2012 and is subject to the Stock Exchange(s) putting in place the necessary systems and infrastructure for implementation of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by Stock Exchange(s) and accordingly is subject to any further clarification, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange(s) and/or SEBI.

Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the 2012 Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application. In the event of, and on the date of oversubscription, however, allotments in public issues of debt securities is to be made on a proportionate basis.

The following Issue procedure may consequently undergo change between the date of this Shelf Prospectus and the Tranche Prospectus. Applicants are accordingly advised to carefully read this Shelf Prospectus and the Tranche Prospectus, Application Form, in relation to any proposed investment. The information below is given for the benefit of the Investors. NHB, the Registrar to the Issue, and the Lead Managers shall not be liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Shelf Prospectus.

Trading Members of the Stock Exchange(s) who wish to collect and upload Applications in the Issue on the electronic application platform provided by the Stock Exchange(s) will need to approach the respective Stock Exchange(s) and follow the requisite procedures prescribed by the relevant Stock Exchange. The Members of the Syndicate, NHB and the Registrar to the Issue shall not be responsible or liable for any errors or omissions on the part of the Trading Members of the Stock Exchange(s) in connection with the responsibility of such Trading Members of the Stock Exchange(s) in relation to collection and upload of Applications in the Issue on the online platform and online payment facility to be provided by the Stock Exchange(s). Further, the relevant Stock Exchange(s) shall be responsible for addressing Investor grievances arising from Applications through Trading Members registered with such Stock Exchange(s).

PROCEDURE FOR APPLICATION

Availability of Shelf Prospectus, Tranche Prospectus(es), Abridged Prospectus and Application Forms

Physical copies of the Abridged Prospectus containing salient features of Shelf Prospectus and Tranche Prospectus(es) for a particular Tranche Issue together with Application Forms may be obtained from:

- (a) NHB's Head Office;
- (b) Offices of the Consortium Members and sub-brokers;
- (c) Trading Members of the Stock Exchange(s); and
- (d) Designated Branches of SCSBs.

Electronic Application Forms will be available on the websites of the Stock Exchange(s), Consortium Members and the SCSBs that permit submission of ASBA Applications electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchange(s). Hyperlinks to the websites of the Stock Exchange(s) for this facility will be provided on the websites of the Lead Managers and the SCSBs. In addition, online beneficiary account portals may provide a facility of submitting Application Forms online to their account holders.

Trading Members of the Stock Exchange(s) can download Application Forms from the websites of the Stock Exchange(s). Further, Application Forms will be provided to Trading Members of the Stock Exchange(s) at their request. NHB may also provide Application Forms for being downloaded and filled at such website as it may deem fit.

On a request being made by any Applicant before the Tranche Issue Closing Date, physical copies of the Shelf Prospectus, relevant Tranche Prospectus(es) and Application Form can be obtained from NHB's Head Office, as well as offices of the Lead Managers. Electronic copies of Shelf Prospectus and relevant Tranche Prospectus(es) will be available on the websites of the Lead Managers, the Stock Exchange(s), SEBI and the SCSBs.

Who Can Apply

Category I (“Qualified Institutional Buyers”) (“QIBs”)**	Category II (“Domestic Corporates”) **	Category III (“High Networth Individuals”) (“HNIs”)	Category IV (“Retail Individual Investors”) (“RIIs”)
<ul style="list-style-type: none"> • Public financial institutions as defined in Section 2 (72) of the Companies Act, 2013 as amended • Indian Alternative Investment Funds eligible to invest under the SEBI (Alternative Investment Funds) Regulations, 2012, as amended • Scheduled commercial banks, • Mutual funds registered with SEBI, • State industrial development corporations, Insurance companies registered with the Insurance Regulatory and Development Authority, • Provident funds with a minimum corpus of Rs. 25 crore, • Pension funds with a minimum corpus of Rs. 25crore, • 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, <p>which are authorized to invest in Bonds.</p>	<ul style="list-style-type: none"> • Companies within the meaning of section 2(20) of the Companies Act, 2013, Limited Liability Partnerships registered under the provisions of the LLP Act, statutory corporations, trust, partnership firms in the name of partner, cooperative banks, regional rural banks, societies registered under the applicable law in India, Association of Persons and other domestic legal entities registered under applicable laws in India, <p>which are authorised to invest in Bonds</p>	<ul style="list-style-type: none"> • The following investors applying for an amount aggregating to more than Rs. 0.10 crore across all Series of Bonds in each Tranche Issue <ul style="list-style-type: none"> • Resident Individual Investors • Hindu Undivided Families applying through the Karta 	<ul style="list-style-type: none"> • The following investors applying for an amount aggregating up to and including Rs. 0.10 crore across all Series of Bonds in each Tranche Issue <ul style="list-style-type: none"> • Resident Individual Investors • Hindu Undivided Families through the Karta

***With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/ 2013, dated March 14, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act, 1956.*

Participation of any of the aforementioned persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities in the nature of the Bonds by such persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

Persons not eligible to Apply

The following persons and entities will not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

- Minors without a guardian name. A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian;
- Persons Resident Outside India and Foreign nationals (including Non-resident Indians, Foreign Institutional Investors and Qualified Foreign Investors);
- Venture Capital Fund and Foreign Venture Capital Investor;
- Overseas Corporate Bodies;
- Person ineligible to contract under applicable statutory/regulatory requirements; and
- Any other category of Investors not mentioned in Category I, II, III and IV above.

Based on information provided by the Depositories, NHB will have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for Allotment of Bonds in dematerialized form, the Registrar to the Issue shall verify the foregoing on the basis of records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded to the electronic platform of the Stock Exchange(s).

The concept of OCBs (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

Nothing in this Shelf Prospectus constitutes an offer of Bonds for sale in the United States or any other jurisdiction where it is unlawful to do so. The Bonds have not been and will not be registered, listed or otherwise qualified in any 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. In particular, the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulations under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. NHB has not registered and does not intend to register under the U.S. Investment Company Act in reliance on section 3(c)(7) thereof.

No offer to the public (as defined under Directive 2003/71/EC, together with any amendments and implementing measures thereto the “Prospectus Directive”) have been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any Member State of the European Economic Area which has implemented the Prospectus Directive (a “Relevant Member State”) except for any such offer made under exemption available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds.

Any forwarding, distribution or reproduction of this document in whole or in part is unauthorized in jurisdiction outside India. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions of the bonds and the information contained in the Shelf Prospectus and the relevant Tranche Prospectus(es).

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The information below is given for the benefit of Applicants. NHB and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Shelf Prospectus.

Modes of Making Applications

Applicants may use any of the following facilities for making Applications:

(a) Direct Online Applications using the online payment facility offered through the Stock Exchange(s). See “--**Submission of Direct Online Applications**” on page 115 of this Shelf Prospectus;

(b) ASBA Applications through the Members of the Syndicate or Trading Members of the Stock Exchange(s) only in the Specified Cities (“**Syndicate ASBA**”). See “- **Submission of ASBA Applications**” on page 114 of this Shelf Prospectus;

(c) ASBA Applications through Designated Branches of SCSBs. See “-**Submission of ASBA Applications**” on page 114 of this Shelf Prospectus; and

(d) Non-ASBA Applications through Members of the Syndicate or Trading Members of the Stock Exchange(s) at centres mentioned in the Application Form. See “- **Submission of Non-ASBA Applications (other than Direct Online Applications)**” on page 115 of this Shelf Prospectus.

(e) Non-ASBA Applications for Allotment in physical form through the Members of the Syndicate or Trading Members of the Stock Exchange(s) at centres mentioned in the Application Form. See “- **Submission of Non- ASBA Applications for Allotment of the Bonds in physical form**” on page 113 of this Shelf Prospectus.

Applications by certain categories of Applicants

Applications by Mutual Funds

No MF scheme may invest more than 15% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the board of trustees and the board of the asset management company (“AMC”).

A separate Application can be made in respect of each scheme of an MF; such Applications will not be treated as multiple Applications. Applications made by the AMCs or custodians of an MF must clearly indicate the name of the scheme for which Application is being made. In case of Applications made by MFs, the Application Form must be accompanied by certified true copies of their (i) SEBI registration certificate; (ii) trust deed (iii) resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, NHB reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Trusts or Societies

Applications made by a trust, settled under the Indian Trusts Act, 1882, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must be accompanied by a (i) certified true copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof; and (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. **Failing this, NHB reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Further, any society/trust applying for Bonds must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Application by Alternative Investments Funds

Application made by Alternative Investments Funds eligible to invest in accordance with the SEBI Alternative Investment Funds Regulations, 2012, for Allotment of the Bonds must be accompanied by certified true copies of: (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions,

memorandum and articles of associations; and (iii) specimen signatures of authorised signatories. **Failing this, NHB reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; (iv) specimen signatures of authorised signatories; and (v) PAN Card. **Failing this, NHB reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. 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 ASBA applications.

Application by Insurance Companies

The Application Form must be accompanied by certified copies of their (i) certificate of registration issued by IRDA; (ii) memorandum and articles of association; (iii) resolution authorising investment and containing operating instructions; (iv) power of attorney; and (v) specimen signatures of authorised signatories. **Failing this, NHB reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by PFIs

In case of Applications by PFIs authorised to invest in the Bonds, the Application Form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, NHB reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Provident Funds and Pension Funds

In case of Applications by Indian provident funds and pension funds authorised to invest in the Bonds, the Application Form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) power of attorney, if any, in favour of one or more trustees thereof; (iii) board resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) specimen signature of authorised person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) tax exemption certificate issued by income tax authorities, if exempt from income tax. **Failing this, NHB reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by National Investment Fund

In case of Applications by National Investment Fund, the Application Form must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorised person. **Failing this, NHB reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by Companies, Limited Liability Partnership and Bodies Corporate

In case of Applications by companies, limited liability partnership and bodies corporate, the Application Form must be accompanied by certified true copies of: (i) board resolution/ resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, NHB reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants in Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form.

In case of Applications made pursuant to a power of attorney by Applicants in Category III and Category IV, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, NHB reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. NHB, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that NHB and the Lead Managers may deem fit.**

Application by Partnership Firms

The Application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions (Resolution); (iv) Specimen signature of authorized person. **Failing this, NHB reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms (ASBA as well as non-ASBA Applications) online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

For information on submission of Direct Online Applications through the online platform and online payment facility offered by the Stock Exchange(s), see “- **Submission of Direct Online Applications**” on page 115 of this Shelf Prospectus.

Application for allotment of Bonds in physical and dematerialised form

Application for allotment in physical form

Submission of Non- ASBA Applications for Allotment of the Bonds in physical form

Applicants can also apply for Allotment of the Bonds in physical form by submitting duly filled in Application Forms to the Members of the Syndicate or the Trading Members of the Stock Exchange(s), with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified under “- **Applications by certain Categories of Applicants**” and “- **Additional instructions for Applicants seeking Allotment of the Bonds in physical form**” at pages 111 and 121 of this Shelf Prospectus, respectively. The Members of the Syndicate and Trading Members of the Stock Exchange(s) shall, on submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the electronic platforms of Stock Exchange(s), following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant.

On uploading of the Application details, the Members of the Syndicate and Trading Members of the Stock Exchange(s) will submit the Application Forms, with the cheque/demand draft to the Escrow Collection Bank(s), which will realise the cheque/demand draft, and send the Application Form and the KYC documents to the Registrar to the Issue, who shall check the KYC documents submitted and match Application details as received from the electronic platforms of Stock Exchange(s) with the Application Amount details received from the Escrow Collection Bank(s) for reconciliation of funds received from the Escrow Collection Bank(s). In case of discrepancies between the two databases, the details received from the electronic platforms of Stock Exchange(s) will prevail, except in relation to discrepancies between Application Amounts. The Members of the Syndicate/Trading Members of the Stock Exchange(s) are requested to note that all Applicants are required to be banked with only the designated branches of Escrow Collection Bank(s). On Allotment, the Registrar to the Issue will dispatch Bond certificates/Allotment Advice to the successful Applicants to their addresses as provided in the Application Form.

If the KYC documents of an Applicant are not in order, the Registrar to the Issue will withhold the dispatch of Bond Certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar to the Issue at the earliest. In such an event, any delay by the Applicant to provide complete KYC documents to the Registrar to the Issue will be at the Applicant's sole risk and neither NHB, the Registrar to the Issue, the Escrow Collection Bank(s), nor the Members of the Syndicate will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond certificates are withheld by the Registrar to the Issue. Further, NHB will not be liable for any delays in payment of interest on the Bonds Allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the Bonds.

For instructions pertaining to completing the Application Form please see “- *General Instructions*” and “- *Additional Instructions for Applicants seeking allotment of Bonds in physical form*” on pages 116 and 121 of this Shelf Prospectus, respectively.

Application for allotment in dematerialised form

Submission of ASBA Applications

Applicants may also apply for Bonds using the ASBA facility. ASBA Applications can be only by Applicants opting for Allotment in dematerialised form. ASBA Applications can be submitted through either of the following modes:

a) Physically or electronically to the Designated Branches of SCSB with whom the ASBA Account is maintained. In case of ASBA Application in physical mode, the ASBA Applicant will submit the Application Form at the relevant Designated Branch of the SCSB. The Designated Branch will verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic platform of the Stock Exchange(s). **If sufficient funds are not available in the ASBA Account, the respective Designated Branch will reject such ASBA Application and will not upload such ASBA Application in the electronic platform of the Stock Exchange(s).** If sufficient funds are available in the ASBA Account, the Designated Branch will block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic platform of the Stock Exchange(s). The Designated Branch of the SCSBs will stamp the Application Form. In case of Application in the electronic mode, the ASBA Applicant will submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.

b) Physically through the Members of the Syndicate or Trading Members of the Stock Exchange(s) only at the Specified Cities, i.e., Syndicate ASBA. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, to deposit ASBA Applications. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>.

On receipt of the Application Form by the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, an acknowledgement will be issued by giving the counter foil of the Application Form with the date stamp to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application will be uploaded in the electronic platform of the Stock Exchange(s) and the Application Form will be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. On receipt of the ASBA Application, the relevant branch of the SCSB will perform verification procedures and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. **If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB will block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted Bonds to the Public Issue Account(s), or until withdrawal/failure of the Issue or withdrawal/rejection of the Application Form, as the case may be.

ASBA Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of SCSBs and with the Members of the Syndicate at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange(s) at least one day prior to the Tranche Issue Opening Date. Trading Members of the Stock Exchange(s) can download Application Forms from the websites of the Stock Exchange(s). Application Forms will also be provided to Trading Members of the Stock Exchange(s) at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Abridged Prospectus is made available on their websites.

(b) The Designated Branches of SCSBs will accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB will not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Tranche Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of SCSBs at Specified Cities can accept ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, after the closing time of acceptance of Applications on the Tranche Issue Closing Date. For further information on the Issue programme, see “*Terms of the Issue – Issue Period*” on page 95 of this Shelf Prospectus.

(c) In case of Applications through Syndicate ASBA, the physical Application Form will bear the stamp of the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be; if not, the same will be rejected. **Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected.**

ASBA Applicants can invest in dematerialised form only.

For instructions pertaining to completing Application Form please see “- **General Instructions**” on page 116 of this Shelf Prospectus.

Submission of Non-ASBA Applications (other than Direct Online Applications)

Applicants must use the Application Form, which will be serially numbered, bearing the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchange(s) at centres mentioned in the Application Form, as the case may be, from whom such Application Form is obtained. Such Application Form must be submitted to the relevant Member of the Syndicate or Trading Member of the Stock Exchange(s), as the case may be, with the cheque or bank draft for the Application Amount, before the closure of the Issue Period. The Stock Exchange(s) may also provide Application Forms for being downloaded and filled. Accordingly, Applicants may download Application Forms and submit the completed Application Forms together with cheques/demand drafts to the Members of the Syndicate or Trading Member of the Stock Exchange(s) at centres mentioned in the Application Form. On submission of the completed Application Form, the relevant Members of the Syndicate or Trading Member of the Stock Exchange(s), as the case maybe, will upload the Application Form on the electronic platform provided by the Stock Exchange(s), and once an Application Form has been uploaded, issue an acknowledgement of such upload by stamping the acknowledgement slip attached to the Application Form with the relevant date of the acknowledgment and return the same to the Applicant. Thereafter, the Application Form together with the cheque or bank draft will be forwarded to the Escrow Collection Bank(s) for realisation and further processing.

The duly stamped acknowledgment slip will serve as a duplicate Application Form for the records of the Applicant. The Applicant must preserve the acknowledgment slip and provide the same in connection with: (a) any cancellation/withdrawal of their Application; (b) queries in connection with Allotment and/or refund(s) of Bonds; and/or (c) all Investor grievances/complaints in connection with the Issue.

For instructions pertaining to completing the Application Form please see “- **General Instructions**” on page 116 of this Shelf Prospectus.

Submission of Direct Online Applications

Applicants having operational beneficiary accounts can opt to submit Direct Online Applications through the online platform and online payment facility offered by Stock Exchange(s). Such Applicants must:

- log on to the online platform of the Stock Exchange(s);
- use and duly fill the Application Form available on the online platform of the Stock Exchange(s);
- use the optional facility (if provided by the Stock Exchange(s) to supply the details of the broker who referred the Issue to the Applicant, if any;
- submit the above information online following the instructions stated therein; and
- make the requisite payment for the Bonds applied for using the online payment facility.

Relevant “know your customer” details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form.

On successful submission of a Direct Online Application, the Applicant will receive a system-generated UAN and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit Bonds to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant’s bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of Bonds and/or refund(s); and/or (c) in all Investor grievances/complaints in connection with the Issue.

As per Circular No. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI, the availability of the Direct Online Applications facility is subject to the Stock Exchange(s) putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification, deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchange(s) and/or SEBI.

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

General Instructions

- (a) Applications must be made only in the prescribed Application Form.
- (b) Applications must be completed in block letters in English as per the instructions contained in the relevant Tranche Prospectus(es), Abridged Prospectus and Application Form.
- (c) Ensure that the Applicant's names (for Applications for the Bonds in dematerialised form) given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. Further, Application should be in single or joint names (not exceeding three names). In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;
- (d) Applications must be for a minimum number of Bonds as mentioned in the respective Tranche Prospectus(es) (for all Series of Bonds, either taken individually or collectively). For the purpose of fulfilling the requirement of minimum application, an Applicant may choose to apply for Bonds of the same Series or across different Series. Applicants may apply for one or more Series of Bonds Applied for in a single Application Form.
- (e) Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any of the other languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his official seal.
- (f) Applicants should hold a valid PAN allotted under the Income Tax Act and mention it in the Application Form.
- (g) Applicants must tick the relevant box for the 'Category of Investor' provided in the Application Form.
- (h) Applicants must tick the relevant box for the 'Mode of Application' provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.
- (i) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account.
- (j) Applications should be made by the Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.
- (k) No separate receipts will be issued for the Application Amount payable on submission of the Application Form. However, the Lead Managers, Consortium Members, Trading Members of the Stock Exchange(s) at centres mentioned in the Application Form or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as the duplicate of the Application Form for the records of the Applicant.

NHB, the Members of the Syndicate, Trading Members of the Stock Exchange(s) at centres mentioned in the Application Form, Designated Branches of SCSBs, and the Registrar to the Issue will not be liable for errors in data entry due to submission of incomplete or illegible Application Forms.

NHB shall Allot Tranche [●] Series [●]/ Series [●] Bonds to all valid Applications where the Applicants have not indicated their choice of the relevant Series in the Application Form.

Applicant's Beneficiary Account and Bank Account Details

Applicants applying for Allotment in dematerialised form must mention their DP ID and Client ID in the Application Form, and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialised form is submitted in joint

names, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. **In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchange(s) do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialised form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialised form, whose beneficiary accounts are inactive, will be rejected.**

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchange(s), the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition ("MICR") Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. **Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither NHB, the Members of the Syndicate, Trading Members of the Stock Exchange(s), Escrow Collection Bank(s) at centres mentioned in the Application Form, SCSBs, Registrar to the Issue nor the Stock Exchange(s) will bear any responsibility or liability for the same.**

The Demographic Details would be used for correspondence with the Applicants including mailing of Allotment Advice and printing of bank particulars on refund orders or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders would be mailed at the address (in India) of the Applicant as per Demographic Details received from the Depositories. Delivery of refund orders/ Allotment Advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such event, the address and other details provided by the Applicant (other than ASBA Applicants and Applicants using Direct Online Applications through the online payment facility of the Stock Exchange(s) in the Application Form would be used only to ensure dispatch of refund orders. In case of refunds through electronic modes detailed in this Shelf Prospectus, refunds may be delayed if bank particulars obtained from the DP are incorrect. **Any such delay will be at such Applicants' sole risk and neither NHB, the Members of the Syndicate, Trading Members of the Stock Exchange(s), Escrow Collection Bank(s) at centres mentioned in the Application Form, SCSBs, Registrar to the Issue nor the Stock Exchange(s) will be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay, or to pay any interest for such delay.**

In case of Applications made under power of attorney, NHB in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant will be used. By signing the Application Form, the Applicant would be deemed to have authorised the Depositories to provide to the Registrar to the Issue, on request, the required Demographic Details available on their records. The Demographic Details provided by the Applicant in the Application Form would not be used for any purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of Bonds pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

PAN

Any Application Form without the PAN (or submitting the GIR number instead of the PAN) is liable to be rejected, irrespective of the amount of transaction. In accordance with SEBI circular dated April 27, 2007, the PAN would be the sole identification number for the participants transacting in the Indian securities market, irrespective of the amount of transaction. Therefore, the Applicant (in the case of Applications made in joint names, PAN allotted under the Income Tax Act of all the Applicant should be provided in the Application Form and for HUFs, PAN of the HUF should be provided. For minor Applicants applying through the guardian, it is mandatory to mention the PAN of minor Applicant. However, Applications on behalf of the Central or State Government officials and officials appointed by the courts in terms of SEBI circular dated June 30, 2008 may be exempt from the requirement to specify their PAN for transacting in the Indian securities market in terms of SEBI circular dated July 20, 2006. However, the exemption for the Central or State Government and the officials appointed by the courts is subject to the DPs verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e., exempt category.

Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Additional/Multiple Applications

For purposes of Allotment of Bonds in the Issue, Applications will be grouped based on the PAN, i.e., Applications under the same PAN will be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.

An Applicant is allowed to make one or more Applications for the Bonds for the same or other Series of Bonds, subject to a minimum Application size as mentioned in the respective Tranche Prospectus. **Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid application and shall be rejected.** However, multiple Applications by the same individual Applicant aggregating to a value exceeding Rs. 0.10 crore shall deem such individual Applicant to be a Category III Applicant and all such Applications shall be grouped in the Category III Portion, for the purpose of determining the basis of Allotment to such Applicant. Applications made by any person in individual capacity and in capacity as a Karta of an HUF and/or as second or third Applicant in case of Applications made in joint names will not be treated as a multiple Application. Moreover, a separate Application can be made in respect of each scheme of an MF; such Applications will not be treated as multiple Applications.

Dos:

1. Check if you are eligible to apply as per the terms of the relevant Shelf Prospectus, Tranche Prospectus(es), Abridged Prospectus and applicable law.
2. Read all the instructions carefully and complete the Application Form in the prescribed form
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of Bonds pursuant to the Issue.
4. Applications are required to be in single or joint names (not more than three). In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form
5. Ensure that 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.
6. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as "XYZ Hindu Undivided Family applying through PQR", where PQR is the name of the Karta.
7. Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the Collection Centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the Stock Exchange, as the case may be.
8. Ensure that the DP ID, Client ID and PAN mentioned in the Application Form are correct and match the details available in the Depository's database, and that the beneficiary account is activated for Allotment/trading of Bonds in dematerialised form.
9. Ensure that you have been given a transaction registration slip ("TRS") and an acknowledgment as proof of having accepted the Application Form.
10. Ensure that the name(s) provided in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the DP. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.

11. Except in the case of ASBA Applications and Direct Online Applications using the online payment facility offered through the Stock Exchange(s), Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.
12. Tick the relevant box for the 'Category of Investor' provided in the Application Form.
13. Tick the relevant box for the 'Mode of Application' provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.
14. Tick the Series of Bonds in the Application Form that you wish to apply for.
15. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the Bonds.
16. Ensure that the Application Forms are submitted to a Member of the Syndicate or Trading Member of a Stock Exchange, as the case may be, for Applications other than ASBA Applications/Direct Online Applications, before the closure of Application hours on the Tranche Issue Closing Date. For information on the Issue programme, see "*Terms of the Issue – Issue Period*" on page 95 of this Shelf Prospectus.
17. In case of revision of an Application during the Issue Period, ensure that you have first withdrawn your original Application and then submit a fresh Application.
18. Ensure that the Demographic Details including PAN are updated, true and correct in all respects.
19. Permanent Account Number: It shall be mandatory for subscribers to the Issue to furnish their Permanent Account Number and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.
20. Applicants (other than ASBA Applicants) are requested to write their names and Application Form number on the reverse of the instruments by which the payments are made.

Don'ts:

1. Do not apply if you are not competent to contract under the Indian Contract Act, 1872 or if you are otherwise ineligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.
2. Do not apply such that the number of Bonds applied for exceeds the Shelf Limit/Tranche Issue size (including retention of oversubscription for the respective tranche), and/or investment limit applicable to you under applicable laws or regulations.
3. Do not make an Application for lower than the minimum Application size.
4. Do not send Application Forms by post; instead submit the same to a Member of the Syndicate, Trading Member of a Stock Exchange or Designated Branch of an SCSB, as the case may be. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Bank(s).
5. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.
6. Do not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.
7. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest.
8. Do not submit the Application Forms without the full Application Amount for the number of Bonds applied for.
9. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
10. Do not submit an Application in case you are not eligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.
11. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

12. Do not submit an Application to the Escrow Collection Bank(s), unless such Escrow Collection Bank is a Designated Branch of a SCSB where the ASBA Account is maintained, in case of ASBA Application.
13. Do not apply if you are a person ineligible to apply for Bonds under the Issue including Applications by Persons Resident Outside India, (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);
14. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Banks/ Bankers to the Issue, and the same will be rejected in such cases; and
15. Do not make an application of the Bonds on multiple copies taken of a single form.

Additional Instructions Specific to ASBA Applicants

Dos:

1. Check if you are eligible to apply under ASBA;
2. Ensure that you tick the ASBA option in the Application Form and provide correct details of your ASBA Account including bank account number/bank name and branch;
3. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities, and not directly to the Escrow Collection Bank(s) (assuming that such bank is not an SCSB) or to NHB or the Registrar to the Issue;
4. Before submitting physical Application Form with the Member of the Syndicate at the Specified Cities ensure that the SCSB, whose name has been filed in the Application Form, has a branch in that centre.
5. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to a Member of the Syndicate, at the Specified Cities or Trading Member of the Stock Exchange(s), ensure that the SCSB where the ASBA Account, as specified in the Application Form, is maintained has named at least one branch in that specified city for the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, to deposit Application Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);
6. Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder; and
7. Ensure that the ASBA Account holder has funds equal to the Application Amount in the ASBA Account before submitting the Application Form.
8. Ensure that you have correctly ticked, provided or checked the authorization box in the Application Form, or otherwise have provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form;
9. In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. 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 ASBA applications; and
10. Ensure that you have received an acknowledgement from the Designated Branch or the Member of the Syndicate or Trading Member of the Stock Exchange, as the case may be for submission of the Application Form.

Don'ts:

1. Do not submit the Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts;
2. Do not submit the Application Form to the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, at a location other than the Specified Cities.
3. Do not send your physical Application Form by post; instead submit the same to a Designated Branch of an SCSB or Member of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, at the Specified Cities; and

4. Do not submit more than five Application Forms per ASBA Account.

ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that specified city for the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, to deposit such Application Forms. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. See “*Rejection of Applications*” on page 127 of this Shelf Prospectus for information on rejection of Applications.

For further instructions, Applicants are advised to read the relevant Tranche Prospectus(es), Abridged Prospectus and Application Form.

ADDITIONAL INSTRUCTIONS FOR APPLICANTS SEEKING ALLOTMENT OF BONDS IN PHYSICAL FORM

Any Applicant who subscribes to the Bonds in physical form shall undertake the following steps:

- **Complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide DP details in the Application Form.** The requirement for providing DP details shall be mandatory only for Applicants who wish to subscribe to the Bonds in dematerialised form.
- Provide the following documents with the Application Form:
 - (a) Self-attested copy of the PAN card or proof of identification in case of Applications by or on behalf of the Central or State Government and the officials appointed by the courts; and
 - (b) Self-attested copy of proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:
 - ration card issued by the GoI; or
 - valid driving license issued by any transport authority of the Republic of India; or
 - electricity bill (not older than three months); or
 - landline telephone bill (not older than three months); or
 - valid passport issued by the GoI; or
 - voter’s identity card issued by the GoI; or
 - society outgoing bills; or
 - AADHAR letter, issued by Unique Identification Authority of India, GoI.
 - (c) Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited. **In the absence of such cancelled cheque, NHB reserves the right to reject the Application or to consider the bank details given on the Application Form at its sole discretion. In such case NHB, the Lead Managers and the Registrar to the Issue shall not be liable for any delays/errors in payment of refund and/or interest.**

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor NHB shall have any responsibility and undertake any liability for the same. Applications for Allotment of the Bonds in physical form, which are not accompanied with the abovestated documents, may be rejected at the sole discretion of NHB.

In relation to the issuance of the Bonds in physical form, note the following:

1. An Applicant has the option to seek Allotment of Bonds in either dematerialised or physical mode. **No partial Application for the Bonds shall be permitted; any such partial Application is liable to be rejected.**
2. **Any Applicant who provides Depository Participant details in the Application Form shall be Allotted the Bonds in dematerialised form only, irrespective of whether such applicant has provided the details required for Allotment in physical form. Such Applicant shall not be Allotted Bonds in physical form.**

3. In case of Bonds issued in physical form, NHB will issue one certificate to the holders of the Bonds for the aggregate amount of the Bonds for each of the Series of Bonds that are applied for (each such certificate, a (“Consolidated Bond Certificate”).
4. NHB shall dispatch the Consolidated Bond Certificate to the (Indian) address of the Applicant provided in the Application Form, within the time and in the manner stipulated under the NHB Act.

All terms and conditions disclosed in relation to the Bonds held in physical form pursuant to rematerialisation shall be applicable *mutatis mutandis* to the Bonds issued in physical form.

The Applicant shall be responsible for providing the above information and KYC documents accurately. Delay or failure in credit of payments or receipt of Allotment Advice or Bond certificates due to inaccurate or incomplete details shall be at the sole risk of the Applicants and the Lead Managers, NHB and the Registrar to the Issue shall have no responsibility and undertake no liability in this relation. In case of Applications for Allotment of Bonds in physical form, which are not accompanied with the aforesaid documents, Allotment of Bonds in physical form may be held in abeyance by the Registrar to the Issue, pending receipt of KYC documents.

Please note that allotment of bonds in physical form can be done only if applicant does not hold any Demat account.

Consolidated list of documents required for various categories

For the sake of simplicity we hereby provide the details of documents mandatorily required to be submitted by various categories of Applicants (who have applied for Allotment of the Bonds in dematerialised form) while submitting the Application Form:

Type of Investors	Mandatory documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Public financial institutions, commercial banks authorized to invest in the Bonds, companies within the meaning of section 3 of the Companies Act, 2013 and bodies corporate registered under the applicable laws in India and authorized to invest in the Bonds; State Industrial Development Corporations; Companies; bodies corporate and societies registered under the applicable laws in India and authorized to invest in the Bonds	<p>The Application must be accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • Any Act/ Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Insurance companies registered with the IRDA	<p>The Application must be accompanied by certified copies of</p> <ul style="list-style-type: none"> • Any Act/Rules under which they are incorporated • Registration documents (i.e. IRDA registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Provident Funds, Pension Funds and National Investment Fund	<p>The Application must be accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • Any Act/Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Mutual Funds	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • SEBI registration Certificate and trust deed (SEBI Registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person

Type of Investors	Mandatory documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Applicants through a power of attorney under Category I and II	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • A certified copy of the power of attorney or the relevant resolution or authority, as the case may be • A certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form. • Specimen signature of power of attorney holder/authorized signatory as per the relevant resolution
Resident Indian individuals under Categories III & IV	N.A.
Resident HUF under Categories III and IV	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • Self-attested copy of PAN card of HUF • Bank details of HUF i.e. copy of cancelled cheque indicating HUF status of the applicant • Self-attested copy of proof of Address of karta, identity proof of karta
Power of Attorney under Category III and Category IV	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • A certified copy of the power of attorney has to be lodge with the Application Form
<p>Partnership firms in the name of the partners</p> <p>Limited Liability partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)</p>	<ul style="list-style-type: none"> • Partnership Deed • Any documents evidencing registration thereof under applicable statutory/ regulatory requirements • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person

PAYMENT INSTRUCTIONS

The entire Application Amount is payable at the time of submitting the Application Form. In case of ASBA Applicants, the entire Application Amount will be blocked in the ASBA Account. In case of Allotment of a lesser number of Bonds than applied for, NHB will refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

Payment mechanism for Direct Online Applicants

Applicants making Direct Online Applications through the online platform must make payment using the online payment facility offered by the Stock Exchange(s). Such online payments will be deposited in the Escrow Account(s) to be opened by NHB. See “- *Escrow Mechanism for Applicants other than ASBA Applicants*” on page 124 of this Shelf Prospectus.

Payment mechanism for ASBA Applicants

ASBA Applicants are required to specify the ASBA Account number in the Application Form. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities will be uploaded onto the electronic platform of the Stock Exchange(s) and deposited with the relevant branch of the SCSB at the specified city named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant branch of the SCSB will perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB will block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic platform. SCSBs may provide the electronic mode of Application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account. For ASBA Applications, the SCSBs, will block Application Amount only against/in a funded deposit account and ensure that clear demarcated funds are available for ASBA Applications and no lien shall be marked against credit limits/overdraft facility of account holders for ASBA Application, in accordance with SEBI circular CIR/CFD/DIL/12/2012 dated September 13, 2012.

ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, at the Specified Cities or to the Designated Branches of SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount to the Public Issue Account(s), or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue will send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to Bonds allocable to the successful ASBA Applicants to the Public Issue Account(s). In case of withdrawal/failure of the Issue/refund, the blocked amount will be unblocked on receipt of such information from the Registrar to the Issue.

Escrow Mechanism for Applicants other than ASBA Applicants

We shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Applicants (except for ASBA Applicants) shall draw cheques or demand drafts. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form. Cheques or demand drafts for the Application Amount received from Applicants would be deposited by the Members of the Syndicate and Trading Members, as the case may be, in the Escrow Accounts.

Each Applicant (except for ASBA Applicants) shall draw a cheque or demand draft for the Application Amount as per the following terms:

- a) The payment instruments from the resident Applicants shall be payable into the Escrow Account drawn in favour of “[●]”.
- b) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected.
- c) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.
- d) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement, this Shelf Prospectus and the respective Tranche Prospectus(es) into the Public Issue Account. The Escrow Collection Banks shall also, upon receipt of instructions from the Lead Managers and the Registrar, transfer all amounts payable to Applicants, who have not been allotted Bonds to the Refund Accounts.

The Escrow Collection Bank(s) shall transfer the funds from the Escrow Account into the Public Issue Account(s), as per the terms of the Escrow Agreement and this Shelf Prospectus and respective Tranche Prospectus(es).

NHB will open Escrow Account(s) with each of the Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) will make out the cheque or demand draft in respect of their Application.

Cheques or demand drafts received for the full Application Amount from Applicants/payments received through the online payment facility offered by Stock Exchange(s) would be deposited in the Escrow Account(s). All cheques/bank drafts accompanying the Application should be crossed “A/c Payee only” and made payable to “[●]”.

Application Amounts paid through the online payment facility of the Stock Exchange(s) will also be deposited in the Escrow Account(s).

The Escrow Collection Bank(s) will maintain the monies in the Escrow Account(s) until documents for creation of security for the Bonds are executed. The Escrow Collection Bank(s) will not exercise any lien whatsoever over the monies deposited therein and will hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Bank(s) will transfer the funds represented by Allotment of Bonds (other than in respect of Allotment to successful ASBA Applicants) from the Escrow Account(s), as per the terms of the Escrow Agreement, into the Public Issue Account(s), provided that NHB will have access to such funds only after receipt of final listing and trading approvals from the Stock Exchange(s) and execution of the Bond Trust Agreement and Security Documents. The balance amount after transfer to the Public Issue Account(s) will be transferred to the Refund Account. Payments of refund to the relevant Applicants will be made from the Refund Account as per the terms of the Escrow Agreement and the relevant Tranche Prospectus(es).

Payment into Escrow Account

Each Applicant will draw a cheque or demand draft or remit the funds electronically through the mechanisms for the Application Amount as per the following terms:

- (a) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, at the time of the submission of the Application Form.
- (b) The Applicants will, with the submission of the Application Form, draw a cheque/demand draft for the full Application Amount in favour of the Escrow Account and submit the same to Escrow Collection Bank(s). **If the payment is not made favouring the Escrow Account with the Application Form, the Application is liable to be rejected. Application Forms accompanied by cash, stock invest, money order or postal order will not be accepted.**
- (c) The cheque/demand draft for payment into the Escrow Account should be drawn in favour of “[●]”.
- (d) Payments should be made by cheque or demand draft drawn on any bank (including a cooperative bank) which is situated at and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. **Outstation cheques, post-dated cheques and cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest /money orders/postal orders will not be accepted. Cheques without the nine digit MICR code are liable to be rejected.**
- (e) Applicants are advised to provide the number of the Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Application Form.
- (f) The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants (other than ASBA Applicants) till the Designated Date.
- (g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account(s) with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account.

Payment by cash/stockinvest/money order

Payment through cash/stockinvest/money order will not be accepted in the Issue.

Online Applications

NHB may decide to offer an online Application facility for the Bonds, as and when permitted by applicable laws, subject to the terms and conditions prescribed.

SUBMISSION OF DULY COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
Direct Online Applications	Online submission through the online platform and online payment facility offered by the Stock Exchange(s).
ASBA Applications	(i) If using physical Application Form, (a) to the Members of the Syndicate or Trading Members of the Stock Exchange(s) only at the Specified Cities (“ Syndicate ASBA ”), or (b) to the Designated Branches of SCSBs where the ASBA Account is maintained; or (ii) If using electronic/ online Application Form, to the SCSBs, electronically through internet banking facility, if available.
Non-ASBA Applications (other than Direct Online Applications)	The Members of the Syndicate or Trading Members of the Stock Exchange(s). Note: Applications for Allotment in physical form can be made only by using non-ASBA Applications (other than Direct Online Applications).

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Lead Managers/ Consortium Members / Trading Members of Stock Exchange(s) will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as a duplicate Application Form for the records of the Applicant.

Syndicate ASBA Applicants must ensure that their ASBA Applications are submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) only at the Specified Cities. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, to deposit ASBA Applications. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For information on the Issue programme and timings for submission of Application Forms, see “**Terms of the Issue – Issue Period**” on page 95 of this Shelf Prospectus.

Applicants other than ASBA Applicants are advised not to submit Application Forms directly to Escrow Collection Bank(s); and the same are liable to be rejected and the Applicants will not be entitled to any compensation whatsoever.

Submission of Direct Online Applications

Please refer “– **Submission of Direct Online Applications**” on page 115 of this Shelf Prospectus.

Submission of ASBA Applications

Please refer “– **Submission of ASBA Applications**” on page 114 of this Shelf Prospectus.

Submission of Non-ASBA Applications (other than Direct Online Applications)

Please refer “– **Submission of Non-ASBA Applications (other than Direct Online Applications)**” on page 115 of this Shelf Prospectus.

Submission of Non- ASBA Applications for Allotment of the Bonds in physical form

Please refer “– **Submission of Non-ASBA Applications for Allotment of Bonds in the physical form**” on page 113 of this Shelf Prospectus.

REJECTION OF APPLICATIONS

NHB reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof. Applications would be liable to be rejected on one or more technical grounds, including but not restricted to the following:

- Applications where a registered address in India is not provided for the Applicant.
- Applications by persons who are not eligible to acquire Bonds of NHB in terms of applicable laws, rules, regulations, guidelines and approvals, including Applications by persons not competent to contract under the Indian Contract Act, 1872 (including a minor without a guardian name) and Applications by OCBs.
- In case of partnership firms, Bonds may be registered in the names of the individual partners and no firm as such will be entitled to apply. However, a limited liability partnership firm can apply in its own name.
- In case of Applications under power of attorney or by corporates, trusts, societies, etc., relevant documents are not submitted.
- Applications accompanied by Stock invest/money order/postal order/cash.
- Applications for an amount below the minimum Application size or for an amount less than bonds applied for. However, NHB may allot Bonds up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder.
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law.
- Applications without payment of the entire Application Amount. However, NHB may Allot Bonds up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Application Amount paid not tallying with the number of Bonds applied for. However, NHB may Allot Bonds up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Applications for a number of Bonds which is not in a multiple of one. However, NHB may allot Bonds upto lower integer if such Application Amount exceeds one Bond.
- Submission of more than five ASBA Applications per ASBA Account.
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts, provided such claims have been verified by the DPs.
- GIR number furnished instead of PAN.
- DP ID, Client ID and bank account not mentioned in the Application Form, in case of Allotment in dematerialised form.
- ASBA Applications not having details of the ASBA Account to be blocked.
- Authorisation to the SCSB for blocking funds in the ASBA Account not provided.
- Signature of sole and/or joint Applicants missing. In case of joint Applicants, the Application Forms not being signed by each of the joint Applicants (in the same sequence as they appear in the records of the Depository).
- ASBA Application Forms not signed by the ASBA Account holder, if the ASBA Account holder is different from the Applicant.
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchange(s), as the case may be. ASBA Applications submitted directly to the Designated Branches of SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or Member of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be.
- In case of Allotment in dematerialised form, no corresponding record is available with the Depositories that matches three parameters, namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database.
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Applications not uploaded on the terminals of the Stock Exchange(s).
- Applications uploaded after the expiry of the allocated time on the Tranche Issue Closing Date, unless extended by the Stock Exchange(s), as applicable.
- Applications by Applicants whose beneficiary accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010.
- ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collection Bank (assuming that such bank is not a SCSB), to NHB or the Registrar to the Issue.
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, Shelf

Prospectus and the relevant Tranche Prospectus(es) and as per the instructions in the Application Form, Shelf Prospectus and the relevant Tranche Prospectus(es).

- Application Form accompanied with more than one payment instructions/ cheque.
- Date of Birth for first/sole Applicant for persons applying for Allotment of Bonds in physical form not mentioned in the Application Form.
- SCSB making an ASBA application (a) through an ASBA Account maintained with its own self or (b) through an ASBA account maintained through a different SCSB not in its own name, or (c) through an ASBA Account maintained through a different SCSB in its own name, which ASBA Account is not utilised for the purpose of applying in public issue.
- With respect to non-ASBA Applicants, Applications where clear funds are not available in Applicants Accounts as per final certificates from Escrow Collection Bank(s).
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI.
- Where PAN details in the Application Form and as entered into the electronic platform of the stock exchange(s), are not as per the records of the Depositories.
- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form.

ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

For information on certain procedures to be carried out by the Registrar to the Issue for finalisation of the Basis of Allotment, see “- *Information for Applicants*” on page 130 of this Shelf Prospectus. For information on payment of refunds, see “*Terms of the Issue - Payment of Refunds*” on page 97 of this Shelf Prospectus.

ELECTRONIC REGISTRATION OF APPLICATIONS

- (a) The Members of the Syndicate, Trading Members of the Stock Exchange(s) and Designated Branches of SCSBs, as the case may be, will register Applications using the online facilities of the Stock Exchange(s). There will be at least one online connection in each city where Applications are being accepted. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchange(s). **NHB, the Members of the Syndicate, Trading Members of the Stock Exchange(s), Escrow Collection Bank(s) and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to: (i) Applications accepted by the SCSBs, (ii) Applications uploaded by the SCSBs, (iii) Applications accepted but not uploaded within the time permitted by the Stock Exchange(s) by the SCSBs, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) Applications accepted by the Trading Members of the Stock Exchange(s), or (vi) any Online Direct Applications.**
- (b) In case of apparent data entry error by the Lead Managers, Members of the Syndicate, Trading Members of the Stock Exchange(s), Escrow Collection Bank(s) or Designated Branches of SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.
- (c) The Stock Exchange(s) will offer an electronic facility for registering Applications, which will be available during the Issue Period on the terminals of the Consortium Members and sub-Brokers, Trading Members of the Stock Exchange(s) and the SCSBs. The Members of the Syndicate and Trading Members of the Stock Exchange(s) can also set up facilities for offline electronic registration of Applications subject to the condition that they will subsequently upload the offline data file into the online facilities for Applications on a regular basis, and before the expiry of the allocated time on the Tranche Issue Closing Date. On the Tranche Issue Closing Date, the Members of the Syndicate, Trading Members of the Stock Exchange(s) and Designated Branches of SCSBs will upload Applications until such time as may be permitted by the Stock Exchange(s). This information will be available with the Members of the Syndicate, Trading Members of the Stock Exchange(s) and Designated Branches of SCSBs on a regular basis. **A high inflow of Applications on the Tranche Issue Closing Date may lead to some Applications received on such day not being uploaded; such Applications will not be considered for allocation. Applicants are therefore advised to submit their Applications well in advance of the closing time of acceptance of Applications on the Tranche Issue Closing Date.** For further information on the Issue programme, see “*Terms of the Issue – Issue Period*” on page 95 of this Shelf Prospectus.

- (d) At the time of registering each Application, other than ASBA Applications and Direct Online Applications, the Members of the Syndicate or Trading Members of the Stock Exchange(s) will enter the requisite details of the Applicants in the online system including:
- Application Form number
 - PAN of the sole/first Applicant
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of Bonds applied for
 - Number of Bonds Applied for in each Series of Bond
 - Price per Bond
 - Application amount
 - Cheque number
- (e) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches will enter the requisite details of the Applicants in the online system including:
- Application Form number
 - PAN of the sole/first Applicant
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of Bonds applied for
 - Number of Bonds Applied for in each Series of Bond
 - Price per Bond
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Application amount
- (f) With respect to ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants will be entered in the online system including:
- Application Form number
 - PAN of the sole/first Applicant
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of Bonds applied for
 - Number of Bonds Applied for in each Series of Bond
 - Price per Bond
 - Bank code for the SCSB where the ASBA Account is maintained
 - Location of Specified City
 - Bank account number
 - Application amount
- (g) A system generated acknowledgement slip will be issued to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement slip stamped with date from the Members of the Syndicate, Trading Members of the Stock Exchange(s) and Designated Branches of the SCSBs, as the case may be. Registration of the Application by the Members of the Syndicate, Trading Members of the Stock Exchange(s) and Designated Branches of SCSBs, as the case may be, does not guarantee that Bonds will be allocated/Allotted by NHB. The acknowledgement slip will be non-negotiable and by itself will not create any obligation of any kind.**
- (h) Applications can be rejected on the technical grounds listed on page 127 of this Shelf Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.
- (i) The permission granted by the Stock Exchange(s) to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by NHB and/or the Lead Managers are cleared or approved by the Stock Exchange(s);

nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of NHB, the management or any scheme or project of NHB; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Shelf Prospectus; nor does it warrant that the Bonds will be listed or will continue to be listed on the Stock Exchange(s).

- (j) Only Applications that are uploaded on the online system of the Stock Exchange(s) will be considered for allocation/Allotment. The Members of the Syndicate, Trading Members of the Stock Exchange(s) and Designated Branches of SCSBs will capture all data relevant for the purposes of finalising the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange(s). In order that the data so captured does not match with the Depository details, the Members of the Syndicate, Trading Members of the Stock Exchange(s) and Designated Branches of SCSBs will have up to one Working Day after the Tranche Issue Closing Date to modify/verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

BASIS OF ALLOTMENT

Please refer “*Terms of the Issue – Basis of Allotment*” on page 96 of this Shelf Prospectus.

PAYMENT OF REFUNDS

Please refer “*Terms of the Issue – Payment of Refunds*” on page 97 of this Shelf Prospectus.

ALLOTMENT OF BONDS AND ISSUANCE OF ALLOTMENT ADVICE

NHB reserves, in its absolute and unqualified discretion and without assigning any reason therefor, the right to reject any Application in whole or in part. The unutilised portion of the Application Amount(s) will be refunded to the Applicant by an account payee cheque/demand draft. In case the cheque payable at par facility is not available, NHB reserves the right to adopt any other suitable mode of payment.

NHB will use best efforts to ensure that all steps for completion of the necessary formalities for Allotment, listing and commencement of trading at the Stock Exchange(s) where the Bonds are proposed to be listed are taken within 12 Working Days of the Tranche Issue Closing Date. NHB will ensure dispatch of Allotment Advice/refund orders within 12 Working Days of the Tranche Issue Closing Date and/or issue instructions for credit of Bonds to the respective beneficiary accounts with DPs for successful Applicants who have been Allotted Bonds in dematerialised form within 12 Working Days of the Tranche Issue Closing Date. Allotment Advice for successful Applicants who have been Allotted Bonds in dematerialised form will be mailed to their addresses (in India) as per the Demographic Details received from the Depositories.

NHB will credit the Allotted Bonds to the respective beneficiary accounts/dispatch the Allotment Advice/refund orders, as the case may be, by speed/registered post at the Applicant’s sole risk within 12 Working Days of the Tranche Issue Closing Date. NHB in default will be liable to pay interest at the applicable rate for delay beyond 8 days from the time NHB becomes liable to repay any amount on account of refund, as may be prescribed under the NHB Act.

NHB will provide adequate funds required for dispatch of refund orders and Allotment Advice, as applicable, to the Registrar to the Issue.

OTHER INFORMATION

Information for Applicants

In case of ASBA Applications submitted to the SCSBs, in terms of SEBI circular dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange(s) and all SCSBs, and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, NHB, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of ASBA Applicants submitted to the Members of the Syndicate and Trading Members of the Stock Exchange(s) at the Specified Cities, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of SEBI circular dated April 29, 2011. The Registrar to the Issue

will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, NHB, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

In case of non-ASBA Applications and Direct Online Applications, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Bank(s) with the electronic details in terms of SEBI circular dated April 22, 2010 and SEBI circular dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, NHB, in consultation with the Designated Stock Exchange, the Lead Managers, the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such Applications as rejected.

Based on the information provided by the Depositories, NHB will have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for a higher number of Bonds than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Withdrawal of Applications during the Issue Period

Withdrawal of Direct Online Applications

Direct Online Applications may be withdrawn in accordance with the procedure prescribed by the Stock Exchange(s).

Withdrawal of ASBA Applications

ASBA Applicants may withdraw their ASBA Applications during the Issue Period by submitting a request in writing to a Member of the Syndicate, Trading Member of the Stock Exchange(s) or a Designated Branch of an SCSB, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Member of the Syndicate or Trading Member of the Stock Exchange(s), as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic platform of the Stock Exchange(s). In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Designated Branch will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic platform of the Stock Exchange(s) and unblocking funds in the ASBA Account directly.

Withdrawal of Non-ASBA Applications (other than Direct Online Applications)

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request in writing for the same to the Member of the Syndicate or Trading Member of the Stock Exchange(s), as the case may be, through whom the Application had been made. On receipt of the request for withdrawal from the Applicant, the relevant Member of the Syndicate or Trading Member of the Stock Exchange(s), as the case may be, will do the requisite, including deletion of details of the withdrawn Non-ASBA Application Form from the electronic platform of the Stock Exchange(s).

Withdrawal of Applications after the Issue Period

In case an Applicant (ASBA as well as Non-ASBA) wishes to withdraw an Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment. The Registrar to the Issue will delete the withdrawn Application from the electronic file provided by the Stock Exchange(s) and a) issue instruction to the Refund Banker for refund of application amount (in case of Non-ASBA Application) b) SCSB for unblocking the ASBA Account (in case of ASBA Applications).

Revision of Applications

Applicants may revise/modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange(s), by submitting a written request to a Member of the Syndicate/Trading Member of the Stock Exchange(s)/Designated Branch of an SCSB, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. **Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Tranche Issue Closing Date. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the online Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.**

Depository Arrangements for Applicants Applying for Allotment in Dematerialised Form

NHB has made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in dematerialised form. Tripartite Agreements have been executed between NHB, the Registrar to the Issue and both the Depositories. As per the Depositories Act, Bonds issued by us can be held in a dematerialised form. In this context:

- i. NHB has entered into Tripartite Agreements dated February 23, 2005 with the Registrar to the Issue and NSDL and dated March 1, 2013 with the Registrar to the Issue and CDSL, respectively for offering depository option to the Applicants.
- ii. An Applicant must have at least one beneficiary account with any of the DPs of NSDL or CDSL prior to making the Application.
- iii. The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- iv. Bonds Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- v. Applications can be in single or joint names (not exceeding three names). If the Application Form is submitted in joint names, Applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.
- vi. Non-transferable Allotment Advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.
- vii. It may be noted that Bonds in electronic form can be traded only on Stock Exchange(s) having electronic connectivity with NSDL or CDSL. BSE and NSE have connectivity with NSDL and CDSL.
- viii. Interest or other benefits with respect to Bonds held in dematerialised form will be paid to those Bondholders whose names appear on the list of beneficial owners provided by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/book closure date, NHB would keep in abeyance the payment of interest or other benefits, until such time that the beneficial owner is identified by the Depository and conveyed to NHB, whereon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- ix. Trading of the Bonds on the floor of the Stock Exchange(s) will be in dematerialised form only.

See “- *Instructions for completing the Application Form - Applicant's Beneficiary Account and Bank Account Details*” on page 116 of this Shelf Prospectus.

The Bonds will cease to trade from the Record Date prior to the Maturity Date.

Trading of Bonds on the floor of the Stock Exchange(s) will be in dematerialised form only in multiples of one Bond.

Allottees will have the option to re-materialise the Bonds Allotted in the Issue as per the NHB Act and the Depositories Act.

Interest in case of Delay

NHB undertakes to pay interest in connection with any delay in Allotment, dematerialised credit and refunds, beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under applicable statutory and/or regulatory requirements.

Impersonation

Please refer “*Terms of the Issue – Impersonation*” on page 104 of this Shelf Prospectus.

Pre-closure/Extension

NHB, in consultation with the Lead Managers, reserves the right to close or extend the Issue at any time prior to the Tranche Issue Closing Date. In the event of such early closure or extension of the subscription list of the Issue, NHB shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Tranche Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper. NHB will Allot Bonds with respect to the Applications received at/until the time of such pre-closure in accordance with the Basis of Allotment as described in “- *Basis of Allotment*” on page 96 of this Shelf Prospectus .

Filing of the Draft Shelf Prospectus and filing of Shelf Prospectus and Tranche Prospectus(es) with the NSE

A copy of this Shelf Prospectus and relevant Tranche Prospectus(es) will be filed with NSE, Designated Stock Exchange and this Shelf Prospectus shall be valid for a period not exceeding one year from the first Tranche Issue Opening Date.

Communications

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant's DP ID, Client ID and PAN, number of Bonds applied for, date of the Application Form, name and address of the Member of the Syndicate, Trading Member of the Stock Exchange(s) or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked.

Applicants may contact the Compliance Officer and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amount or credit of Bonds in the respective beneficiary accounts, as the case may be.

Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

SECTION VII - MAIN PROVISIONS OF THE NHB ACT

(As modified upto July 1, 2012)

The National Housing Bank Act, 1987 No. 53 of 1987

[23rd December, 1987]

An Act to establish a bank to be known as the National Housing bank to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support to such institutions and for matters connected therewith or incidental thereto.

Be it enacted by Parliament in the Thirty-eighth Year of the Republic of India as follows:-

1. Short title, extent and commencement - (1) This Act may be called the National Housing Bank Act, 1987.

(2) It extends to the whole of India.

(3) It shall come into force on such date¹ as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act and any reference in any provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. Definitions.-In this Act, unless the context otherwise requires,-

(a) "Board" means the Board of Directors of the National Housing Bank referred to in section 6;

(b) "Chairman" means the Chairman of the Board appointed under section 6;

(c) "director" means a director appointed under section 6;

(d) "housing finance institution" includes every institution, whether incorporated or not, which primarily transacts or has as [one of its principal objects]², the transacting of the business of providing finance for housing, whether directly or indirectly;

(e) "Managing Director" means the Managing Director appointed under section 6;

(f) "National Housing Bank" means the National Housing Bank established under section 3;

(g) "notification" means a notification published in the Official Gazette;

(h) "prescribed" means prescribed by regulations made under this Act;

(i) "Reserve Bank" means the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934;

(j) words and expressions used herein and not defined but defined in the Reserve Bank of India Act, 1934, shall have the meanings respectively assigned to them in that Act;

(k) words and expressions used herein and not defined either in this Act or in the Reserve Bank of India Act, 1934, but defined in the Banking Regulation Act, 1949, shall have the meanings respectively assigned to them in the Banking Regulation Act, 1949.

CHAPTER II

ESTABLISHMENT OF THE NATIONAL HOUSING BANK AND CAPITAL THEREOF

3. Establishment and incorporation of National Housing Bank.-(1) With effect from such date³ as the Central Government may, by notification, appoint, there shall be established for the purposes of this Act, a bank to be known as the National Housing Bank.

(2) The National Housing Bank shall be a body corporate with the name aforesaid having perpetual succession and a

common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may, by that name, sue and be sued.

(3) The head office of the National Housing Bank shall be at Bombay or at such other place as the Reserve Bank may, by notification, specify.

(4) The National Housing Bank may establish offices, branches or agencies at any place in India, and with the previous approval of the Reserve Bank, at any place outside India.

4. Capital.⁴(1) The authorised and paid up capital of the National Housing Bank shall be three hundred and fifty crore of rupees:

Provided that the Central Government may, in consultation with the Reserve Bank, by notification, increase the authorised capital up to two thousand crore of rupees.

2) The Board may, on such terms and conditions, as determined by it from time to time, issue the increased authorised capital to Reserve Bank, the Central Government, scheduled banks, public financial institutions, housing finance institutions or such other institutions, as may be approved by the Central Government:

Provided that no increase in the issued capital shall be made in such manner that the Reserve Bank, the Central Government, public sector banks, public financial institutions or other institutions owned or controlled by the Central Government, hold in aggregate at any time, less than fifty one percent of the issued capital of the National Housing Bank.¹

CHAPTER III

MANAGEMENT OF THE NATIONAL HOUSING BANK

5. Management. - (1) The general superintendence, direction and management of the affairs and business of the National Housing Bank shall vest in the Board of Directors, which shall exercise all powers and do all acts and things, which may be exercised or done by the National Housing Bank.

(2) Subject to the provisions of this Act, the Board, in discharging its functions, shall act on business principles with due regard to public interest.

(3) Subject to the provisions of sub section (1) and save as otherwise provided in the regulations made under this Act, -⁵(a) the Chairman, if he is a whole-time director or if he is holding offices both as the Chairman and the Managing Director, or

(b) the Managing Director, if the Chairman is not a whole-time director, or if the Chairman being a whole-time director, is absent,¹

shall also have powers of general superintendence, direction and management of the affairs and business of the National Housing Bank and may also exercise all powers and do all acts and things which may be exercised or done by the National Housing Bank and shall act on business principles with due regard to public interest.

(4) The Managing Director shall, in the discharge of his powers and functions, follow such directions as the Chairman may give.

(5) In the discharge of its functions under this Act, the National Housing Bank shall be guided by such directions in matters of policy involving public interest as the Central Government, in consultation with the Reserve Bank, or the Reserve Bank, may give in writing.

6. Board of Directors.-(1) The Board of Directors of the National Housing Bank shall consist of the following, namely:-

(a) a Chairman and a Managing Director:

Provided that the same person may be appointed as Chairman and Managing Director;

(b)⁶two directors¹ from amongst the experts in the field of housing, architecture, engineering, sociology, finance, law, management and corporate planning or in any other field, special knowledge of which is considered useful to the National Housing Bank;

⁷¹(c) two directors, who shall be persons with experience in the working of institutions involved in providing funds for housing or engaged in housing development or have experience in the working of financial institutions or scheduled banks;

(ca) two directors elected in such manner as may be prescribed by shareholders other than the Reserve Bank, the Central Government and other institutions owned or controlled by the Central Government;¹

(d) two directors from out of the directors of the Reserve Bank;

(e) three directors from amongst the officials of the Central Government;

(f) two directors from amongst the officials of the State Government.

(2) The Chairman, the Managing Director and other directors ^{8l}excluding the directors referred to in clauses (ca) and (d)^l, shall be appointed by the Central Government in consultation with the Reserve Bank and directors referred to in clause (d) shall be nominated by the Reserve Bank.

7. Term of office of Chairman, Managing Director and other directors, service conditions, etc.-(1) The Chairman and the Managing Director shall hold office for such term, not exceeding five years and shall receive such salary and allowances and be governed by such terms and conditions of service as the Central Government may, in consultation with the Reserve Bank, specify and shall be eligible for re-appointment:

Provided that the Chairman or, as the case may be, the Managing Director shall, notwithstanding the expiration of his term, continue to hold office until his successor enters upon his office.

(2) The directors referred to in ^{9l}clauses (b), (c) and (ca)^l of sub-section (1) of section 6 shall hold office for a term of three years:

^{10l} * * * * *

(3) The Central Government may, in consultation with the Reserve Bank, remove the Chairman or the Managing Director, or any other director referred to in sub-section (2), at any time before the expiry of his term of office after giving him a reasonable opportunity of showing cause against the proposed removal.

(4) Notwithstanding anything contained in sub-section (1) and (3), the Central Government, in consultation with the Reserve Bank, shall have the right to terminate the term of office of the Chairman or, as the case may be, the Managing Director, at any time before the expiry of the term specified under sub-section (1), by giving him notice of not less than three months in writing or three months' salary and allowances in lieu thereof and the Chairman or the Managing Director, as the case may be, shall also have the right to relinquish his office at any time before the expiry of the term specified under sub-section (1), by giving to the Central Government notice of not less than three months in writing or three months' salary and allowances in lieu thereof.

(5) The directors shall be paid such fees and allowances as may be prescribed for attending the meetings of the Board or of any of its committees and for attending to any other work of the National Housing Bank:

Provided that no such fee shall be payable to any director, who is an official of the Government or a director of the Reserve Bank.

8. Disqualifications.-No person shall be a director of the Board, if he-

(a) is, or becomes of unsound mind and has been so declared by a competent court; or

(b) is or has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude; or

(c) is, or at any time has been, adjudicated as insolvent or has suspended payment of his debts or has compounded with his creditors; or

(d) has, for any reason, been removed or dismissed from the service of -

(i) the Government, or

(ii) the Reserve Bank, the State Bank or any other bank, or

(iii) any public financial institution, or state financial corporation, or

(iv) any other corporation owned or controlled by the Government.

9. Vacation and resignation of office by directors.-(1) If a director -

(a) becomes subject to any of the disqualifications mentioned in section 8; or

(b) is absent without leave of the Board for three or more consecutive meetings thereof,

his seat shall thereupon become vacant.

(2) Any director may resign his office by giving notice thereof in writing to the authority that appointed or, as the case may be, nominated him and on his resignation being accepted by such authority or if his resignation is not sooner accepted, on the expiry of three months from the receipt thereof by such appointing authority, he shall be deemed to have vacated his office.

10. Casual vacancy in the office of Chairman or Managing Director.-If the Chairman, or as the case may be, the Managing Director, is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise, in circumstances not involving the vacation of his appointment, the Central Government may, appoint another person to act in his place during his absence.

11. Meetings of Board.-(1) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings, as may be prescribed.

(2) The Chairman, or, if for any reasons he is unable to attend a meeting of the Board, the Managing Director, or, in the event of both the Chairman and the Managing Director being unable to attend a meeting, any other director nominated by the Chairman in this behalf and in the absence of such nomination, any director elected by the directors present from among themselves at the meeting, shall preside at the meeting.

(3) All questions which come up before any meeting of the Board shall be decided by a majority of votes of the

directors present and voting, and in the event of any equality of votes, the Chairman, or, in his absence, the person presiding, shall have a second or casting vote.

12. Executive committee and other committees.-(1) The Board may constitute an Executive Committee consisting of such number of directors as may be prescribed.

(2) The Executive Committee shall discharge such functions as may be prescribed, or, as may be delegated to it, by the Board.

(3) The Board may constitute such other committees, whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons as it thinks fit for such purposes, as it may decide and any committee so constituted shall discharge such functions as may be delegated to it by the Board.

(4) The Executive Committee or any other committee constituted under this section shall meet at such times and places and shall observe such rules of procedure in regard to transaction of business at its meetings, as may be prescribed.

13. Director of Board or member of committee thereof not to participate in meetings in certain cases.- Any director of the Board or any member of a committee, who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the Board or a committee thereof, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and the disclosure shall be recorded in the minutes of the Board, or the committee, as the case may be, and the director or member shall not take any part in any deliberation or decision of the Board or the committee with respect to that matter.

CHAPTER IV

BUSINESS OF THE NATIONAL HOUSING BANK

14. Business of the National Housing Bank.- Subject to the provisions of this Act, the National Housing Bank may transact all or any of the following kinds of business, namely:-

(a) promoting, establishing, supporting or aiding in the promotion, establishment and support of housing finance institutions;

¹¹(b) making of loans and advances or rendering any other form of financial assistance whatsoever for housing activities to housing finance institutions, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Central Government;

(ba) making of loans and advances for housing or residential township-cum-housing development or slum clearance projects;¹

(c) subscribing to or purchasing stocks, shares, bonds, debentures and securities of every other description;

(d) guaranteeing the financial obligations of housing finance institutions and underwriting the issue of stocks, shares, bonds, debentures and securities of every other description of housing finance institutions;

(e) drawing, accepting, discounting or rediscounting, buying or selling and dealing in bills of exchange, promissory notes, bonds, debentures, hundies, coupons and other instruments by whatever name called;

¹² (ea) buying, selling or otherwise dealing in any loans or advances secured by mortgage or charge of the immovable property relating to scheduled banks or housing finance institutions;

(eb) creating one or more trusts and transferring loans or advances together with or without securities therefor to such trusts for consideration;

(ec) setting aside loans or advances held by the National Housing Bank and issuing and selling securities based upon such loans or advances so set aside in the form of debt obligations, trust certificates of beneficial interest or other instruments, by whatever name called, and to act as trustee for the holders of such securities;

(ed) setting up of one or more mutual funds for undertaking housing finance activities;

(ee) undertaking or participating in housing mortgage insurance;¹

¹³ (f) promoting, forming, conducting or associating in the promotion, formation or conduct of companies,

mortgage banks, subsidiaries, societies, trusts or such other association of persons as it may deem fit for carrying out all or any of its functions under this Act;¹

(g) undertaking research and surveys on construction techniques and other studies relating to or connected with shelter, housing and human settlement;

(h) formulating one or more schemes for the purpose of mobilisation of resources and extension of credit for housing;

¹⁴ (hh) formulating a scheme for the purpose of accepting deposits referred to in clause (a) of section 2 of the Voluntary Deposits (Immunities and Exemptions) Act, 1991 and crediting forty percent of the amount of such deposits to a special fund created under section 37;¹

(i) formulating one or more schemes for the economically weaker sections of society which may be subsidised by the Central Government or any State Government or any other source;

(j) organising training programmes, seminars and symposia on matters relating to housing;

(k) providing guidelines to the housing finance institutions to ensure their growth on sound lines;

(l) providing technical and administrative assistance to housing finance institutions;

(m) co-ordinating with the Life Insurance Corporation of India, the Unit Trust of India, the General Insurance Corporation of India and other financial institutions, in the discharge of its overall functions;

(n) exercising all powers and functions in the performance of duties entrusted to the National Housing Bank under this Act or under any other law for the time being in force;

(o) acting as agent of the Central Government, the State Government or the Reserve Bank or of any authority as may be authorised by the Reserve Bank;

(p) any other kind of business which the Central Government may, on the recommendation of the Reserve Bank, authorise;

(q) generally, doing of all such matters and things as may be incidental to or consequential upon the exercise of its powers or the discharge of its duties under this Act.

15. Borrowings and acceptance of deposits by National Housing Bank.- (1) The National Housing Bank may, for the purpose of carrying out its functions under this Act –

(a) Issue and sell bonds and debentures with or without the guarantee of the Central Government, in such manner and on such terms as may be prescribed;

(b) borrow money from ¹⁵the Central Government, scheduled banks, financial institutions, mutual funds¹ and from any other authority or organisation or institution approved by that Government on such terms and conditions as may be agreed upon;

(c) accept deposits repayable after the expiry of ¹⁶such period and¹ on such terms as may generally or specially be approved by the Reserve Bank;

¹⁷ Provided that nothing contained in this clause shall apply to deposits accepted under the scheme formulated by the Bank in pursuance of clause (hh) of section 14;¹

(d) borrow money from the Reserve Bank -

¹⁸ (i) by way of loans and advances and generally obtain financial assistance in such manner or on such terms and conditions as may be specified by the Reserve Bank;¹

(ii) out of the National Housing Credit (Long Term Operations) Fund established under section 46D of the Reserve Bank of India Act, 1934 for any of the purposes specified in that section;

(e) receive for services rendered, such remuneration, commission, commitment charges, consultancy charges, service charges, royalties, premia, license fees and any other consideration of whatever description;

(f) receive gifts, grants, donations or benefactions from Government or any other source.

(2) The Central Government may, on a request being made to it by the National Housing Bank, guarantee the bonds and debentures issued by the National Housing Bank as to the repayment of principal and the payment of interest at such rate as may be fixed by that Government.

16.Loans in foreign currency.- (1) Notwithstanding anything contained in the Foreign Exchange Regulation Act, 1973 or in any other law for the time being in force relating to foreign exchange, the National Housing Bank may, for the purpose of making loans and advances under this Act, borrow in such manner and on such conditions as may be prescribed in consultation with the Reserve Bank and with the previous approval of the Central Government, foreign currency from any bank or financial institution in India or elsewhere.

(2) The Central Government may, where necessary, guarantee any loan taken by the National Housing Bank under sub-section (1) or any part thereof as to the repayment of principal and the payment of interest and other incidental charges.

¹⁹**16A. Assistance to borrower when to operate or a charge in the property offered as security.-** (1) Where any person or institution seeks any financial assistance from the National Housing Bank on the security of any immovable property belonging to him or to that institution or on the security of the property of some other person whose property is offered as a collateral security for such assistance, such person or institution or, as the case may be, such other person may execute a written declaration in the form set out in the Third Schedule to this Act stating therein the particulars of the immovable property which is proposed to be offered as security, or as the case may be, collateral security, for such assistance and agreeing that the dues relating to the assistance, if granted, shall be a charge on such immovable property and, if on receipt of such declaration, the National Housing Bank grants any financial assistance to the person or institution aforesaid, the dues relating to such assistance shall, without prejudice to the rights of any other creditor holding any prior charge or mortgage in respect of the immovable property so specified, be, by virtue of the provisions of this section, a charge on the property specified in the declaration aforesaid.

(2) Where any further immovable property is offered by a person or an institution as security for the financial assistance referred to in sub-section (1), such person or institution may execute a fresh declaration, as far as may be in the form set out in the Third Schedule to this Act, whereupon the dues relating to such assistance shall, by virtue of the provisions of this section, also be a charge on the property specified in such fresh declaration.

(3) A declaration made under sub-section (1) or sub-section (2) may be varied or revoked at any time by the person or institution as aforesaid, with the prior approval of the National Housing Bank.

(4) Every declaration made under sub-section (1) or sub-section(2), shall be deemed to be a document registrable as an agreement under the provisions of the Registration Act, 1908 and no such declaration shall have effect unless it is so registered.

16B.Amount and Security to be held in trust.- (1) Any sums received by a borrowing institution in repayment or realisation of loans and advances financed or refinanced either wholly or partly by the National Housing Bank shall, to the extent of the accommodation granted by the National Housing Bank and remaining outstanding, be deemed to have been received by the borrowing institution in trust for the National Housing Bank, and shall accordingly be paid by such institution to the National Housing Bank.

(2) Where any accommodation has been granted by the National Housing Bank to a borrowing institution, all securities held, or which may be held, by such borrowing institution on account of any transaction in respect of which such accommodation has been granted, shall be held by such institution in trust for the National Housing Bank.¹

17. Power to transfer rights.- The rights and interest of the National Housing Bank (including any other rights incidental thereto) in relation to any loan or advance made, or any amount recoverable, by it, may be transferred by the National Housing Bank, either in whole or in part, by the execution or issue of any instrument or by the transfer of any instrument by endorsement, or in any other manner in which the rights and interests in relation to such loan or advance may be lawfully transferred, and the National Housing Bank may, notwithstanding such transfer, act as the trustee within the meaning of section 3 of the Indian Trusts Act, 1882, for the transferee.

18. Power to acquire rights.- The National Housing Bank shall have the right to acquire, by transfer or assignment, the rights and interests of any ²⁰[institution] (including any other rights incidental thereto) in relation to any loan or advance made, or any amount recoverable by such institution, either in whole or in part, by the execution or issue of any instrument or by the transfer of any instrument or in any other manner in which the rights and interests in relation to such loan or advance may be lawfully transferred.

²¹**18A. Exemption from registration.-**Notwithstanding anything contained in sub-section (1) of section 17 of the Registration Act, 1908, -

(a) any instrument in the form of debt obligations or trust certificate of beneficial interest or other instruments, by whatever name called, issued by the National Housing Bank to securitise the loans granted by the housing finance institutions and scheduled banks, and not creating, declaring, assigning, limiting or extinguishing any right, title or interest, to or in immovable property except in so far as it entitles the holder to an undivided interest afforded by a registered instrument, whereby the National Housing Bank has acquired the rights and interests in relation to such loans and in securities therefor; or

(b) any transfer of such instruments referred to in clause (a), shall not require compulsory registration.

18B. Recovery of dues as arrears of land revenue.- Where any amount is due under an agreement to the National Housing Bank, whether acting as a trustee or otherwise, in respect of securitisation of loans of housing finance institutions and scheduled banks, the National Housing Bank may without prejudice to any other mode of recovery make an application to the State Government for the recovery of the amount due to it, and if the State Government or such authority, as that Government may specify in this behalf, is satisfied that any amount is due, it may issue a certificate for the amount to the Collector and the Collector shall proceed to recover that amount in the same manner as arrears of land revenue.¹

19. Power to impose conditions for accommodation.- In entering into any transaction under this Chapter with any borrowing ²²institution¹, the National Housing Bank may impose such conditions as it may think necessary or expedient for protecting the interests of the National Housing Bank.

20. Power to call for repayment before agreed period.- Notwithstanding anything to the contrary contained in any agreement, the National Housing Bank may, by notice in writing, require any borrowing ²²institution¹ to discharge forthwith in full its liabilities to the National Housing Bank -

(a) if it appears to the Board that false or misleading information in any material particular was given in the application for the loan or advance; or

(b) if the borrowing ²²institution¹ has failed to comply with any of the terms of the agreement with the National Housing Bank in the matter of the loan or advance; or

(c) if there is a reasonable apprehension that the borrowing ²²institution¹ is unable to pay its debts or that proceedings for liquidation may be commenced in respect thereof; or

(d) if for any reason, it is necessary so to do to protect the interests of the National Housing Bank.

21. National Housing Bank to have access to records.- (1) The National Housing Bank shall have free access to all such records of any ²²institution¹ which seeks to avail of any credit facilities from the National Housing Bank and to all such records of any person who seeks to avail of any credit facilities from such ¹institution¹, the perusal of which may appear to the National Housing Bank to be necessary in connection with the providing of finance or other assistance to such ²²institution¹ or the refinancing of any loan or advance made to such person by that ²²institution¹.

22. Validity of loan or advance not to be questioned.- Notwithstanding anything to the contrary contained in any other law for the time being in force, the validity of any loan or advance made by the National Housing Bank in pursuance of the provisions of this Act shall not be called in question merely on the ground of non-compliance with the requirements of such other law or of any resolution, contract, or any instrument regulating the constitution of the borrowing ²²institution¹:

Provided that nothing in this section shall enable any company or cooperative society to obtain any loan or advance where the instrument relating to the constitution of such company or co-operative society does not empower such company or co-operative society so to do.

23. National Housing Bank not to make loans or advances against its own bonds or debentures. - The National Housing Bank shall not make any loan or advance on the security of its own bonds or debentures

24. Power to inspect.- (1) The National Housing Bank may at any time and shall, on being directed so to do by the Reserve Bank, cause an inspection to be made by one or more of its officers of any ¹institution¹ to which the National Housing Bank has made any loan or advance or granted any other financial assistance, and its books, accounts and other documents; and the National Housing Bank shall supply to the ²²institution¹ a copy of its report on such inspection.

(2) It shall be the duty of every officer, employee or other person or persons in charge of the whole or part of the affairs of the ¹institution¹ to produce to any officer making an inspection under sub-section (1), all such books,

accounts and other documents in his custody or power and to furnish within such time as the said officer may specify, any statements, information relating to the affairs of the ²²ⁱinstitution¹ as the said officer may require of him.

25. Power to collect credit information.- (1) The National Housing Bank may, for the purpose of the efficient discharge of its functions under this Act, at any time direct any ²²ⁱinstitution¹ to submit to it credit information in such form and within such time as may be specified by the National Housing Bank from time to time.

(2) Every ²²ⁱinstitution¹ shall, notwithstanding anything to the contrary contained in any law for the time being in force or in any instrument regulating the constitution thereof or in any agreement executed by it, relating to the secrecy of its dealings with its constituents, be bound to comply with any directions issued under sub-section (1).

(3) The National Housing Bank may, for the purpose of the efficient discharge of its functions under this Act, collect from the Central and State Governments, local authorities, the Reserve Bank, any bank or such financial or other institutions as the Reserve Bank may specify in this behalf, credit information or other information.

Explanation. - For the purposes of this section and section 26, credit information means any information relating to –

- (i) the amount of loans and advances and other credit facilities granted for the purpose of housing;
- (ii) the nature of security taken for such loans, advances or other credit facilities;
- (iii) the guarantees furnished; and
- (iv) any other information which has a bearing on the credit-worthiness of the borrower.

26. Power to publish information.- The National Housing Bank, if it considers it in the public interest so to do, may publish any credit information or other information obtained by it under this Act, in such consolidated form or in any other form as it thinks fit.

27. Advisory services.- The National Housing Bank may provide advisory services to the Central and State Governments, local authorities and other agencies connected with housing, in respect of –

- (a) formulation of overall policies aimed at promoting the growth of housing and housing finance institutions;
- (b) legislation relating to matters having a bearing on shelter, housing and human settlement.

CHAPTER V

PROVISIONS RELATING TO HOUSING FINANCE INSTITUTIONS RECEIVING DEPOSITS

28. Definition of deposit.- In this Chapter the term 'deposit' shall have the meaning assigned to it in section 45I of the Reserve Bank of India Act, 1934.

29. Chapter not to apply in certain cases.-(1) The provisions of this Chapter shall not apply to deposits accepted by a housing finance institution which is a firm or an unincorporated association of individuals

(2) For the removal of doubts, it is hereby declared that the firms and unincorporated associations of individuals referred to in sub-section (1) shall continue to be governed by the provisions of Chapter IIIC of the Reserve Bank of India Act, 1934.

29A. Requirement of registration and net owned fund.- (1) Notwithstanding anything contained in this Chapter or in any other law for the time being in force, no housing finance institution which is a company shall commence or carry on the business of a housing finance institution without -

- (a) obtaining a certificate of registration issued under this Chapter; and
- (b) having the net owned fund of two crore rupees or such other higher amount, as the National Housing Bank may, by notification, specify.

(2) Every such housing finance institution shall make an application for registration to the National Housing Bank in such form as may be specified by the National Housing Bank:

Provided that a housing finance institution which is a company in existence on the commencement of the National Housing Bank (Amendment) Act, 2000, shall make an application for registration to the National Housing Bank

before the expiry of six months from such commencement and notwithstanding anything contained in sub-section (1), may continue to carry on the business of housing finance institution until a certificate of registration is issued to it or rejection of application for registration is communicated to it.

(3) Notwithstanding anything contained in sub-section (1), a housing finance institution which is a company in existence on the commencement of the National Housing Bank (Amendment) Act, 2000, and having a net owned fund of less than twenty five lakh rupees, may, for the purpose of enabling such institution to fulfil the requirement of the net owned fund, continue to carry on the business of a housing finance institution -

(i) for a period of three years from such commencement; or

(ii) for such further period as the National Housing Bank may, after recording the reasons in writing for so doing, extend,

subject to the conditions that such institution shall, within three months of fulfilling the requirement of the net owned fund, inform the National Housing Bank about such fulfilment:

Provided that the period allowed to continue business under this sub-section shall in no case exceed six years in the aggregate.

(4) The National Housing Bank, for the purpose of considering the application for registration, may require to be satisfied by an inspection of the books of such housing finance institution or otherwise that the following conditions are fulfilled:-

(a) that housing finance institution is or shall be in a position to pay its present or future depositors in full as and when their claims accrue;

(b) that the affairs of the housing finance institution are not being or are not likely to be conducted in a manner detrimental to the interest of its present or future depositors;

(c) that the general character of the management or the proposed management of the housing finance institution shall not be prejudicial to the public interest or the interests of its depositors;

(d) that the housing finance institution has adequate capital structure and earning prospects;

(e) that the public interest shall be served by the grant of certificate of registration to the housing finance institution to commence or to carry on the business in India;

(f) that the grant of certificate of registration shall not be prejudicial to the operation and growth of the housing finance sector of the country; and

(g) any other condition, fulfilment of which in the opinion of the National Housing Bank, shall be necessary to ensure that the commencement of or carrying on the business in India by a housing finance institution shall not be prejudicial to the public interest or in the interests of the depositors.

(5) The National Housing Bank may, after being satisfied that the conditions specified in sub-section (4) are fulfilled, grant a certificate of registration subject to such conditions which it may consider fit to impose.

(6) The National Housing Bank may cancel a certificate of registration granted to a housing finance institution under this section if such institution-

(i) ceases to carry on the business of a housing finance institution in India; or

(ii) has failed to comply with any condition subject to which the certificate of registration had been issued to it; or

(iii) at any time fails to fulfil any of the conditions referred to in clauses (a) to (g) of sub-section (4); or

(iv) fails-

(a) to comply with any direction issued by the National Housing Bank under the provisions of this Chapter; or

(b) to maintain accounts in accordance with the requirement of any law or any direction or order issued by the National Housing Bank under the provisions of this Chapter; or

(c) to submit or offer for inspection its books of account and other relevant documents when so demanded by an inspecting authority of the National Housing Bank; or

(v) has been prohibited from accepting deposit by an order made by the National Housing Bank under the provisions of this Chapter and such order has been in force for a period of not less than three months:

Provided that before cancelling a certificate of registration on the ground that the housing finance institution has failed

to comply with the provisions of clause (ii) or has failed to fulfil any of the conditions referred to in clauses (a) to (g) of sub-section (4), the National Housing Bank, unless it is of the opinion that the delay in cancelling the certificate of registration shall be prejudicial to public interest or the interest of the depositors or the housing finance institution, shall give an opportunity to such institution on such terms as the National Housing Bank may specify for taking necessary steps to comply with such provision or fulfilment of such condition:

Provided further that before making any order of cancellation of certificate of registration, such institution shall be given a reasonable opportunity of being heard.

(7) A housing finance institution aggrieved by the order or rejection of application for registration or cancellation of certificate of registration may prefer an appeal, within a period of thirty days from the date on which such order of rejection or cancellation is communicated to it, to the Central Government and the decision of the Central Government where an appeal has been preferred to it, or of the National Housing Bank where no appeal has been preferred, shall be final:

Provided that before making any order of rejection of appeal, such institution shall be given a reasonable opportunity of being heard.

Explanation.-For the purposes of this section,-

(I) "net owned fund" means-

(a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance-sheet of the housing finance institution after deducting therefrom -

- (i) accumulated balance of loss;
- (ii) deferred revenue expenditure; and
- (iii) other intangible assets; and

(b) further reduced by the amounts representing-

(1) investments of such institution in shares of-

- (i) its subsidiaries;
- (ii) companies in the same group;
- (iii) all other housing finance institutions which are companies; and

(2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with,-

(i) subsidiaries of such company; and

(ii) companies in the same group, to the extent such amount exceeds ten percent of (a) above;

(II) "subsidiaries" and "companies in the same group" shall have the same meanings assigned to them in the Companies Act, 1956.

29B. Maintenance of percentage of assets.- (1) Every housing finance institution shall invest and continue to invest in India in unencumbered approved securities, valued at a price not exceeding the current market price of such securities, an amount which, at the close of business on any day, shall not be less than five percent or such higher percentage not exceeding twenty-five percent as the National Housing Bank may, from time to time and by notification, specify, of the deposits outstanding at the close of business on the last working day of the second preceding quarter.

(2) Every housing finance institution shall maintain in India in an account with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the National Housing Bank or by way of subscription to the bonds issued by the National Housing Bank, 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 made under sub-section (1) shall not be less than ten percent or such higher percentage not exceeding twenty-five percent, as the National Housing Bank may, from time to time and by notification specify, of the deposits outstanding in the books of the housing finance institution at the close of business on the last working day of the second preceding quarter.

(3) For the purpose of ensuring compliance with the provisions of this section, the National Housing Bank may require every such housing finance institution to furnish a return to it in such form, in such a manner and for such period as may be specified by the National Housing Bank.

(4) If the amount invested by a housing finance institution at the close of business on any day is less than the rate specified under sub-section (1) or sub-section (2), such housing finance institution shall be liable to pay to the National Housing Bank, in respect of such shortfall, a penal interest at a rate of three percent per annum above the bank rate on such amount by which the amount actually maintained or invested falls short of the specified percentage, and where the shortfall continues in the subsequent quarters, the rate of penal interest shall be five percent per annum above the bank rate on such shortfall for each subsequent quarter.

(5) (a) The penal interest payable under sub-section (4) shall be payable within a period of fourteen days from the date on which a notice issued by the National Housing Bank demanding payment of the same is served on the housing finance institution and, in the event of a failure of the housing finance institution to pay the same within such period, may be levied by a direction of the principal civil court having jurisdiction in the area where an office of the defaulting housing finance institution is situated and such direction shall be made only upon an application made in this behalf to the court by the National Housing Bank; and

(b) When the court makes a direction under clause (a), it shall issue a certificate specifying the sum payable by the housing finance institution and every such certificate shall be enforceable in the manner as if it were a decree made by the court in a suit.

(6) Notwithstanding anything contained in this section, if the National Housing Bank is satisfied that the defaulting housing finance institution had sufficient cause for its failure to comply with the provisions of sub-section (1) or sub-section (2), it may not demand the payment of the penal interest.

*Explanation.-*For the purposes of this section,-

(i) "approved securities" means securities of any State Government or of the Central Government and such bonds, both the principal whereof and the interest whereon shall have been fully and unconditionally guaranteed by any such Government;

(ii) "unencumbered approved securities" includes the approved securities lodged by the housing finance institution with another institution for an advance or any other arrangement to the extent to which such securities have not been drawn against or availed of or encumbered in any manner;

(iii) "quarter" means the period of three months ending on the last day of March, June, September or December.

29C. Reserve Fund.- (1) Every housing finance institution which is a company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

Explanation.- A housing finance institution creating and maintaining any special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961, may take into account any sum transferred by it for the year to such special reserve for the purposes of this sub-section.

(2) No appropriation of any sum from the reserve fund including any sum in the special reserve which has been taken into account for the purposes of reserve fund in terms of sub-section (1), shall be made by such housing finance institution except for the purpose as may be specified by the National Housing Bank from time to time and every such appropriation shall be reported to the National Housing Bank within twenty-one days from the date of such withdrawal:

Provided that the National Housing Bank may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the National Housing Bank and having regard to the adequacy of the paid-up capital and reserves of a housing finance institution which is a company in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to such housing finance institution for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1), together with the amount in the share premium account, is not less than the paid-up capital of the housing finance institution.

30. National Housing Bank to regulate or prohibit issue of prospectus or advertisement soliciting deposits of money.- The National Housing Bank may, if it considers necessary in the public interest so to do, by general or special order,-

(a) regulate or prohibit the issue by any housing finance institution of any prospectus or advertisement soliciting deposit of money from the public; and

(b) specify the conditions subject to which any such prospectus or advertisement, if not prohibited, may be issued.

²³**30A. Power of the National Housing Bank to determine policy and issue directions.**- (1) If the National Housing Bank is satisfied that, in the public interest or to regulate the housing finance system of the country to its advantage or to prevent the affairs of any housing finance institution being conducted in a manner detrimental to the interest of the depositors or in a manner prejudicial to the interest of the housing finance institutions, it is necessary or expedient so to do, it may subject to the provisions of sub-section (5) of section 5, determine the policy and give directions to all or any of the housing finance institution relating to income recognition, accounting standards, making of proper provision for bad and doubtful debts, capital adequacy based on risk weights for assets and credit conversion factors for off balance-sheet items and also relating to deployment of funds by a housing finance institution or a group of housing finance institutions or housing finance institutions generally, as the case may be, and such housing finance institutions shall be bound to follow the policy so determined and the direction so issued.

(2) Without prejudice to the generality of the powers vested under sub-section (1), the National Housing Bank may give directions to housing finance institutions generally or to a group of housing finance institutions or to any housing finance institution in particular as to -

(a) the purpose for which advances or other fund-based or non-fund-based accommodation may not be made; and

(b) the maximum amount of advances or other financial accommodation or investment in shares and other securities which, having regard to the paid-up capital, reserves and deposits of the housing finance institution and other relevant considerations, may be made by that housing finance institution to any person or a company or to a group of companies.¹

31. Power of National Housing Bank to collect information from housing finance institutions as to deposits and to give directions.- (1) The National Housing Bank may at any time direct that every housing finance institution accepting deposits shall furnish to the National Housing Bank in such form, at such intervals and within such time, such statements, information or particulars relating to or connected with deposits received by the housing finance institution, as may be specified by the National Housing Bank by general or special order.

(2) Without prejudice to the generality of the power vested in the National Housing Bank under sub-section (1), the statements, information or particulars to be furnished under sub-section (1), may relate to all or any of the following matters, namely, the amount of the deposits, the purposes and periods for which, and the rates of interest and other terms and conditions on which, such deposits are received.

(3) The National Housing Bank may, if it considers necessary in the public interest so to do, give directions to housing finance institutions accepting deposits either generally or to any group of housing finance institutions accepting deposits, and in particular, in respect of any matters relating to, or connected with, the receipt of deposits, including ²⁴credit rating of the housing finance institution accepting deposits,¹ the rates of interest payable on such deposits, and the periods for which deposits may be received.

(4) If any housing finance institution accepting deposits fails to comply with any direction given by the National Housing Bank, under sub-section (3), the National Housing Bank may prohibit the acceptance of deposits by that housing finance institution.

(5) Every housing finance institution receiving deposits, shall, if so required by the National Housing Bank and within such time as the National Housing Bank may specify, cause to be sent at the cost of the housing finance institution, a copy of its annual balance-sheet and profit and loss account or other annual accounts to every person from whom the housing finance institution holds, as on the last day of the year to which the accounts relate, deposits higher than such sum as may be specified by the National Housing Bank.

32. Duty of housing finance institutions to furnish statements, etc., required by National Housing Bank.- Every housing finance institution shall furnish the statements, information or particulars called for, in such form as may be prescribed, and comply with any direction given to it, under the provisions of this Chapter.

33. Powers and duties of auditors.- (1) The auditor of every housing finance institution shall enquire whether or not the housing finance institution has furnished to the National Housing Bank such statements, information or particulars relating to or connected with deposits received by it, as are required to be furnished under this Chapter, and the auditor shall, except where he is satisfied on such enquiry that the housing finance institution has furnished such statements,

information or particulars, make a report to the National Housing Bank giving the aggregate amount of such deposits held by the housing finance institution.

²⁵(1A) The National Housing Bank may, on being satisfied that it is necessary so to do, in the public interest or in the interest of the depositors or for the purpose of proper assessment of the books of account, issue directions to any housing finance institution or any group of housing finance institutions or housing finance companies generally or to the auditors of such housing finance institution or institutions relating to balance-sheet, profit and loss account, disclosure of liabilities in the books of account or any matter relating thereto.¹

(2) Where, in the case of a housing finance institution, being a company, the auditor has made, or intends to make a report to the National Housing Bank under sub-section (1), he shall include in his report under sub-section (2) of section 227 of the Companies Act, 1956, the contents of the report which he has made, or intends to make, to the National Housing Bank.

²⁶(3) Where the National Housing Bank is of the opinion that it is necessary so to do in the public interest or in the interest of the housing finance institution or in the interest of the depositors of such institution, it may at any time by order, direct that a special audit of the accounts of the housing finance institution in relation to any such transaction or class of transactions or for such period or periods, as may be specified in the order, shall be conducted and the National Housing Bank may appoint an auditor or auditors to conduct such special audit and direct the auditor or the auditors to submit the report to it.

(4) The remuneration of the auditors as may be fixed by the National Housing Bank, having regard to the nature and volume of work involved in the audit and the expenses of or incidental to the audit, shall be borne by the housing finance institution so audited.]

²⁷ **33A. Power of National Housing Bank to prohibit acceptance of deposit and alienation of assets.**-(1) if any housing finance institution violates the provisions of any section or fails to comply with any direction or order given by the National Housing Bank under any of the provisions of this Chapter, the National Housing Bank may prohibit the housing finance institution from accepting any deposit.

(2) Notwithstanding anything to the contrary contained in any agreement or instrument or any law for the time being in force, the National Housing Bank on being satisfied that it is necessary so to do in the public interest or in the interest of the depositors, may direct, the housing finance institution against which an order prohibiting from accepting deposit has been issued, not to sell, transfer, create charge or mortgage or deal in any manner with its property and assets without prior written permission of the National Housing Bank for such period not exceeding six months from the date of the order.

33B. Power of National Housing Bank to file winding up petition.-(1) The National Housing Bank, on being satisfied that a housing finance institution which is a company,-

(a) is unable to pay its debt; or

(b) has by virtue of the provisions of section 29A become disqualified to carry on the business of a housing finance institution; or

(c) has been prohibited by the National Housing Bank from receiving deposit by an order and such order has been in force for a period of not less than three months; or

(d) the continuance of the housing finance institution is detrimental to the public interest or to the interest of depositors of NHB, may file an application for winding up of such housing finance institution under the Companies Act, 1956.

(2) A housing finance institution which is a company shall be deemed to be unable to pay its debt if it has refused or has failed to meet within five working days any lawful demand made at any of its offices or branches and the National Housing Bank certifies in writing that such company is unable to pay its debt.

(3) A copy of every application made by the National Housing Bank under sub-section (1) shall be sent to the Registrar of Companies.

(4) All the provisions of the Companies Act, 1956 relating to winding up of a company shall apply to a winding up proceeding initiated on the application made by the National Housing Bank under this provision.¹

34. Inspection.-(1) The National Housing Bank may, at any time, cause an inspection to be made by one or more of its officers or employees or other persons (hereafter in this section referred to as the inspecting authority) of any housing finance institution accepting deposits, for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the National Housing Bank or for the purpose of obtaining any information or particulars which the housing finance institution has failed to furnish on being called upon to do so.

(2) It shall be the duty of every director or member of any committee or other body or any person for the time being vested with the management of the whole or part of the affairs of every housing finance institution accepting deposits or other officer or employee thereof to produce to the inspecting authority all such books, accounts and other documents in his custody or power and to furnish that authority with any statement and information relating to the business of the institution as that authority may require of him, within such time as may be specified by that authority.

(3) The inspecting authority may examine on oath any director or member of any committee or body or any other person for the time being vested with the management of the affairs of the housing finance institution accepting deposits, or any officer or employee thereof, in relation to its business.

35. Deposits not to be solicited by unauthorised persons.- No person shall solicit on behalf of any housing finance institution either by publishing or causing to be published any prospectus or advertisement or in any other manner deposits of money from the public unless –

(a) he has been authorised in writing by the said housing finance institution to do so and specifies the name of the institution which has so authorised him; and

(b) the Shelf Prospectus or advertisement complies with any order made by the National Housing Bank under section 30 and with any other provision of law for the time being in force applicable to the publication of such prospectus or advertisement.

^{28f}**35A. Disclosure of information.**-(1) Any information relating to a housing finance institution,-

(a) contained in any statement or return submitted by such institution under the provisions of this Chapter; or

(b) obtained through audit or inspection or otherwise by the National Housing Bank, shall be treated as confidential and shall not, except otherwise provided in this section, be disclosed.

(2) Nothing in this section shall apply to -

(a) the disclosure by any housing finance institution, with the previous permission of the National Housing Bank, of any information furnished to the National Housing Bank under sub-section (1);

(b) the publication by the National Housing Bank, if it considers necessary in the public interest so to do, of any information collected by it under sub-section (1) in such consolidated form as it may think fit without disclosing the name of any housing finance institution or its borrowers;

(c) the disclosure by the housing finance institution or by the National Housing Bank of any such information to any other housing finance institution or in accordance with the practice and usage customary amongst such institutions or as permitted or required under any other law:

Provided that any such information received by a housing finance institution under this clause shall not be published except in accordance with the practice and usage customary amongst institutions or as permitted or required under any other law.

(3) Notwithstanding anything contained in this Act or in any other law for the time being in force, the National Housing Bank, if it is satisfied that, in the public interest or in the interest of the depositors or the housing finance institution or to prevent the affairs of any housing finance institution being conducted in a manner detrimental to the interest of the depositors, it is expedient so to do, may, either on its own motion or on being requested, furnish or communicate any information relating to the conduct of business by any housing finance institution to any authority constituted under any law.

(4) Notwithstanding anything contained in any other law for the time being in force, no court or tribunal or other authority shall compel the National Housing Bank to produce or to give inspection of any statement or other material obtained by the National Housing Bank under any provision of this Chapter.

35B. Power of National Housing Bank to exempt any housing finance institution.-The National Housing Bank on being satisfied that it is necessary so to do, may, declare by notification that any or all the provisions of this Chapter shall not apply to a housing finance institution or a group of housing finance institutions either generally or for such period as may be specified, subject to such conditions, limitations or restrictions as it may think fit to impose.¹

36. Chapter V to override other laws.- The provisions of this Chapter shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.

^{29f}**36A. Power to order repayment of deposit.**-(1) Every deposit accepted by a housing finance institution which is a company unless renewed, shall be repaid in accordance with the terms and conditions of such deposit.

(2) Where a housing finance institution which is a company has failed to repay any deposit or part thereof in accordance with the terms and conditions of such deposit, such officer of the National Housing Bank, as may be authorised by the Central Government for the purpose of this section (hereinafter referred to as the "authorised officer") may, if he is satisfied, either on his own motion or on any application of the depositor, that it is necessary so to do to safeguard the interests of the housing finance institution, the depositors or in the public interest, direct, by order, such housing finance institution to make repayment of such deposit or part thereof forthwith or within such time and subject to such conditions as may be specified in the order:

Provided that the authorised officer may, before making any order under this sub-section, give a reasonable opportunity of being heard to the housing finance institution and the other persons interested in the matter.

36B. Nomination by depositors.- (1) Where a deposit is held by a housing finance institution to the credit of one or more persons, the depositor or, as the case may be, all the depositors together may nominate, in the manner prescribed by rules made by the Central Government under section 45ZA of the Banking Regulation Act, 1949 one person to whom in the event of the death of the sole depositor or the death of all the depositors, the amount of deposit may be returned by the housing finance institution.

(2) Notwithstanding anything contained in any other law for the time being in force, or in any deposition, whether testamentary or otherwise, in respect of such deposit, where a nomination made purports to confer on any person the right to receive the amount of deposit from the housing finance institution, the nominee shall, on the death of the sole depositor or, as the case may be, on the death of all the depositors, become entitled to all the rights of the sole depositor or, as the case may be, of the depositors, in relation to such deposit to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed by rules made by the Central Government under section 45ZA of the Banking Regulation Act, 1949.

(3) Where the nominee is a minor, it shall be lawful for the depositor making the nomination to appoint, in the manner prescribed by rules made by the Central Government under section 45ZA of the Banking Regulation Act, 1949, any person to receive the amount of deposit in the event of his death during the minority of the nominee.

(4) Payment by a housing finance institution in accordance with the provision of this section shall constitute a full discharge to the housing finance institution of its liability in respect of the deposit:

Provided that nothing contained in this sub-section shall affect the right or claim which any person may have against the person to whom any payment is made under this section.

(5) No notice of the claim of any person, other than the person or persons in whose name a deposit is held by the housing finance institution, shall be receivable by the housing finance institution, nor shall the housing finance institution be bound by any such notice even though expressly given to it:

Provided that where any decree, order, certificate or other authority from a court of competent jurisdiction relating to such deposit is produced before a housing finance institution, the housing finance institution shall take due note of such decree, order, certificate or other authority.¹

³⁰ CHAPTER VA

OTHER PROVISIONS RELATING TO HOUSING FINANCE INSTITUTIONS

36C. Definitions.- In this Chapter, unless the context otherwise requires,-

(a) "Appellate Tribunal" means the Appellate Tribunal established under section 36-I;

(b) "approved institution" means-

(i) a housing finance institution which has been granted a certificate of registration under sub-section (5) of section 29A;

(ii) a scheduled bank;

(iii) National Housing Bank acting as trustee or otherwise in a transaction of securitisation of housing mortgages undertaken by the National Housing Bank;

(iv) such other institutions as the Central Government may, on the recommendation of the National Housing Bank, by notification, specify;

(c) "assistance" means any direct or indirect financial assistance granted, by an approved institution during the course of any housing finance activity undertaken by it;

(d) "borrower" means any person to whom any assistance has been given by an approved institution for the purposes of purchase, construction, repairs, extension or renovation of a residential house;

(e) "dues" means any liability which is claimed as due from any person by an approved institution and includes interest, costs, charges and other amount payable in relation thereto;

(f) "recovery officer" means an officer appointed under section 36D.

36D. Appointment of recovery officer.- (1) The Central Government may, in consultation with the National Housing Bank, by notification appoint such persons being the officers of the approved institution, as it may deem fit, to be recovery officers for the purpose of this Chapter who shall have such qualifications as the Central Government may by rules made under this Act specify.

(2) The local limits within which the recovery officer shall exercise the powers conferred and perform the duties imposed on by or under this Chapter shall be such as may be specified by the Central Government by notification.

36E. Application to the recovery officer.- (1) Where any borrower, who is under a liability to an approved institution under an agreement, makes any default in repayment of any assistance or any installment thereof or otherwise fails to comply with the terms of said agreement, then, without prejudice to the provisions of section 69 of the Transfer of Property Act, 1882, the approved institution may apply, to the recovery officer within the limits of whose jurisdiction the borrower actually and voluntarily resides, or carries on business or personally works for gain, or the cause of action wholly or in part arises, for the sale of the property pledged, mortgaged, hypothecated or assigned to the approved institution as security for the dues.

(2) Where an approved institution, which has to recover its dues from any borrower, has filed an application to the recovery officer under sub-section (1) and the same property is also pledged, mortgaged, hypothecated or assigned to another approved institution or person, the other approved institution or person may join the approved institution at any stage of the proceedings, before the final order is passed, by making an application to that recovery officer.

(3) In the application under sub-section (1) or sub-section (2), the nature and extent of the liability of the borrower to the approved institution or person, the grounds on which it is made shall be stated and it be in such form and be accompanied by such documents or other evidence as may be prescribed.

36F. Procedure in respect of application under section 36E.- (1) On receipt of an application under section 36E, if the recovery officer is of opinion that the borrower is under a liability to an approved institution under an agreement, or has made default in repayment of the assistance or any installment thereof or has otherwise failed to comply with the terms of said agreement, he shall cause a written notice of demand in such form as may be prescribed to be served on the borrower, calling upon him to pay the amount specified in the notice within a period of ninety days from the date of service thereof or to show cause as to why the relief prayed for should not be granted.

(2) The recovery officer may after giving the applicant and the borrower an opportunity of being heard, pass such interim or final order, including the order for payment of interest from the date on or before which payment of the amount is found due up to the date of realisation or actual payment, on the application as it thinks fit to meet the ends of justice.

(3) The recovery officer may also consider and if satisfied, allow any claim of set-off or counter-claim set up by the borrower against the approved institution or person.

(4) The recovery officer shall supply a copy of every order passed by it to the approved institution and the borrower.

(5) The recovery officer may make an interim order (whether by way of injunction or stay or attachment) against the borrower to debar him from transferring, alienating or otherwise dealing with or disposing of, any property which is pledged, mortgaged, hypothecated or assigned to the approved institution as security for the dues.

(6) The application made to the recovery officer under section 36E shall be dealt with by him as expeditiously as possible and endeavour shall be made by him to dispose of the application finally within six months from the date of receipt of the application.

36G. Enforcement of order of recovery officer.-(1) Where the borrower refuses or fails to comply with the order within the time specified therein the recovery officer may, take possession of any property pledged, mortgaged, hypothecated or assigned to the approved institution as security for any assistance in respect of which default has been made and transfer by way of sale, lease or otherwise such property.

(2) Any transfer by way of sale, lease or otherwise under this section shall be conducted in such manner as may be prescribed.

(3) Any transfer of property made by the recovery officer, in exercise of its powers under sub-section (1), shall vest in the transferee all rights in or to the property transferred, as if the transfer has been made by the owner of the property.

(4) Where any action has been taken against the borrower under the provisions of sub-section (1), all costs, charges, expenses which in the opinion of the recovery officer have been properly incurred by him as incidental thereto, shall be recoverable from the borrower and the money which is received by it shall, in the absence of any contract to the contrary, be held by it in trust to be applied firstly, in payment of such costs, charges and expenses and secondly, in discharge of debt, due to the approved institution, and the residue of the money so received shall be paid to the person entitled thereto.

(5) If the dues of the approved institution, together with all costs, charges and expenses incurred by the recovery officer, are tendered to the approved institution or to the recovery officer at any time before the date fixed for sale or transfer, the property shall not be sold or transferred, and no further steps shall be taken for transfer or sale of that property.

36H. Chief Metropolitan Magistrate and District Magistrate to assist recovery officer in taking charge of property.-(1) Where any property is sold or leased in pursuance of any power conferred by section 36E, the recovery officer may, for the purpose of taking into custody or under control any such property, request, in writing, the Chief Metropolitan Magistrate or the District Magistrate within whose jurisdiction any such property or other documents relating thereto may be situated or found to take possession thereof, and the Chief Metropolitan Magistrate or as the case may be, the District Magistrate shall, on such request being made to him,-

- (a) take possession of such property and documents relating thereto; and
- (b) forward them to the recovery officer.

(2) For the purpose of securing compliance with the provisions of sub-section (1), the Chief Metropolitan Magistrate or the District Magistrate may take or cause to be taken such steps and use, or cause to be used, such force, as may, in his opinion, be necessary.

(3) No act of the Chief Metropolitan Magistrate or the District Magistrate done in pursuance of this section shall be called in question in any court or before any authority.

36 I. Establishment of Appellate Tribunal.-(1) The Central Government shall, by notification, establish one or more Appellate Tribunals, to be known as the Housing Finance Institutions Debt Recovery Appellate Tribunals, to exercise the jurisdiction, powers and authority conferred on such Tribunal by or under this Act.

(2) The Central Government shall also specify in the notification referred to in sub-section (1), the areas in relation to which the Appellate Tribunal may exercise jurisdiction.

(3) Notwithstanding anything contained in sub-sections (1) and (2), the Central Government may authorise the Presiding Officer of an Appellate Tribunal to discharge also the functions of the Presiding Officer of other Appellate Tribunal.

36J. Composition of Appellate Tribunal.- An Appellate Tribunal shall consist of one person only (hereinafter referred to as the Presiding Officer of the Appellate Tribunal) to be appointed, by notification, by the Central Government.

36K. Qualifications for appointment as Presiding Officer of Appellate Tribunal.- A person shall not be qualified for appointment as the Presiding Officer of an Appellate Tribunal, unless he-

- (a) is, or has been, or is qualified to be a District Judge;
- (b) has been a Member of the Indian Legal Service and has held a post in Grade II of that Service for at least three years.

36L. Term of Office.- The Presiding Officer of an Appellate Tribunal shall hold office for a term of five years from the date on which he enters upon his office or until he attains the age of sixty-five years, whichever is earlier.

36M. Staff of Appellate Tribunal.-(1) The Central Government shall provide the Appellate Tribunal with such officers and other employees as that Government may think fit.

(2) The officers and other employees of the Appellate Tribunal shall discharge their functions under the general superintendence of the Presiding Officer.

(3) The salaries and allowances and other conditions of service of the officers and other employees of the Appellate Tribunal shall be such as the Central Government may by rules made under this Act specify.

36N. Salaries and allowances and other terms and conditions of service of Presiding Officers.- The salary and allowances payable to and the other terms and conditions of service (including pension, gratuity and other retirement benefits) of, the Presiding Officer of an Appellate Tribunal shall be such as the Central Government may by rules made under this Act specify:

Provided that neither the salary and allowances nor the other terms and conditions of a Presiding Officer shall be varied to his disadvantage after appointment.

36O. Filling up of vacancies.- If, for any reason other than temporary absence, any vacancy occurs in the office of the Presiding Officer of an Appellate Tribunal, then the Central Government shall appoint another person in accordance with the provisions of this Act to fill the vacancy and the proceedings may be continued before the Appellate Tribunal from the stage at which the vacancy is filled.

36P. Resignation and removal.-(1) The Presiding Officer of an Appellate Tribunal may, by notice in writing under his hand addressed to the Central Government, resign his office:

Provided that the said Presiding Officer shall, unless he is permitted by the Central Government, to relinquish his office sooner, continue to hold office until the expiry of three months from the date of receipt of such notice or until a person duly appointed as his successor enters upon his office or until the expiry of his term of office, whichever is earliest.

(2) The Presiding Officer of an Appellate Tribunal shall not be removed from his office except by an order made by the Central Government on the ground of proved misbehaviour or incapacity after enquiry made by a Judge of a High Court in which the Presiding Officer concerned has been informed of the charges against him and given a reasonable opportunity of being heard in respect of the charges.

(3) The Central Government may, by, rules made under this Act, regulate the procedure for the investigation of misbehaviour or incapacity of the aforesaid Presiding Officer.

36Q. Orders constituting Appellate Tribunal to be final and not to invalidate its proceedings.- No order of the Central Government appointing any person as the Presiding Officer of an Appellate Tribunal shall be called in question in any manner, and no act or proceeding before an Appellate Tribunal shall be called in question in any manner on the ground merely of any defect in the establishment of an Appellate Tribunal.

36R. Jurisdiction, powers and authority of Appellate Tribunal.- An Appellate Tribunal shall exercise the jurisdiction, powers and authority to entertain appeals against any order made or deemed to have been made by the recovery officer under this Act.

36S. Appeal to the Appellate Tribunal.(1) Any person aggrieved by an order made or deemed to have been made by the recovery officer under this Chapter, may prefer an appeal to an Appellate Tribunal having jurisdiction in the matter.

(2) Every appeal under sub-section (1) shall be filed within a period of forty- five days from the date on which a copy of the order made or deemed to have been made by the recovery officer is received by him and it shall be in such form and be accompanied by such fee as may be prescribed:

Provided that the Appellate Tribunal may entertain an appeal after the expiry of the said period of forty- five days if it is satisfied that there was sufficient cause for not filing it within that period.

(3) On receipt of an appeal under sub-section (1), the Appellate Tribunal may, after giving the parties to the appeal, an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or setting aside the order appealed against.

(4) The Appellate Tribunal shall send a copy of every order made by it to the parties to the appeal and to the concerned recovery officer.

(5) The appeal filed before the Appellate Tribunal under sub-section (1) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date of the receipt of the appeal.

36T. Deposit of amount due, on filing appeal.- Where an appeal is preferred by a borrower, such appeal shall not be entertained by the Appellate Tribunal unless such person has deposited with the Appellate Tribunal seventy-five percent of the amount due from him as determined by the recovery officer:

Provided that the Appellate Tribunal may, for the reasons to be recorded in writing, waive or reduce the amount to be deposited under this section.

36U. Procedure and powers of recovery officer and Appellate Tribunal.-(1) The recovery officer and the Appellate Tribunal shall not be bound by the procedure laid down by the Code of Civil procedure, 1908, but shall be guided by the principles of natural justice and, subject to the other provisions of this Act and of any regulations, the recovery officer and the Appellate Tribunal shall have powers to regulate their own procedure including the places at which they shall have their sittings.

(2) The recovery officer and the Appellate Tribunal shall have, for the purposes of discharging their functions under this Act, the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:-

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) requiring the discovery and production of documents;
- (c) receiving evidence on affidavits;
- (d) issuing commissions for the examination of witnesses or documents;
- (e) reviewing its decisions;
- (f) dismissing an application for default or deciding it *ex parte*;
- (g) setting aside any order of dismissal of any application for default or any order passed by it *ex parte*; and
- (h) any other matter which may be prescribed.

(3) Any proceeding before the recovery officer or the Appellate Tribunal shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196 of the Indian Penal Code, and the recovery officer or the Appellate Tribunal shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

36V. Limitation.-The provisions of the Limitation Act, 1963 shall, as far as may be, apply to an application made to recovery officer.

36W. Presiding officer, recovery officer, other officers and employees to be public servant.- The Presiding Officer, other officers and employees of an Appellate Tribunal and the recovery officer shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

36X. Protection of action taken in good faith.-No suit, prosecution or other legal proceedings shall lie against the Central Government or against the Presiding Officer of an Appellate Tribunal or against the recovery officer for anything which is in good faith done or intended to be done in pursuance of the provisions of this Act or any rule or regulation or order made there- under.

36Y. Bar of jurisdiction.- No Court or other authority shall have, or be entitled to exercise, any jurisdiction, powers or authority (except the Supreme Court, and a High Court exercising jurisdiction under articles 226 and 227 of the Constitution) in relation to the matters specified in this Chapter.

36Z. Transitional provisions.-Notwithstanding anything contained in this Act till the establishment of the Appellate Tribunal under section 36-I for any area, the Appellate Tribunal established under section 8 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 and which is functioning in that area shall exercise the jurisdiction, powers and authority conferred on the Appellate Tribunal under this Act.¹

CHAPTER VI
FUNDS, ACCOUNTS AND AUDIT

37. General Fund and other funds.-(1) With effect from such date as the Reserve Bank may specify, the National Housing Bank shall establish a fund to be called the General Fund and all payments by the National Housing Bank shall be made out of the said General Fund

(2) The Board may and shall, if so directed by the Reserve Bank, create a special fund or a reserve fund or such other funds as may be prescribed.

38. Preparation of balance sheet, etc., of National Housing Bank.-(1)The balance sheet and accounts of the National Housing Bank shall be prepared and maintained in such form and manner as may be prescribed.

(2) The Board shall cause the books and accounts of the National Housing Bank to be balanced and closed as on the thirtieth day of June each year.

39. Disposal of surplus.- After making provision for bad and doubtful debts, depreciation of assets and all other matters for which provision is necessary or expedient or which is usually provided for by bankers, the National Housing Bank shall transfer-

(i) for a period of fifteen years, following the accounting year during which the National Housing Bank is established, the amount remaining (hereafter in this section referred to as surplus) such of the funds referred to in section 37 as the Reserve Bank may specify; and

(ii) after the expiry of the said period of fifteen years, the National Housing Bank shall, after making provision for the funds referred to in section 37, transfer the balance of surplus to the Reserve Bank.

40. Audit.-(1) The accounts of the National Housing Bank shall be audited by auditors duly qualified to act as auditors under sub-section (1) of section 226 of the Companies Act, 1956, who shall be appointed by the Reserve Bank, for such term and on such remuneration as the Reserve Bank may fix.

(2) The auditors shall be supplied with a copy of the annual balance sheet of the National Housing Bank and it shall be their duty to examine it together with the accounts and vouchers relating thereto and they shall have a list delivered to them of all books kept by the National Housing Bank and shall at all reasonable times have access to the books, accounts, vouchers and other documents of the National Housing Bank.

(3) The auditors may, in relation to the accounts of the National Housing Bank, examine any director of the Board or any officer or other employee of the National Housing Bank and shall be entitled to require from the Board or officers or other employees of the National Housing Bank such information and explanation as they may think necessary for the performance of their duties.

(4) The auditors shall make a report to the National Housing Bank upon the annual balance sheet and accounts examined by them and in every such report, they shall state whether in their opinion the balance sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the state of affairs of the National Housing Bank and in case they had called for any explanation or information from the Board or any officer or other employee of the National Housing Bank, whether it was given and whether it was satisfactory.

(5) The National Housing Bank shall furnish to the Central Government and the Reserve Bank within ³¹four months¹ from the date on which the annual accounts of the National Housing Bank are closed and balanced, a copy of its balance sheet as on the close of the relevant year together with a copy of the profit and loss account for the year and a copy of the auditors' report and a report of the working of the National Housing Bank during that year, and the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament.

(6) Without prejudice to anything contained in the preceding sub-sections, the Central Government may, at any time, appoint the Comptroller and Auditor-General of India to examine and report upon the accounts of the National Housing Bank and any expenditure incurred by him in connection with such examination and report shall be payable by the National Housing Bank to the Comptroller and Auditor-General of India.

41. Returns.- The National Housing Bank shall furnish, from time to time, to the Reserve Bank such information and returns as the Reserve Bank may require.

42. Annual Report on housing.- The National Housing Bank shall make an annual report to the Central Government and the Reserve Bank on the trend and progress of housing in the country and in that report may make such suggestions as it may think necessary or expedient for the development of housing and the Central Government shall, as soon as may be after the report is received by it, cause the same to be laid before each House of Parliament.

CHAPTER VII MISCELLANEOUS

43. Staff of National Housing Bank.-(1) The National Housing Bank may appoint such number of officers and other employees as it considers necessary or desirable for the efficient performance of its functions and determine the terms and conditions of their appointment and service.

(2) The duties and conduct, terms and conditions of service and the establishment and maintenance of provident fund or any other fund for the benefit of the officers and other members of staff of the National Housing Bank shall be such as may be prescribed.

(3) The National Housing Bank may depute any officer or any member of its staff for such period and on such terms and conditions as it may determine, to any institution including a housing finance institution.

(4) Nothing contained in this section shall empower the National Housing Bank to depute any officer or member of its staff to any institution on any salary, emoluments or other terms and conditions which is or are less favourable to him than that or those to which he is entitled to immediately before such deputation.

(5) The National Housing Bank may, without prejudice to the provisions of section 54AA of the Reserve Bank of India Act, 1934, receive or take on deputation any officer or other employees from any institution including a housing finance institution for such period and on such terms and conditions as it may think necessary in the interest of the National Housing Bank.

³²**43A. Delegation of powers.**- The Board may, by general or special order, delegate to an officer or officers of the National Housing Bank, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and duties under this Act as it may deem necessary.¹

44. Obligation as to fidelity and secrecy.-(1) The National Housing Bank shall not, except as otherwise required by this Act or any other law, divulge any information relating to, or to the affairs of, its constituents except in circumstances in which it is, in accordance with the law or practice and usage customary among bankers, necessary or appropriate for the National Housing Bank to divulge such information.

(2) Every director, member of a committee, auditor, advisor, officer or other employee of the National Housing Bank or of the Reserve Bank, whose services are utilised by the National Housing Bank under the provisions of this Act, shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the First Schedule to this Act.

³³(3) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.¹

45. Defects in appointment not to invalidate acts, etc.-(1) No act or proceeding of the Board or of any committee of the National Housing Bank shall be questioned on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Board or the committee, as the case may be.

(2) No act done by any person acting in good faith as a director of the Board or as a member of a committee of the National Housing Bank shall become invalid merely on the ground that he was qualified to be a director or that there was any other defect in his appointment.

³⁴**45A. Arrangement with National Housing Bank on appointment of directors to prevail.**-(1) Where any arrangement entered into by the National Housing Bank with a housing finance institution which is a company provides for the appointment by the National Housing Bank of one or more directors of such housing finance institution, such provision and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956 or in any other law for the time being in force or in the memorandum, articles of association or any other instrument relating to that housing finance institution, or any provision regarding share qualification, age limit, number of directorships, removal from office of directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any director appointed by the National Housing Bank in pursuance of the arrangement as aforesaid.

(2) any director appointed as aforesaid shall-

(a) hold office during the pleasure of the National Housing Bank and may be removed or substituted by any person by order in writing of the National Housing Bank;

(b) not incur any obligation or liability by reasons only of his being a director or for anything done or omitted to be done in good faith in the discharge of his duties as a director or anything in relation thereto;

(c) not be liable to retirement by rotation and shall not be taken into account for computing the number of directors liable to such retirement.¹

46. Protection of action taken under the Act.- No suit or other legal proceeding shall lie against the National Housing Bank or any director or any officer or other employee of the National Housing Bank or any other person authorised by the National Housing Bank to discharge any functions under this Act for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act or of any other law or provision having the force of law.

47. Indemnity of directors.- (1) Every director shall be indemnified by the National Housing Bank against all losses and expenses incurred by him in, or in relation to, the discharge of his duties, except such as are caused by his own wilful act or default.

(2) A director shall not be responsible for any other director or for any officer or other employee of the National Housing Bank or for any loss or expenses resulting to the National Housing Bank from the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of the National Housing Bank or the insolvency or wrongful act of any debtor or any person under obligation to the National Housing Bank or anything done in good faith in the execution of the duties of his office in relation thereto.

³⁵ **47A.** (1) Notwithstanding anything contained in any other law for the time being in force, where a nomination in respect of any deposit, bonds or other securities is made with the National Housing Bank in the prescribed manner, the amount due on such deposits, bonds or securities shall, on the death of the depositor or holder thereof, vest in, and be payable to, the nominee subject to any right, title or interest of any other person to such deposits, bonds or securities.

(2) Any payment made by the National Housing Bank in accordance with the provisions of sub-section (1) shall be a full discharge of its liability in respect of such deposits, bonds or securities.¹

³⁶ [48.omittedw.e.f. 1st April, 2002]

49.(1) Whoever in any return, balance sheet, or other document or in any information required or furnished by or under or for the purposes of any provision of this Act, wilfully makes a statement which is false in any material particular, knowing it to be false, or wilfully omits to make a material statement, shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine.

(2) If any person fails to produce any book, account or other document, or to furnish any statement or information which, under the provisions of this Act, it is his duty to produce or furnish, he shall be punishable with fine which may extend to two thousand rupees in respect of each offence and in the case of a continuing failure, with an additional fine which may extend to one hundred rupees for every day during which the failure continues after conviction for the first such failure.

³⁷ (2A) If any person contravenes the provisions of sub-section (1) of section 29A, he shall be punishable with imprisonment for a term which shall not be less than one year but which may extend to five years and with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

(2B) If any auditor fails to comply with any direction given or order made by the National Housing Bank under section 33, he shall be punishable with fine which may extend to five thousand rupees.

(2C) Whoever fails to comply with any order made by the authorised officer under sub-section (2) of section 36A, shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to a fine of not less than rupees fifty for every day during which such non-compliance continues;¹

(3) If any person ³⁸other than an auditor¹ –

(a) receives any deposit in contravention of any direction given or order made under Chapter V; or

³⁹(aa) fails to comply with any direction given or order made by the National Housing Bank under any of the provisions of Chapter V; or¹

(b) issues any prospectus or advertisement otherwise than in accordance with section 35 or any order made under section 30, as the case may be;

he shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine which may extend,-

(i) in the case of a contravention falling under clause (a), to twice the amount of deposit received; and

(ii) in the case of a contravention falling under clause (b), to twice the amount of the deposit called for by the Prospectus or advertisement.

(4) If any other provision of this Act is contravened or if any default is made in complying with any other requirement of this Act, or of any order, regulation or direction made or given or condition imposed thereunder, any person guilty of such contravention or default shall be punishable with fine which may extend to two thousand rupees and where a contravention or default is a continuing one, with further fine which may extend to one hundred rupees for every day, after the first, during which the contravention or default continues.

50. Offences by companies.- (1) Where an offence has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.- For the purposes of this section-

(a) "company" means anybody corporate and includes a firm or other association of individuals; and

(b) "director", in relation to a firm, means a partner in the firm.

51. Cognizance of offences.- (1) No court shall take cognizance of any offence punishable under this Act except upon a complaint in writing made by an officer of the National Housing Bank, generally or specially authorised in writing in this behalf by the National Housing Bank, and no court other than that of a Metropolitan Magistrate or a Judicial Magistrate of the first class or a court superior thereto shall try any such offence.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, a Magistrate may, if he sees reasons so to do, dispense with the personal attendance of the officer of the National Housing Bank filing the complaint but the Magistrate may in his discretion, at any stage of the proceedings, direct the personal attendance of the complainant.

^{40f}**52. Application of fine.-** A court imposing fine under the Act may direct that the fine, if realised shall be applied-

(a) firstly in, or towards payment of, the cost of the proceedings, and

(b) secondly for repayment of the deposit to the person to whom repayment of the deposit was to be made, and on such payment, the liability of the housing finance institution to make repayment of the deposit shall, to the extent of the amount paid by the Court, stand discharged.

52A. Power of National Housing Bank to impose fine.- (1) Notwithstanding anything contained in section 49, if the contravention or default of the nature referred to in section 49 is committed by a housing finance institution which is a company, the National Housing Bank may impose on such institution-

(a) a penalty not exceeding five thousand rupees; or

(b) where the contravention or default is under sub-section (2A) or clause (a) or clause (aa) of sub-section (3) of section 49, a penalty not exceeding five lakh rupees or twice the amount involved in such contravention or default, where the amount is quantifiable, whichever is more; and where such contravention or default is a continuing one, further penalty which may extend to twenty-five thousand rupees for every day, after the first, during which the contravention or default continues.

(2) For the purpose of imposing penalty under sub-section (1), the National Housing Bank shall serve a notice on the housing finance institution requiring it to show cause why the amount specified in the notice should not be imposed as a penalty and a reasonable opportunity of being heard shall also be given to such housing finance institution.

(3) Any penalty imposed by the National Housing Bank under this section shall be payable within a period of thirty days from the date on which notice issued by the National Housing Bank demanding payment of the sum is served on the housing finance institution and, in the event of failure of the housing finance institution to pay the sum within such period, may be levied on a direction made by the principal civil court having jurisdiction in the area where the registered office or the head office of the housing finance institution is situated:

Provided that no such direction shall be made, except on an application made by an officer of the National Housing Bank authorised in this behalf, to the principal civil court.

(4) The court which makes a direction under sub-section (3), shall issue a certificate specifying the sum payable by the housing finance institution and every such certificate shall be enforceable in the same manner as if it were a decree made by the court in a civil suit.

(5) No complaint shall be filed against any housing finance institution in any court of law pertaining to any contravention or default in respect of which any penalty has been imposed by the National Housing Bank under this section.

(6) Where any complaint has been filed against a housing finance institution in a court in respect of contravention or default of the nature referred to in section 49, no proceedings for imposition of penalty against the housing finance institution shall be taken under this section.¹

53. Bankers' Books Evidence Act 1891, to apply in relation to National Housing Bank.- The Bankers' Books Evidence Act, 1891, shall apply in relation to the National Housing Bank as if it were a bank as defined in section 2 of that Act.

54. Liquidation of National Housing Bank.-No provisions of law relating to the winding up of companies shall apply to the National Housing Bank and the National Housing Bank shall not be placed in liquidation save by order of the Central Government and in such manner as it may direct.

41 54A. Power to make rules.- (1) The Central Government may, by notification, make rules to carry out the provisions of this Act.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

- a) qualifications for appointment as a recovery officer under sub-section (1) of section 36D;
- b) the salaries and allowances and other terms and conditions of service of the officers and other employees of the Appellate Tribunal under sub-section (3) of section 36M;
- c) the salaries and allowances and other terms and conditions of service of the Presiding Officers of the Appellate Tribunal under section 36N; and
- d) the procedure for the investigation of misbehaviour or incapacity of the Presiding Officers of the Appellate Tribunals under sub-section (3) of section 36P.¹

55. Powers of the Board to make regulations.- (1) The Board may, with the previous approval of the Reserve Bank and in consultation with the Central Government, by notification, make regulations not inconsistent with this Act to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:-

- (a) the fees and allowance that may be paid to the directors for attending the meetings of the Board or its committees under sub-section (5) of section 7;
- ⁴²(aa) the manner in which directors shall be elected under clause (ca) of sub-section (1) of section 6;¹
- (b) the times and places at which the Board may meet, and the rules of procedure that may be followed in regard to the transaction of business under sub-section (1) of section 11;
- (c) the number of members that the Executive Committee may consist, the functions that it may discharge and times and places at which it shall meet and the rules of procedure that it may follow in the transaction of business under section 12;

- (d) the manner and terms of issue and redemption of bonds and debentures under clause (a) of sub-section (1) of section 15;
- (e) the manner in which and the conditions subject to which the National Housing Bank may borrow in foreign currency under sub-section (1) of section 16;
- (f) the form in which the statements, information, etc., are to be furnished under section 32;
- ⁴³(fa) the form of application to be made under section 36E and the documents to be annexed to such application;
- (fb) the form in which notice of demand is required to be served on the borrower under sub-section (1) of section 36F;
- (fc) the manner in which the property shall be transferred under sub-section (2) of section 36G;
- (fd) the form in which the appeal can be filed with the Appellate Tribunal under section 36S and the amount of fee required to be deposited with such appeal;¹
- (g) the special fund, reserve fund and other funds to be created under sub-section (2) of section 37;
- (h) the form and manner in which the balance sheet and accounts shall be prepared and maintained under sub-section (1) of section 38;
- (i) the duties and conduct, salaries, allowances and conditions of service of the officers and other members of staff of the National Housing Bank under section 43;
- (j) the establishment and maintenance of provident fund and any other fund for the benefit of officers and other members of staff of the National Housing Bank under section 43; and
- ⁴⁴(ja) the manner in which nomination may be made under sub-section (1) of section 47A.¹
- (k) any other matter which is to be, or may be, prescribed.

(3) Any regulation which may be made by the Board under this Act may be made by the Reserve Bank, in consultation with the Central Government, before the expiry of three months from the date of establishment of the National Housing Bank, and any regulation so made may be altered and rescinded by the Board in the exercise of its powers under this Act.

(4) The power to make regulations conferred by this section shall include the power to give retrospective effect to the regulations or any of them from a date not earlier than the date of commencement of this Act, but no retrospective effect shall be given to any regulation so as to prejudicially affect the interests of any person to whom such regulation may be applicable.

(5) The Central Government shall cause every ⁴⁵rules, regulation or scheme¹ made under this Act to be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive session aforesaid, both Houses agree in making any modification in the ⁴⁵rules, regulation or scheme¹ or both Houses agree that the ³rules, regulation or scheme¹ should not be made, the ⁴⁵rules, regulation or scheme¹ shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that ⁴⁵rules, regulation or scheme¹.

56. Amendment of certain enactments.- The enactments specified in the Second Schedule to this Act shall be amended in the manner provided therein and unless otherwise provided in that Schedule, such amendments shall take effect on and from the date of establishment of the National Housing Bank under section 3.

57. Power to remove difficulties.- If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of three years from the commencement of this Act.

THE FIRST SCHEDULE [See Section 44(2)] Declaration of Fidelity and Secrecy

I,do hereby declare that I will faithfully, truly and to the best of my skill and ability execute and perform the duties required of me as director, member of the.....committee, auditor, advisor, officer or other employee (as the case may be) of the National Housing Bank and which properly relate to the office or position held by me in or in relation to the said National Housing Bank.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the National Housing Bank nor will I allow any such person to inspect or have access to any books or documents belonging to

or in the possession of the National Housing Bank and relating to the business of the said National Housing Bank or the business of any person having any dealing with the said National Housing Bank.

Signed before me.

(Signature)

THE SECOND SCHEDULE
(See section 56)
AMENDMENTS TO CERTAIN ENACTMENTS

PART I
AMENDMENTS TO THE RESERVE BANK OF INDIA ACT, 1934
(2 of 1934)
AMENDMENTS

1. In section 2, after clause (ccc), the following clause shall be inserted, namely:-
"(ccc) 'National Housing Bank' means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;"
2. In section 17,-(i) after clause (4D), the following clause shall be inserted, namely:-
"(4DD) the making to the National Housing Bank of loans and advances and generally assisting the National Housing Bank in such manner and on such terms as may be determined by the Central Board;"

(ii)after clause (4G), the following clause shall be inserted, namely:-
"(4GG) the making of loans and advances to, and the purchasing of bonds and debentures of, the National Housing Bank out of the National Housing Credit (Long Term Operations) Fund established under section 46D;"

(iii)after clause (8A), the following clause shall be inserted, namely:-
"(8AA) the promoting, establishing, supporting or aiding in the promotion, establishment and support of any financial institution, whether as its subsidiary or otherwise;"
3. In the *Explanation* to sub-section (1) of section 42, in sub-clause (ii) of clause (c), after the words "or from the Reconstruction Bank", the words "or from the National Housing Bank" shall be inserted.
4. After section 46C, the following section shall be inserted, namely:-
"46D. (1) The Bank shall establish and maintain a Fund to be known as the National Housing Credit (Long Term Operations) Fund to which shall be credited every year such sums of money as it may consider necessary.

(2) The amount in the said Fund shall be applied by the Bank only to the following objects, namely:-
(a)the making to the National Housing Bank of loans and advances for the purpose of any business of the National Housing Bank;

(b)the purchasing of bonds and debentures issued by the National Housing Bank."

PART II
AMENDMENTS TO THE BANKING REGULATION ACT, 1949
(10 OF 1949)
AMENDMENTS

1. In section 2, after clause (ccc), the following clause shall be inserted, namely:-
"(ccc) 'National Housing Bank' means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;"
2. In section 17,-(i) after clause (4D), the following clause shall be inserted, namely:-
"(4DD) the making to the National Housing Bank of loans and advances and generally assisting the National Housing Bank in such manner and on such terms as may be determined by the Central Board;"

(ii)after clause (4G), the following clause shall be inserted, namely:-

"(4GG) the making of loans and advances to, and the purchasing of bonds and debentures of, the National Housing Bank out of the National Housing Credit (Long Term Operations) Fund established under section 46D;"

(iii) after clause (8A), the following clause shall be inserted, namely:-

"(8AA) the promoting, establishing, supporting or aiding in the promotion, establishment and support of any financial institution, whether as its subsidiary or otherwise;"

3. In the *Explanation* to sub-section (1) of section 42, in sub-clause (ii) of clause (c), after the words "or from the Reconstruction Bank", the words "or from the National Housing Bank" shall be inserted.

4. After section 46C, the following section shall be inserted, namely:-

"46D. (1) The Bank shall establish and maintain a Fund to be known as the National Housing Credit (Long Term Operations) Fund to which shall be credited every year such sums of money as it may consider necessary.

(2) The amount in the said Fund shall be applied by the Bank only to the following objects, namely:-

(a) the making of the National Housing Bank of loans and advances for the purpose of any business of the National Housing Bank;

(b) the purchasing of bonds and debentures issued by the National Housing Bank."

PART II
AMENDMENTS TO THE BANKING REGULATION ACT, 1949
(10 OF 1949)
AMENDMENTS

1. In section 5, after clause (ffc), the following clause shall be inserted, namely:-

(ffd) "National Housing Bank" means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;"

2. In sub-section (1) of section 18, in the *Explanation*, in sub-clause (ii) of clause (a), after the words "or from the Reconstruction Bank", the words "or from the National Housing Bank" shall be inserted.

3. In section 34A, in sub-section (3), after the words "the Reconstruction Bank", the words "the National Housing Bank" shall be inserted.

4. In section 36AD, in sub-section (3), after the words "the Reconstruction Bank", the words "the National Housing Bank" shall be inserted.

5. In section 56, under clause (j), in the *Explanation*, in sub-clause (ii) of clause (a), after the words "the Reconstruction Bank", the words "the National Housing Bank" shall be inserted.

PART III
AMENDMENT TO THE INDUSTRIAL DISPUTES ACT, 1947
(14 OF 1947)
AMENDMENTS

In Section 2, in clause (a), in sub-clause (i), after the words "the Industrial Reconstruction Bank of India", the words and figures "the National Housing Bank established under section 3 of the National Housing Bank Act, 1987" shall be inserted.

PART IV
AMENDMENT TO THE PAYMENT OF BONUS ACT, 1965
(21 OF 1965)
AMENDMENTS

In section 32, after sub-clause (f) of clause (ix), the following sub-clause shall be inserted, namely:-

"(ff) the National Housing Bank;"

^{46f}**THE THIRD SCHEDULE**
(See section 16A)

DECLARATION REFERRED TO IN SECTION 16A OF THE NATIONAL HOUSING BANK ACT, 1987

Place

Date:

I/we hereby declare that in consideration of the assistance sanctioned by the National Housing Bank to me/us at my/our request, as specified in the Annexure hereto, I/we agree that the immovable property specified in the said Annexure shall constitute security for the said assistance and I/we further agree that the dues relating to the assistance mentioned above, shall, on and from the date of these presents, be a charge on the said immovable property.

1. Signed and delivered by
.....
(Borrower)

2. Signed and delivered by
.....
(Surety)
ANNEXURE

I. Details of assistance.
II. Particulars of immovable property.¹

***Notes:**

¹ All the provisions of the Act except Chapter V and sub-section (3) of section 49 were brought into force on 9th July, 1988 See Notification No. S.O. 684(E) dated 9th July, 1988, Gazette of India, Extraordinary, Pt. II, Sec. 3(ii) and provisions of Chapter V and sub-section (3) of section 49 were brought into force on 1st June, 1989 See Notification No. S.O. 394(E) dated 1st June, 1989, Gazette of India, Extraordinary, Pt. II, Sec. 3(ii).

² Substituted by Act No. 15 of 2000, sec. 2 (w.e.f. 12th June, 2000), for "its principal object".

³ The National Housing Bank was established on 9th July, 1988 See Notification No. S.O. 685(E) dated 9th July, 1988, Gazette of India, Extraordinary, Pt. II, Sec. 3(ii).

⁴ Substituted by Act No. 15 of 2000, sec. 3 (w.e.f. 12th June, 2000), for -

"4. The authorised and paid up capital of the National Housing Bank shall be one hundred crore of rupees and shall be subscribed by the Reserve Bank:

⁵ Substituted by Act No. 15 of 2000, sec. 4 (w.e.f. 12th June, 2000), for -

"(a) the Chairman, if he is holding offices both as the Chairman and the Managing Director, or (b) the Managing Director, if the Chairman is absent,".

⁶ Substituted by Act No. 15 of 2000, sec. 5 (a)(i) (w.e.f. 12th June, 2000), for "three directors".

⁷ Substituted by Act No. 15 of 2000, sec. 5 (a)(ii) (w.e.f. 12th June, 2000), for -

"(c) three directors, who shall be persons with experience in the working of institutions involved in providing funds for housing or engaged in housing development;".

⁸ Substituted by Act No. 15 of 2000, sec. 5 (b) (w.e.f. 12th June, 2000), for "excluding the directors referred to in clause (d)".

⁹ Substituted by Act No. 15 of 2000, sec. 6 (w.e.f. 12th June, 2000), for "clause (b) and (c)".

¹⁰ Omitted by Act 45 of 2006 {the Banking Companies (Acquisition & Transfer of Undertaking) And Financial Institutions Laws (Amendment) Act, 2006}, sec.19 (w.e.f 16th October, 2006)

¹¹ Substituted by Act No. 15 of 2000, sec. 7 (i) (w.e.f. 12th June, 2000), for -

"(b) making of loans and advances or rendering any other form of financial assistance whatsoever to housing finance institutions and scheduled banks @ [or to any authority established by or under any Central, State or Provincial Act and engaged in slum clearance];".

¹² Inserted by Act No. 47 of 1991, sec. 5 (a) (i) (w.e.f. 20th September, 1991).

¹³ Inserted by Act No. 15 of 2000, sec. 7 (ii) (w.e.f. 12th June, 2000).

¹⁴ Inserted by Act No. 47 of 1991, sec. 5 (a) (ii) (w.e.f. 20th September, 1991).

¹⁵ Substituted by Act No. 15 of 2000, sec. 8 (a) (w.e.f. 12th June, 2000), for "the Central Government".

¹⁶ Substituted by Act No. 15 of 2000, sec. 8 (b) (w.e.f. 12th June, 2000), for "a period which shall not be less than twelve months from the date of the making of the deposit".

¹⁷ Inserted by Act No. 47 of 1991, sec. 5 (b) (w.e.f. 20th September, 1991).

¹⁸ Substituted by Act No. 15 of 2000, sec. 8 (c) (w.e.f. 12th June, 2000), for-

"(i) repayable on demand or on the expiry of fixed periods not exceeding eighteen months from the date of the making of loan or advance, on such terms and conditions including the terms relating to security and purpose as may be specified by the Reserve Bank;"

¹⁹ Inserted by Act No. 15 of 2000, sec. 9(w.e.f. 12th June, 2000).

²⁰ Substituted by Act No. 15 of 2000, sec. 10(w.e.f. 12th June, 2000), for "housing finance institution".

²¹ Inserted by Act No. 15 of 2000, sec. 11(w.e.f. 12th June, 2000).

²² Substituted by Act No. 15 of 2000, sec. 12(w.e.f. 12th June, 2000), for "housing finance institutions".

²³ Inserted by Act No. 15 of 2000, sec. 14(w.e.f. 12th June, 2000).

²⁴ Inserted by Act No. 15 of 2000, sec. 15(w.e.f. 12th June, 2000).

²⁵ Inserted by Act No. 15 of 2000, sec. 16(a)(w.e.f. 12th June, 2000).

²⁶ Inserted by Act No. 15 of 2000, sec. 16(b)(w.e.f. 12th June, 2000).

²⁷ Inserted by Act No. 15 of 2000, sec. 17(w.e.f. 12th June, 2000).

²⁸ Inserted by Act No. 15 of 2000, sec. 18(w.e.f. 12th June, 2000).

²⁹ Inserted by Act No. 15 of 2000, sec. 19(w.e.f. 12th June, 2000).

³⁰ Inserted by Act No. 15 of 2000, sec. 20 (w.e.f. 12th June, 2000), the new "CHAPTER VA".

³¹ Substituted by Act No.15 of 2000, sec.21 (w.e.f. 12th June, 2000) for "three months".

³² Inserted by Act No,15 of 2000, sec.22 (w.e.f.12th June, 2000).

³³ Inserted by Act No,30 of 2005, (w.e.f.23rd June, 2005), {The Credit Information Companies (Regulation) Act, 2005}.

³⁴ Inserted by Act No,15 of 2000, sec.23 (w.e.f.12th June, 2000).

³⁵ Inserted by Act No. 15 of 2000, sec. 24(w.e.f. 12th June, 2000).

³⁶ Omitted by Act No. 14 of 2001 9The Finance Act, 2001), sec. 141 (w.e.f. 1st April, 2002), For-

"Exemption from tax on income.- 48. Notwithstanding anything contained in the Income-tax Act, 1961, or any other enactment for the time being in force relating to tax on income, profits or gains, the National Housing Bank shall not be liable to pay income-tax or any other tax in respect of its income, profits or gains derived."

³⁷ Inserted by Act No. 15 of 2000, sec. 25(a) (w.e.f. 12th June, 2000).

³⁸ Inserted by Act No. 15 of 2000, sec. 25(b)(i) (w.e.f. 12th June, 2000).

³⁹ Inserted by Act No. 15 of 2000, sec. 25(b)(ii) (w.e.f. 12th June, 2000).

⁴⁰ Substituted by Act No. 15 of 2000, sec. 26 (w.e.f. 12th June, 2000), for –

"52. A court imposing any fine under this Act may direct that the whole or any part thereof shall be applied in, or towards payment of, the cost of the proceedings."

⁴¹ Inserted by Act No. 15 of 2000, sec. 27 (w.e.f. 12th June, 2000).

⁴² Inserted by Act No. 15 of 2000, sec. 28 (A)(i) (w.e.f. 12th June, 2000).

⁴³ Inserted by Act No. 15 of 2000, sec. 28(a)(ii) (w.e.f. 12th June, 2000).

⁴⁴ Inserted by Act No. 15 of 2000, sec. 28(A)(iii) (w.e.f. 12th June, 2000).

⁴⁵ Substituted by Act No. 15 of 2000, sec. 28 (B) (w.e.f. 12th June, 2000) for[@][regulation or scheme]

[@]these words were substituted by Act No. 47 of 1991, sec. 5 (c) (w.e.f. 20th September, 1991) for the word "regulation".

⁴⁶ Inserted by Act No.15 of 2000, sec 29 (w.e.f. 12th June, 2000).

SECTION VIII - 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 NHB or entered into more than two years before the date of this Shelf prospectus) which are or may be deemed material have been entered or are to be entered into by NHB. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Head Office of NHB situated at Core 5 A, India Habitat Centre, Lodhi Road, New Delhi -110003 from 10 a.m. to 5 p.m, during which issue is open for public subscription under the respective Tranche Prospectus(es).

MATERIAL CONTRACTS

1. Lead Manager's MoU dated November 7, 2013 between NHB and the Lead Managers.
2. Agreement dated November 7, 2013 between NHB and the Registrar to the Issue.
3. Bond Trustee Agreement dated November 7, 2013 between NHB and the Bond Trustee for the Bondholders.
4. Agreement dated December 23, 2013 between NHB and the Consortium Members.
5. Escrow Agreement dated December 21, 2013 between NHB, the Lead Managers the Registrar to the Issue and the Escrow Collection Bank(s).
6. Tripartite Agreement dated March 1, 2013, between CDSL, NHB and the Registrar to the Issue.
7. Tripartite Agreement dated February 23, 2005 between NSDL, NHB and the Registrar to the Issue.

MATERIAL DOCUMENTS

1. The NHB Act.
2. Copy of Board resolution dated August 5, 2013, approving the Issue and related matters including authorised signatories.
3. Letters dated October 28, 2013, November 11, 2013 and December 10, 2013 by CARE, dated October 29, 2013, and December 10, 2013 by CRISIL and dated October 25, 2013, and December 10, 2013 by ICRA, assigned a rating of "CARE AAA", "CRISIL AAA" and "[ICRA] AAA (Stable)" to the Bonds.
4. Consents of each of the Directors (other than Mr. Ajay Kumar Dutta), Compliance Officer, Lead Managers, Legal Advisors to the Issue, Registrar to the Issue, Bankers to NHB, the Bond Trustee for the Bonds, and the Credit Rating Agencies to include their names in this Shelf Prospectus, in their respective capacities.
5. Consent of the Auditors, for inclusion of their names and the report on the financial statements including the annexure and notes thereto, in the form and context in which they appear in this Shelf Prospectus, and their statement on tax benefits mentioned herein.
6. The statement of tax benefit report dated November 11, 2013, prepared by the Auditors.
7. Auditor's report dated November 11, 2013 on Reformatted Financial Statements, for the Fiscal 2013, 2012, 2011, 2010 and 2009.
8. Notification (No. 61/2013/F.No.178/37/2013-(ITA.1)) dated August 8, 2013 issued by Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, and Government of India.
9. Annual Reports of NHB for the last five Fiscals.
10. In-principle listing approval from NSE, through letter no. NSE/LIST/225291-3 dated December 20, 2013
11. SEBI Letter bearing no. IMD/DOF-1/BM/VA/OW/27854/2013 dated October 30, 2013 to NHB, to file Shelf Prospectus.
12. SEBI Letter bearing no. IMD/DOF-1/BM/RA/OW/ /2013 dated December 9, 2013 permitting NHB to file the Offer Documents to be signed by all Directors (other than Mr. Ajay Kumar Dutta).
13. Due Diligence Certificate dated December 24, 2013 by the Lead Managers.

Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Bondholders, in the interest of NHB in compliance with applicable laws.

DECLARATION

We, the undersigned Directors of the Bank, certify that all applicable legal requirements in connection with the Issue, including all relevant provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (“SEBI Debt Regulations”), the National Housing Bank Act, 1987 or the rules made or guidelines issued thereunder, as the case may be, and all applicable guidelines issued by Government of India and any other competent authority in this behalf, have been duly complied with and that no statement made in this Shelf Prospectus contravenes the relevant provisions of the Companies Act, 1956, the Companies Act, 2013, the SEBI Debt Regulations, the Securities and Exchange Board of India Act, 1992, the National Housing Bank Act, 1987 or the rules made or guidelines issued thereunder, as the case may be.

We further certify that this Shelf Prospectus, which is to be read with the relevant Tranche Prospectus for each Tranche Issue, does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that all statements in this Shelf Prospectus are true and correct and does not contain mis- statement.

Signed by the Board of Directors

Mr. R.V.Verma
Chairman & Managing Director
(under Section 6(1) (a) of the National Housing Bank Act, 1987)

Dr. Santosh Chandra Panda
Professor of Economics, Delhi School of Economics
(under Section 6(1) (b) of the National Housing Bank Act, 1987)

Dr. Neelima Risbud,
Dean of Studies, School of Planning and Architecture
(under Section 6(1) (b) of the National Housing Bank Act, 1987)

Mr. H.R. Khan
Deputy Governor, Reserve Bank of India
(under Section 6(1) (d) of the National Housing Bank Act, 1987)

Mr. G.M. Rao
Director, Central Board of Directors, Reserve Bank of India
(under Section 6(1) (d) of the National Housing Bank Act, 1987)

Mr. Arvind Kumar, IAS
Joint Secretary to the Government of India, Ministry of Finance
(under Section 6(1) (e) of the National Housing Bank Act, 1987)

Smt. Vijaya Srivastava, IAS,
Joint Secretary to the Government of India, Ministry of Rural Development
(under Section 6(1) (e) of the National Housing Bank Act, 1987)

Dr. S. Siddharth, IAS,
Secretary to the Government of Bihar, Urban Development and Housing Department
(under Section 6(1) (f) of the National Housing Bank Act, 1987)

Place: New Delhi
Date: December 24, 2013

ANNEXURE A
(AUDITED FINANCIAL STATEMENTS)

EXAMINATION REPORT

The Board of Directors
NATIONAL HOUSING BANK
Core-5-A, 3rd Floor
India Habitat Centre
Lodhi Road
New Delhi - 110 003

Dear Sir,

Re: Proposed public issue by the NATIONAL HOUSING BANK (“Issuer”) of Tax Free Bonds (the “Bonds”) of face value of Rs. 5,000 each, in the nature of secured, redeemable, non-convertible debentures at par for an issue size within the limits of Rs. 3,000 crores allocated under Notification No. 61/2013/- F.No. 178/37/2013-(ITA.1) dated August 8, 2013 issued by Central Board of Direct Taxes

1. We have examined the reformatted financial information of **National Housing Bank** (the “Bank”) annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Bank in accordance with the requirements of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (“SEBI Regulations”) as amended issued by the Securities and Exchange Board of India, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter dated October 08, 2013, in connection with the Bank’s Proposed Issue of secured, redeemable, non-convertible debentures, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961. The reformatted financial statements are the responsibility of the Bank’s management. Our responsibility is to express an opinion on these reformatted financial statements. This reformatted Financial Information is proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus (collectively referred to as “offer document”) of the Bank.

2. Financial Information as per Audited Financial Statements

We have examined the attached ‘Statements of Assets and Liabilities’ of the Bank for the financial year as at 30th June, 2009 to 30th June, 2013 (Annexure I), ‘Statement of Profit and Loss’ of the Bank for the financial years from 30th June, 2009 to 30th June, 2013 (Annexure II), and ‘Cash Flow Statement’ of the Bank for the financial years from 30th June, 2009 to 30th June, 2013 (Annexure VI) referred to as ‘Reformatted Financial Statements’. The Reformatted Financial Statements have been extracted from the audited financial statements of the Bank. The financial statements of the Bank for the period ended 30th June, 2013 has been audited by us, for

the period ended 30th June 2012, 30th June, 2011 and 30th June, 2010 have been audited by Aiyar & Co. , Chartered Accountants and for the period ended 30th June, 2009, by D. Singh & Co., Chartered Accountants. The Reformatted Financial Statements for the year ended 30th June, 2009 to 30th June, 2013 have been adopted by the board. Based on our examination of these Reformatted Financial Statements, we state that:

- i. These have to be read with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure IV and V respectively to this report.
- ii. The figures of earlier years have been regrouped/reclassified in accordance with the National Housing Bank Act, 1987 & regulations framed there under for General Fund and for Special Fund in accordance with the provisions of National Housing Bank(Slum Improvement and Low Cost Housing Fund) Regulations, 1993, wherever necessary, to confirm to the classification adopted for the Reformatted Financial Statements.
- iii. There are no extraordinary items that need to be disclosed separately in the Reformatted Financial Statements.
- iv. These Reformatted Financial Statements have been prepared in “Rs. in Crore” for the convenience of the readers.
- v. There are qualifications in the auditor’s report on financial statements as on and for the year ended 30th June, 2013 which are as under:
 1. *As discussed in note 13.3 to the financial statements, the bank has changed its accounting policy in respect to computing of Depreciation on Premises in the current Financial year. Depreciation is now provided on the basis of Written Down Value Method substituting Straight Line Method resulting a decrease in accumulated depreciation of Rs. 5,82,91,010/-. Due to this change in accounting policy referred to above, resulting in an increase in net income of Rs. 5,82,91,010/-.*
- vi. There are qualifications in the auditor’s report on financial statements as on and for the year ended 30th June, 2012 which are as under:
 1. *We are unable to form an opinion on the treatment given by the bank in respect of the following matters and the impact that the same may have on the accounts of the Bank as the final decisions have yet to be delivered by the courts and the sum determined.*
 - (a) *Rs. 237.06 Crores received from state Bank of Saurashtra, since amalgamated with State bank of India pursuant to a decree by the special court and others and included in “Other Liabilities” (Note No 19.1 of the relevant year)*
 - (b) *Rs. 149.37 Crores appearing as ‘Other Assets ‘ representing Rs 95.40 Crores paid by the Bank to State Bank Of Saurashtra Since amalgamated with the state Bank Of India and Rs. 53.97 Crores paid by the Bank to custodians pursuant to the order of the special court (Note No 19.2of the relevant year).*
 2. *The Bank’s share out of recoveries made by the State Bank Of India for decrees passed by the special court against the legal heirs of estate of Late Sh. Harshad Mehta and out of the amount released by the custodian in favour of Standard Chartered Bank (amount*

not ascertained) will be accounted for as determined and ascertained on actual receipt (Note No. 19.4 of the relevant year).

3. *Provision in the accounts has not been made for the disputes Income Tax Liability for the assessment years 2003-04 to 2009-10 amounting to Rs. 70.67 crores arising from reassessment of earlier years completed during the year, disallowing the deductions claimed by the bank in respect of special reserve created and maintained under section 36(1) (viii) of the income Tax, 1961.*

Based on the legal opinion obtained, the management is of the view that the claim of the bank under section 36(1) (viii) of the income tax for which appeals are pending before the authorities may be decided in Bank's favour and the deductions shall be allowed . On the said assumption bank has created deferred tax liability (DTL) of Rs. 75.04 Crores (refer note 23.1 of the relevant year), considering the timing difference, instead of provisions for income tax.

In our opinion till the appeal are decided in favour of the bank regarding deductions of special reserve under section 36(1) (viii), no timing difference arise on said account as per accounting policy of the bank and as envisaged by accounting standard 22- Accounting for taxes on income issued by the institute of chartered Accounts of India on the reporting date since the accounting income and taxable income as determined and computed by the revenue for the above assessment years for arriving at the taxable income, the deductions claimed for special reserve has not been allowed as such as at the reporting date is not capable of reversal in subsequent periods. This has resulted in deferred tax liability being overstated to the extent of Rs. 75.04 crores with consequent effect on carrying amount of advance tax/provision for tax. However the same has no effect on the profit of the Bank.

4. *The Bank advanced two term Loans to Andhra Pradesh Rajiv Swagruha Corporation Limited aggregating to Rs.191.18 crores repayable in three years in quarterly installments, inclusive of moratorium in respect of principal of one and a half years for Loan I and one year in case of loan II, for which repayment schedules were drawn and conveyed to the borrower on 27th October, 2011. The Bank on request of the Borrower revised the repayment schedule to the effects that the repayments tenure of three years is reckoned from the disbursement of the last installment instead of disbursement of the first installment as per the earlier repayment schedule, other terms and conditions remaining the same.*

We are of the opinion that the as per RBI circular on "Prudential norms on income Recognitions, Assets Classifications and Provisioning pertaining to advances" the said reschedulement of repayments period/ repayable amount/amount of installment would render the account as restructured and require to be classified as such and consequent provisions to be carried out in accordance with regulatory requirements.

In the financial statements prepared by the Bank the effect on interest income, assets classifications and provisioning (amount not ascertained) have not been considered, as the matter has been referred to R.B.I for clarification for which reply is awaited.

vii. There are qualifications in the auditor's report on financial statements as on and for the year ended 30th June, 2011 which are as under:

1. *We are unable to form an opinion on the treatment given by the bank in respect of the following matters and the impact that the same may have on the accounts of the Bank as the final decisions have yet to be delivered by the courts and the sum determined.*
 - (a) *Rs. 237.06 Crores received from state Bank of Saurashtra, since amalgamated with State bank of India pursuant to a decree by the special court and others and included in other liability .(Note No. 19.1 of the relevant year)*
 - (c) *Rs. 149.37 Crores appearing as 'Other Assets ' representing Rs 95.40 Crores paid by the Bank to State Bank Of Saurashtra Since amalgamated with the state Bank Of India and Rs. 53.97 Crores paid by the Bank to custodians pursuant to the order of the special court (Note No 19.2 of the relevant year).*
2. *Provision in the accounts has not been made for the disputed Income Tax Liability for the assessment years 2003-04 to 2008-09 amounting to Rs. 66.75 Crores arising from reassessment of earlier years completed during the year (refer note 22.3 of the relevant year), disallowing the deductions claimed by the bank in respect of special reserve created and maintained under section 36(1) (viii) of the income Tax, 1961.*

Based on the legal opinion obtained, the management is of the view that the claim of the bank under section 36(1) (viii) of the income tax for which appeals are pending before the authorities may be decided in Bank's favour and the deductions shall be allowed . On the said assumption bank has created deferred tax liability (DTL) of `66.75 Crores (refer note 22.3 of the relevant year), considering the timing difference, instead of provisions for income tax.

In our opinion till the appeal are decided in fovour of the bank regarding deductions of special reserve under section 36(1) (viii), no timing difference arise on said account as per Accounting policy of the bank and as envisaged by accounting standard 22- Accounting for taxes on income issued by the institute of chartered Accounts of India on the reporting date since the accounting income and taxable income as determined and computed by the revenue for the above assessment years for arriving at the taxable income, the deductions claimed for special reserve has not been allowed as such as at the reporting date is not capable of reversal in subsequent periods. This has resulted in deferred tax liability being overstated to the extent of Rs. 66.75 crores with consequent effect on carrying amount of advance tax/provision for tax provisions. However the same has no effect on the profit of the Bank.

3. *In regard to provision for taxation ,the bank during the year reviewed its policy on provisions for taxation and has uniformly provided deferred tax liability (DTL in regard to special reserve under Section 36(I) (viii) of the income Tax Act , as against earlier years practice of creating DTL in some of the years and in other providing for the tax liability .However for the assessment year 2009-10 both income tax and DTL have been created in respect of special reserve under section 36(1) (viii) of the Income Tax Act ,resulting in the Profit for the year being understated to the extent of Rs. 3.83 Crores (refer note 22.4 of the relevant year) with consequent effect on carrying amounts of advance tax/provisions for tax and the reserves in the Balance Sheet.*

4. *In compliance with accounting Standard 11-The effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered of India, the bank as on the reporting date has revaluated its foreign Exchange borrowings from USAID and interest payable thereon. This has resulted in increase in liability to the extent of Rs 31.14 Crores with consequent effects on amount recoverable from Government of India(GOI).The Said re-evaluation has no effect on the profit of the Bank (refer note 15.1 of the relevant year)*

viii. There are qualifications in the auditor's report on financial statements as on and for the year ended 30th June, 2010 which are as under :

1. *We are unable to form an opinion on the treatment given by the Bank in respect of the following matters and the impact that the same may have on the accounts of the Banks as the final decisions have yet to be delivered by the Courts and the sums determined.*
 - a. *Rs. 237.06 Crores received from State Bank of Saurashtra, since amalgamated with State Bank of India pursuant to a decree by the Special Court and others and included in 'Other Liabilities' [Note No. 19.1 of the relevant year].*
 - b. *Rs. 149.37 Crores appearing as 'Other Assets' representing Rs.95.40 Crores paid by the Bank to State Bank of Saurashtra since amalgamated with State Bank of India and Rs. 53.97 crores paid by the Bank to Custodians pursuant to the orders of the Special Court [Note No.19.2 of the relevant year].*
2. *In our opinion the Bank has complied with the Accounting Standards issued by The Institute of Chartered Accountants of India except (a) non revaluation of foreign borrowings in accordance with AS-11 resulting in understatement of both assets & liabilities to the extent of Rs.14.29 crores- refer para 15.1 of notes to accounts and (b) non provision of deferred tax assets as per AS-22 on staff benevolent fund- Rs. 0.93 crore resulting in deferred tax liability being overstated to that extent.*

ix. There are qualifications in the auditor's report on financial statements as on and for the year ended 30th June, 2009 which are as under :

1. i) *We are unable to form an opinion on the treatment given by the Bank in respect of the following matters and the impact that the same may have on the accounts of the Banks as the final decisions have yet to be delivered by the Courts and the sums determined.*
 - a) *Rs. 237.06 Crore received from State Bank of Saurashtra pursuant to a decree by the Special Court and others and included in 'Other Liabilities' [Note No. 19.1 of the relevant year]*
 - b) *Rs. 149.37 Crore appearing as 'Other Assets' representing Rs.95.40 Crores paid by the Bank to State Bank of Saurashtra and Rs. 53.97 crore paid by the*

Bank to Custodians pursuant to the orders of the Special Court [Note No.19.2 of the relevant year].

2. *The foreign currency borrowing under the Housing Guarantee Programme of USAID having an outstanding balance of USD 15,000,000 has not been revalued though required in terms of Accounting Standard (AS 11) issued by ICAI. The loss on exchange risk in respect of this borrowing is born by the Government of India (GOI). Had the borrowing been revalued at the exchange rate as on 30.06.2009, the total liability towards borrowing from USAID would have been Rs.71.86 crore as against Rs.29.68 crore shown in the Balance Sheet and Rs.27.11 crore shown as payable to GOI would have been converted into recoverable of Rs.15.06 crore [Note No. 15.1 of the relevant year].*
3. We have examined these Reformatted Financial Statements taking into consideration the guidance note on reports in company prospectus (Revised) issued by the Institute of Chartered Accountants of India & it may be informed ***that these Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods and the adjustments of amounts pertaining to previous years in the respective financial years to which they relate.***
4. **Other Financial Information of the Bank:**

We have examined the following information relating to the Bank as at and for each of the years ended 30th June, 2013, 30th June, 2012, 30th June, 2011, 30th June, 2010 and 30th June, 2009 proposed to included in the offer document as approved by the Board of Directors annexed to this report:

 - i. Significant Accounting Policies as at and for each of the years ended 30th June, 2013, 30th June, 2012, 30th June, 2011, 30th June, 2010 and 30th June, 2009 (Annexure IV)
 - ii. Significant Notes to Accounts as at and for each of the years ended 30th June, 2013, 30th June, 2012, 30th June, 2011, 30th June, 2010 and 30th June, 2009. (Annexure V)
 - iii. Statements of Accounting Ratios as at and for each of the years ended 30th June, 2013, 30th June, 2012, 30th June, 2011, 30th June, 2010 and 30th June, 2009. (Annexure IX)
 - iv. Capitalization Statement as at and for each of the period ended 30th June, 2013, 30th June, 2012, 30th June, 2011, 30th June, 2010, and 30th June, 2009. (Annexure X)
5. Based on our examination of these Audited Financial Information, we state that in our opinion, the Audited Financial Information as per the Audited Financial Statements and ‘Other Financial Information’ of the Bank mentioned above, as at and for each of the years ended 30th June, 2013, 30th June, 2012, 30th June, 2011, 30th June, 2010 and 30th June, 2009 have been prepared in accordance with National Housing Bank Act, 1987 and regulations framed there under for General Fund and for Special Fund in accordance with the provisions of National Housing Bank (Slum Improvement and Low Cost Housing Fund) Regulations , 1993.

6. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.
7. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.
8. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

For & on Behalf of
V.K. Verma & Co.
Chartered Accountants
Firm Regn. No. 000386N

Place: New Delhi
Dated: 11th November, 2013

Vivek Kumar
(Partner)
M. No. 503826

REFORMATED STATEMENT OF ASSETS AND LIABILITIES							Annexure-I (₹ in Crores)	
S No	Particulars	Schedule						
			2013	2012	2011	2010	2009	
LIABILITIES								
1.	Capital	I	450.00	450.00	450.00	450.00	450.00	
2.	Reserves	II	3190.40	2,739.46	2,351.72	2,072.41	1,791.99	
3.	Profit and Loss Account	III	0.00	0.00	0.00	0.00	0.00	
4.	Bonds and Debentures	IV	13311.89	12,493.13	9,766.86	8,351.81	3,582.22	
5.	Deposits	V	13015.25	8,996.61	6,026.81	4,375.75	2,248.13	
6.	Borrowings	VI	7232.11	5,313.36	6,058.34	6,457.21	10,900.69	
7.	Deferred Tax Liability (net)		76.19	74.32	91.79	82.30	76.51	
8.	Current Liabilities and Provisions	VII	1171.00	990.28	760.68	667.15	574.17	
9.	Other Liabilities	VIII	272.49	272.49	272.49	272.49	272.49	
10.	HLA deposits with banks and HFCs - as per contra		2.03	2.06	2.07	2.79	3.98	
TOTAL			38721.36	31,331.71	25,780.76	22,731.91	19,900.18	
ASSETS								
1.	Cash and Bank Balances	IX	2655.23	1,683.91	2,117.60	1,789.02	1,498.30	
2.	Investments	X	957.32	806.79	802.79	911.30	1,316.99	
3.	Loans and Advances	XI	34602.94	28,490.43	22,543.27	19,783.51	16,764.02	
4.	Fixed Assets	XII	24.51	19.23	20.31	19.41	20.76	
5.	Other Assets	XIII	479.33	329.29	294.72	225.88	296.13	
6.	HLA deposits with banks and HFCs - as per contra		2.03	2.06	2.07	2.79	3.98	
TOTAL			38721.36	31,331.71	25,780.76	22,731.91	19,900.18	
Contingent Liabilities			XIV	139.37	65.19	128.45	78.88	129.67
Notes forming part of Accounts			XV					

REFORMATED STATEMENT OF PROFIT & LOSS ACCOUNT	Annexure-II (₹ in Crores)
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S No	Particulars	2013	2012	2011	2010	2009
	EXPENDITURE					
1.	Interest	2220.91	1,850.07	1,489.50	1,051.68	1,279.42
2.	Staff Salaries, Allowances and Terminal Benefits	10.54	11.22	7.32	8.67	4.36
3.	Directors' and Committee Members Fees and Expenses	0.02	0.03	0.09	0.15	0.09
4.	Audit Fees	0.07	0.09	0.11	0.08	0.12
5.	Rent, Taxes, Electricity and Insurance	2.00	1.89	1.69	1.74	1.37
6.	Postage, Telegrams, Telex and Telephones	0.41	0.41	0.33	0.37	0.39
7.	Law Charges	0.33	0.12	0.08	1.82	0.03
8.	<i>Stationery, Printing, Advertisement, etc.</i>					
	(i) Stationery and Printing	0.30	0.23	0.34	0.47	0.53
	(ii) Advertisement	0.77	0.75	0.41	0.26	1.19
9.	Depreciation/Amortisation on Fixed Assets	3.46	2.85	2.76	2.20	2.62
10.	Brokerage, Guarantee Fee and Other Expenditure on Borrowings	4.93	4.83	3.09	16.61	8.78
11.	Stamp duty on Borrowings	5.56	5.70	3.11	6.32	3.32
12.	Travelling Expenses	1.57	1.38	1.30	0.97	1.48
13.	Other Expenditure	10.91	9.09	7.45	7.47	7.58
14.	Amount recoverable/Loans & Advances written off	@	0.00	0.14	0.00	0.00
15.	Loss / (Gain) on Revaluation of Foreign Deposits and Borrowings	15.14	(6.80)	2.04	1.92	(5.46)
16.	Depreciation/Amortisation on Investment	0.41	1.39	0.41	7.82	6.77
17.	Loss/(Gain) on revaluation of Forward Exchange Contracts					
18.	Provision for Non Performing Asset/ Restructured Account	2.67	10.97	-1.61	-2.20	5.00
19.	Provision for Standard Assets	27.42	0.53	0.00	0.00	0.00
20.	Provision for Bad and Doubtful Debts u/s 36(1)(viii)(c) of Income Tax Act,1961	22.87	23.79	9.50	0.00	0.00
21.	Wealth Tax	36.00	29.00	20.50	22.00	18.10
22.	Deferred Tax	0.10	0.12	0.13	0.07	0.06
23.	Income Tax	1.88	-17.48	9.49	5.79	0.03
24.	Income Tax	212.20	174.40	129.00	136.00	114.50
25.	Fringe Benefit Tax	0.00	0.00	0.00	0.00	0.15
25.	Balance of Profit carried down	449.94	387.10	278.93	280.25	235.62
	TOTAL	3030.41	2491.68	1966.11	1550.46	1686.05
	INCOME					
1	<i>Interest and Discount:</i>					
	(i) Loans and Advances	2814.62	2,239.67	1,770.31	1,338.20	1,493.19
	(ii) Bank Deposits	121.38	165.60	108.18	105.87	87.03
	(iii) Interest Income and Profit on Interest Rate Swaps	0.79	5.69	21.06	32.35	4.74
2.	Income from Investments	70.54	67.01	38.46	31.88	39.49
3.	Profit on Sale of Investments	5.81	1.07	0.00	1.89	1.65
4.	Profit on Purchase and Sale of Mutual Fund	6.28	7.22	5.93	9.11	29.04
5.	Discount on Forward Exchange Contract	0.93	0.97	0.83	0.51	0.32
6.	Depreciation on Premises written back	5.83	0.00	0.00	0.00	0.00
7.	Other Income	3.54	1.25	2.98	22.89	9.81
8.	Profit / (Loss) on sale of Fixed Assets /demolition of Building	0.01	(0.74)	0.06	0.01	0.02
9.	Provisions no longer required written back	0.61	0.81	0.04	0.98	13.68
10.	Excess provision for Employee Benefits written back	0.00	1.23	0.00	0.00	0.00
11.	Excess provision for Diminution in the Fair Value of Restructured Accounts written back	0.07	0.02	-0.09	0.00	0.00
12.	Excess provision for Tax written back (net)	0.00	1.88	18.35	0.00	0.00
13.	Excess provision on investment reversed	0.00	0.00	0.00	6.77	7.08
	TOTAL	3030.41	2491.68	1966.11	1550.46	1686.05
	@ Amount less than ₹ 0.50 lakh.					

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES

Annexure III
(₹ in Crores)

S N o	Particulars	2013		2012		2011		2010		2009	
	SCHEDULE – I										
	CAPITAL										
1	Authorised		450.00		450.00		450.00		450.00		450.00
2	Issued and Paid-up (wholly subscribed by the Reserve Bank of India)		450.00		450.00		450.00		450.00		450.00
			450.00		450.00		450.00		450.00		450.00
	SCHEDULE – III										
	PROFIT & LOSS ACCOUNT										
	Balance as per Profit and Loss Account		449.94		387.10		278.93		280.25		235.62
<i>Added:</i>	(a) Transfer from Taxation Reserve			0.00		7.44		0.00		0.00	
	(b) Transfer from Investment Fluctuation Reserve			1.50	1.50	0.00	7.44	0.00	0.00	6.59	6.59
<i>Less:</i>	<i>Appropriations:</i>										
	(a) Transfer to Investment Fluctuation Reserve			1.50		0.00		6.59		7.08	
	(b) Transfer to Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	66.00		40.00		22.00		26.00		15.70	
	(c) Transfer to Staff Benevolent Fund	4.30		3.69		0.64		2.80		2.35	
	(d) Transfer to Reserve Fund	364.90		330.08		245.81		235.13		202.33	
	(e) Profit of Special Fund (Slum Improvement and Low Cost Housing Fund) transferred to Special Fund A/c	14.74	449.94	13.33	388.60	17.92	286.37	9.73	280.25	14.75	242.21
			0.00		0.00		0.00		0.00		0.00
	SCHEDULE - IV										
	BONDS AND DEBENTURES										
1	Bonds (Guaranteed by GOI)		0.00		0.00		88.00		168.00		228.00
2	Zero Coupon Bonds	1,378.10		1,378.10		1,850.00		1,050.00		1,050.00	
	Less: Deferred Discount on Zero Coupon Bonds	376.79	1,001.31	461.09	917.01	565.46	1,284.54	510.72	539.28	570.35	479.65
3	NHB Bonds		11,311.00		10,865.00		7,485.00		6,410.00		890.00
4	<i>Priority Sector Bonds:</i>										
	(a) Tax-free Bonds	640.18		55.00		55.00		205.00		385.00	
	(b) Taxable Bonds			271.00		442.00		442.00		452.00	
	(c) Special Series Bonds	359.40	999.58	385.10	711.10	409.30	906.30	431.90	1,078.90	453.00	1,290.00
5	Capital Gain Bonds				0.02		3.02		155.63		694.57

S N o	Particulars	2013			2012			2011			2010			2009		
			13,311.89		12,493.13		9,766.86		8,351.81		3,582.22					
	SCHEDULE - V															
	DEPOSITS															
1	Deposits from Housing Finance Companies		0.00		0.25		25.29		240.34		166.71					
2	Deposits from banks under Rural Housing Fund		12,778.18		8,778.18		5,778.18		3,763.46		1,760.33					
3	Other Deposits from Public		237.07		218.18		223.34		371.95		321.09					
			13,015.25		8,996.61		6,026.81		4,375.75		2,248.13					
	SCHEDULE - VI															
	BORROWINGS															
1	<i>From Reserve Bank of India:</i>															
	(a) Line of Credit			18.42	21.06		23.69		26.32							
	(c) Special Refinance Facility	0.00	15.79	0.00	18.42	0.00	21.06	0.00	23.69	3.979.81	4,006.13					
2	<i>From Other Sources:</i>															
	(a) In India															
	(i) Borrowing against Term Deposits	817.00		450.00	280.00		770.00		0.00							
	(ii) Borrowing through Term Loan	3,911.00		3,188.00	4,972.00		4,420.00		3,070.00							
	(iii) Commercial Papers	1,031.79		488.91	0.00		47.58		1,947.85							
	(iv) Certificate Of Deposits	0.00	5,759.79	0.00	4126.91	0.00	5252.00	0.00	5237.58	960.29	5978.14					
	(b) Outside India (Guaranteed by GOI)		651.05		556.58		395.52		400.92		435.30					
3	CBLO Borrowings (Secured against pledge of Govt. Security and Treasury Bills with CCIL)		805.48		611.45		389.76		795.02		481.12					
			7,232.11		5,313.36		6,058.34		6,457.21		10,900.69					
	SCHEDULE - VII															
	CURRENT LIABILITIES AND PROVISIONS															
1	<i>Interest Payable:</i>															
	(a) Interest Payable on Capital Gains Bonds	0.00		0.01	0.66		9.81		51.65							
	(b) Unclaimed Interest on Capital Gains Bonds	1.50		1.57	2.57		3.07		3.38							
	(c) Interest Payable on Other Bonds and Debentures	526.14		482.30	330.24		217.68		59.17							
	(d) Interest Payable on Deposits	199.31		138.72	94.72		80.69		39.82							
	(e) Interest Payable on CBLO Borrowing	0.28		0.25	0.06		0.12		0.04							
	(f) Interest Payable on Other Borrowings	46.38	773.61	41.38	664.23	57.87	486.12	53.49	364.86	169.27	323.33					
2	<i>Provision for Employee Benefits:</i>															
	(a) Medical Expense for Retired Officers	0.43		0.43	0.48		0.49		0.42							

S N o	Particulars	2013			2012		2011		2010		2009	
	(b) Leave Encashment	2.23		1.82		0.92		1.01		0.81		
	(c) Gratuity	2.11		1.84		1.22		1.42		1.08		
	(d) Leave Travel Concession	0.93		1.32		2.66		2.79		2.40		
	(e) Sick Leave	1.74		1.37		1.65		1.39		1.14		
	(f) Pension	1.92	9.36	3.74	10.52	0.00	6.93	1.07	8.17	0.09	5.94	
3	<i>Other Provisions:</i>											
	(a) Provision for Loss on Forward Exchange Contracts	13.26		11.14		0.46		2.20		4.13		
	(b) Provision for Standard Assets	137.87		115.00		91.21		81.71		81.71		
	(c) Provision for Bad and Doubtful Debts u/s 36(1)(viii)(c) of Income Tax Act, 1961	180.02		144.02		115.02		94.52		72.52		
	(d) Provision for Non Performing Assets	0.00		0.00		10.00		0.00		0.00		
	(e) Provision for Future Non Performing Asset	0.00		0.00		0.00		10.00		10.00		
	(f) Provision for Diminution in the Value of Restructured A/c	0.00		0.07		0.09		0.00		0.00		
	(g) Provision for Contingencies	10.00		10.00		0.00		0.00		0.00		
	(h) Provision for HLA Deposits	0.22		0.22		0.23		0.23		0.23		
	(i) Others	0.51	341.88	1.30	281.75	0.44	217.45	5.80	194.46	4.88	173.47	
4	Deferred Profit on Interest Rate Swaps		0.00		0.80		6.52		7.40		3.15	
5	Redemption Payable Account		1.05		1.43		2.45		25.60		12.41	
6	Capital Gains Bonds Overdue Account		7.58		13.74		34.38		66.11		55.32	
7	UN-HABITAT Revolving Fund for Water & Sanitation Projects		1.12		1.12		1.12		0.55		0.55	
8	Amount received under 1% Interest Subvention Scheme		27.04		2.67		0.18		0.00		0.00	
9	Amount received under Interest Subsidy Scheme for Housing the Urban Poor		4.73		5.24		2.88		0.00		0.00	
10	Other Liabilities		4.63		8.78		2.65		0.00		0.00	
			1,171.00		990.28		760.68		667.15		574.17	
	SCHEDULE - VIII											
	OTHER LIABILITIES											
1	Unsettled transactions of 1991-92		237.20		237.20		237.20		237.20		237.20	
2	Interest Payable on unsettled transactions		35.29		35.29		35.29		35.29		35.29	
			272.49		272.49		272.49		272.49		272.49	
	SCHEDULE - IX											
	CASH AND BANK BALANCES											
1	Cash in Hand		@		@		@		@		@	
2	Balance with Reserve Bank of		0.02		0.07		0.04		0.20		0.09	

S N o	Particulars	2013		2012	2011	2010	2009
	India						
3	Balance with other Banks:						
	(a) In India						
	(i) Current Accounts	38.22	19.83	21.25	8.08	16.49	
	(ii) Term Deposits with Banks	2,150.02	1,200.03	1,700.03	1,350.02	1,018.32	
	(iii) Term Deposits with Banks (Staff Benevolent Fund)	12.77	2,201.01	8.14	1,228.00	6.94	1,728.22
	(b) Outside India						
	Term Deposits with Banks		454.20	455.84	389.34	426.89	461.90
			2,655.23	1,683.91	2,117.60	1,789.02	1,498.30
	SCHEDULE - X						
	INVESTMENTS						
1	Securities of Central and State Government						
	at cost or market value whichever is less						
	(a) Government Securities (Pledged with CCIL for CBLO operations)	66.57	163.02	57.78	58.19	66.00	
	Less: Depreciation	0.00	66.57	0.00	163.02	0.00	57.78
	(b) Treasury Bills (Pledged with CCIL for CBLO operations)		754.28	515.53	654.89	749.90	447.38
2	Stock, shares, bonds, debentures and securities of Housing Finance Institutions		12.04	8.91	6.91	4.91	4.94
3	Stocks, Shares, Bonds, Debentures and Securities of other Institutions:						
	(a) Investment in Liquid Fund/Mutual Funds	0.00	0.00	0.00	0.00	673.00	
	(b) Investment in Pass Through Certificates of SPV Trust	0.00	0.00	0.03	0.15	0.32	
	(c) Subordinated Bonds	45.00	45.00	45.00	45.00	45.00	
	(d) Shares of Other Institutions	59.15	45.85	-			
	(e) Shares of Building Material Company	0.53					
	Less: Depreciation	0.53	0.00	0.00	0.00	0.00	0.00
	(f) Subscription to Special Rural Housing Debentures of ARDBs	20.28	124.43	28.48	119.33	38.18	83.21
			957.32	806.79	802.79	911.30	1,316.99
	SCHEDULE - XI						
	LOANS AND ADVANCES						
I	Refinance						
1	Housing Finance Institutions:						
	(a) Housing Finance Companies	16,532.49	12,819.68	10,891.37	10,860.57	10,407.1	

S N o	Particulars										
			2013		2012		2011		2010		2009
	(b) Cooperative Housing Finance Societies	41.65	16,574.14	52.72	12,872.40	67.18	10,958.55	92.89	10,953.46	79.66	10,120.37
2	<i>Scheduled Banks:</i>										
	(a) Commercial Banks	16,649.29		14,308.39		10,205.36		7,760.64		5,568.69	
	(b) Regional Rural Banks	771.11		474.66		415.09		343.16		200.70	
	(c) Urban Co-operative Banks	258.01	17,678.41	375.70	15,158.75	416.28	11,036.73	342.85	8,446.65	231.20	6,000.59
II	<i>Direct Lending</i>										
3	Housing Boards, Development Authorities, etc.		377.84		458.91		547.58		382.85		642.76
4	Water & Sanitation Project under UN-HABITAT		0.50		0.90		0.41		0.55		0.30
	Gross Loans and Advances		34,630.89		28,490.96		22,543.27		19,783.51		16,764.02
	<i>Less: Provisions for Non Performing Assets</i>		27.95		0.53		0.00		0.00		0.00
	Net Loans and Advances		34,602.94		28,490.43		22,543.27		19,783.51		16,764.02
	SCHEDULE - XIII										
	OTHER ASSETS										
1	<i>Interest Receivable:</i>										
	(a) Bank Deposits	36.14		54.17		65.19		49.02		47.38	
	(b) Investments	22.21	58.35	30.79	84.96	5.47	70.66	5.11	54.13	10.22	57.60
2	<i>Advances, Receivables, Advance Tax & Prepaid Expenses:</i>										
	(a) Staff Loans and Advances	1.48		1.65		1.58		1.68		1.67	
	(b) Advance Tax, FBT, TDS, etc. (net of provisions)	216.65		49.33		47.13		24.93		100.55	
	(c) Miscellaneous Recoverable										
	Considered Doubtful	0.46									
	<i>Less: Provisions</i>	0.00		0.00		0.00		0.00		0.00	
	(d) Prepaid Expenses	2.90		2.89		1.82		2.05		2.34	
	(e) Deposit with CCIL including interest receivable	8.12		8.12		6.07		6.01		6.01	
	(f) Amount recoverable from GOI against exchange loss on USAID Borrowing	35.36		29.21		13.85		-22.36		-27.11	
	(g) Others	3.82	268.33	1.25	92.45	2.09	72.54	0.97	13.28	0.65	84.11
3	Interest Receivable on Interest Rate Swaps		0.00		0.00		0.52		7.05		4.03
4	Unsettled transactions of 1991-92		149.37		149.37		149.37		149.37		149.37
5	Deferred Discount on Forward Exchange Contract		3.28		2.51		1.63		0.84		0.00
6	Advance for Development of Software		0.00		0.00		0.00		1.21		1.02

S N o	Particulars			2013			2012			2011			2010			2009	
				479.33													
	SCHEDULE – XIV																
	CONTINGENT LIABILITIES																
1	Income Tax			65.28			0.00			58.06			2.30				16.64
2	Guarantee given for Mortgage Backed Securitisation issue			5.33			10.05			20.00			26.12				56.18
3	Liability on account of Forward Exchange Contract			68.76			55.14			48.39			42.87				47.88
4	Liability on account of unpaid Equity Shares			0.00			0.00			2.00			4.00				4.00
5	Deposits under Home Loan Account Scheme (HLAS)			0.00			0.00			-			2.79				3.98
6	Liability on account of capital commitment			0.00			0.00			-			0.80				0.99
				139.37			65.19			128.45			78.88				129.67

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2012-13				SCHEDULE - II
Description	Opening Balance	Additions	Deductions	Closing Balance
1. Reserve Fund	2,028.89	364.90	-	2,393.79
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	297.70	14.74	-	312.44
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	380.40	66.00	-	446.40
4. Investment Fluctuation Reserve	20.08	0.00	-	20.08
5. Staff Benevolent Fund	12.39	5.41#	0.11	17.69
Total	2,739.46	451.05	0.11	3,190.40
#Including interest earned on bank deposits of ₹ 1.11 Crore				
SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2011-12				SCHEDULE - II
Description	Opening Balance	Additions	Deductions	Closing Balance
1. Reserve Fund	1,698.81	330.08	-	2,028.89
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	284.37	13.33	-	297.70
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	340.40	40.00	-	380.40
4. Investment Fluctuation Reserve	20.08	1.50	1.50	20.08
5. Staff Benevolent Fund	8.06	4.44#	0.11	12.39
Total	2,351.72	389.35	1.61	2,739.46
#Including interest earned on bank deposits of ₹ 0.75 Crore				
SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2010-11				SCHEDULE - II
Description	Opening Balance	Additions	Deductions	Closing Balance
1. Reserve Fund	1,453.00	245.81	-	1,698.81
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	266.45	17.92	-	284.37
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	318.40	22.00	-	340.40
4. Investment Fluctuation Reserve	20.08	-	-	20.08
5. Taxation Reserve	7.45	-	7.45	-
6. Staff Benevolent Fund	7.03	1.14#	0.11	8.06
Total	2,072.41	286.87	7.56	2,351.72
# Inclusive of interest earned on bank deposits of ₹ 0.50 Crore.				
SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2009-10				SCHEDULE - II
Description	Opening Balance	Additions	Deductions	Closing Balance
1. Reserve Fund	1,217.87	235.13	-	1,453.00
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	256.72	9.73	-	266.45
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	292.40	26.00	-	318.40
4. Investment Fluctuation Reserve	13.49	6.59	-	20.08
5. Taxation Reserve	7.45	-	-	7.45
6. Staff Benevolent Fund	4.06	3.06\$	0.09	7.03
Total	1,791.99	280.51	0.09	2,072.41
\$ inclusive of interest earned on deposits of ₹ 0.26 Crores.				
SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2008-09				SCHEDULE - II
Description	Opening Balance	Additions	Deductions	Closing Balance
1. Reserve Fund	1,017.13	202.33*	1.59#	1,217.87
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	241.97	14.75**	-	256.72
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	276.70	15.70***	-	292.40
4. Investment Fluctuation Reserve	13.00	7.08	6.59	13.49
5. Taxation Reserve	7.45	-	-	7.45
6. Staff Benevolent Fund	1.58	2.48****	@ \$	4.06
Total	1,557.83	242.34	8.18	1,791.99
@ Amount less than ₹ 0.50 lakh				
* ₹ 202.33 crore has been transferred from profit and loss account.				
** Balance of Profit of Special Fund included in the profit and loss account transferred to the Special Fund Account.				
*** ₹ 15.70 crore was transferred from Profit and Loss Account to Special Reserve A/c created u/s 36(1)(viii) of IT Act.				
**** ₹ 2.35 crore transferred from profit and loss account and ₹ 0.13 crore towards interest on term deposits with banks of Staff Benevolent Fund.				
# Transitional liability in terms of AS-15				
\$ Amount relates to the payment made to officers under the Scheme.				
SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2007-08				SCHEDULE - II
Description	Opening Balance	Additions	Deductions	Closing Balance
1. Reserve Fund	865.98	152.18 *	1.03 #	1,017.13
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	230.26	11.71 **	-	241.97
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	264.20	12.50 ***	-	276.70
4. Investment Fluctuation Reserve	20.08	-	7.08	13.00
5. Taxation Reserve	7.45	-	-	7.45
6. Staff Benevolent Fund	1.10	0.48 *****	@ \$	1.58
Total	1,389.07	176.87	8.11	1,557.83
* ₹ 152.18 Crore has been transferred from profit and loss account.				
** Balance of Profit of Special Fund included in the profit and loss account transferred to the Special Fund Account.				
*** ₹ 12.50 Crore was transferred from Profit and Loss Account to Special Reserve A/c created u/s 36(1)(viii) of IT Act.				
**** ₹ 0.39 Crore transferred from profit and loss account and ₹ 852,525.23 towards interest on term deposits with banks of Staff Benevolent Fund.				
# Transitional liability towards Sick Leave (Refer Note 17)				
\$ Amount relates to the payment made to officers under the Scheme.				

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2012-13

SCHEDULE - XII

FIXED ASSETS

Description	COST BLOCK					DEPRECIATION					NET BLOCK		
	As at 01.07.2012	Additions	Deletions	Transfer *	As at 30.06.2013	As at 01.07.2012	Additions	Deletions	Transfer	As at 30.06.2013	As at 30.06.2013	As at 30.06.2012	
LEASEHOLD LAND	0.46	-	-	-	0.46	0.10	0.01	-	-	0.11	0.35	0.36	
PREMISES	32.92	0.50	-	-	33.42	17.60	0.79	5.83	-	12.56	20.86	15.32	
MOTOR VEHICLE	1.17	0.08	0.14	-	1.11	0.90	0.13	0.14	-	0.89	0.22	0.27	
FURNITURE AND FIXTURE	2.43	0.02	-	-	2.45	1.85	0.10	-	-	1.95	0.50	0.58	
OFFICE EQUIPMENTS	2.40	0.07	@	-	2.47	1.65	0.24	@	-	1.89	0.58	0.75	
COMPUTER AND MICROPROCESSOR	8.65	1.25	-	-	9.90	7.89	1.52	-	-	9.41	0.49	0.76	
COMPUTER SOFTWARE	2.84	0.94	-	-	3.78	1.77	0.63	-	-	2.40	1.38	1.07	
ASSETS UNDER RESIDENCE FURNISHING SCHEME	0.19	0.05	0.01	-	0.23	0.07	0.04	0.01	-	0.10	0.13	0.12	
Total	51.06	2.91	0.15	-	53.82	31.83	3.46	5.98	-	29.31	24.51	19.23	
Previous year	50.53	2.39	1.86	-	51.06	30.22	2.85	1.24	-	31.83	19.23	20.31	

@ amount less than ₹ 0.50 lakh

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2011-12

SCHEDULE - XII

FIXED ASSETS

Description	COST BLOCK					DEPRECIATION					NET BLOCK		
	As at 01.07.2011	Additions	Deletions	Transfer *	As at 30.06.2012	As at 01.07.2011	Additions	Deletions	Transfer	As at 30.06.2012	As at 30.06.2012	As at 30.06.2011	
LEASEHOLD LAND	-	-	1.74	0.46	0.46	-	0.01	-	0.09	0.10	0.36	-	
PREMISES	35.12	-	-	-0.46	32.92	18.01	0.81	1.13	-0.09	17.60	15.32	17.11	
MOTOR VEHICLE	1.17	-	-	-	1.17	0.77	0.13	-	-	0.90	0.27	0.40	
FURNITURE AND FIXTURE	2.18	0.26	0.01	-	2.43	1.76	0.10	0.01	-	1.85	0.58	0.42	
OFFICE EQUIPMENTS	1.68	0.82	0.10	-	2.40	1.50	0.24	0.09	-	1.65	0.75	0.18	
COMPUTER AND MICROPROCESSOR	7.78	0.87	-	-	8.65	7.31	0.58	-	-	7.89	0.76	0.47	
COMPUTER SOFTWARE	2.48	0.36	-	-	2.84	0.82	0.95	-	-	1.77	1.07	1.66	
ASSETS UNDER RESIDENCE FURNISHING SCHEME	0.12	0.08	0.01	-	0.19	0.05	0.03	0.01	-	0.07	0.12	0.07	
Total	50.53	2.39	1.86	-	51.06	30.22	2.85	1.24	-	31.83	19.23	20.31	
Previous year	47.97	3.68	1.12	-	50.53	28.56	2.76	1.10	-	30.22	20.31	19.41	

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2010-11

SCHEDULE - XII

FIXED ASSETS

Description	COST BLOCK					DEPRECIATION					NET BLOCK		
	As at 01.07.2010	Additions	Deletions	Transfer *	As at 30.06.2011	As at 01.07.2010	Additions	Deletions	Transfer	As at 30.06.2011	As at 30.06.2011	As at 30.06.2010	
PREMISES	35.12	-	-	-	35.12	17.11	0.90	-	-	18.01	17.11	18.01	
MOTOR VEHICLE	1.16	0.41	0.40	-	1.17	1.03	0.13	0.39	-	0.77	0.40	0.13	
FURNITURE AND FIXTURE	2.24	0.15	0.21	-	2.18	1.89	0.08	0.21	-	1.76	0.42	0.35	
OFFICE EQUIPMENTS	1.71	0.05	0.08	-	1.68	1.47	0.11	0.08	-	1.50	0.18	0.24	
COMPUTER AND MICROPROCESSOR	7.62	1.18	0.39	-	8.41	6.99	0.90	0.38	-	7.51	0.90	0.63	
COMPUTER SOFTWARE	-	1.85	-	-	1.85	-	0.62	-	-	0.62	1.23	-	
ASSETS UNDER RESIDENCE FURNISHING SCHEME	0.12	0.04	0.04	-	0.12	0.07	0.02	0.04	-	0.05	0.07	0.05	
Total	47.97	3.68	1.12	-	50.53	28.56	2.76	1.10	-	30.22	20.31	19.41	
Previous year	47.72	0.86	0.61	-	47.97	26.96	2.20	0.60	-	28.56	19.41	20.76	

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2009-10

SCHEDULE - XII

FIXED ASSETS

Description	COST BLOCK					DEPRECIATION					NET BLOCK		
	As at 01.07.2009	Additions	Deletions	Transfer *	As at 30.06.2010	As at 01.07.2009	Additions	Deletions	Transfer	As at 30.06.2010	As at 30.06.2010	As at 30.06.2009	
PREMISES	34.80	0.32	-	-	35.12	16.16	0.95	-	-	17.11	18.01	18.64	
MOTOR VEHICLE	1.16	-	-	-	1.16	0.98	0.05	-	-	1.03	0.13	0.18	
FURNITURE AND FIXTURE	2.18	0.06	-	-	2.24	1.83	0.06	-	-	1.89	0.35	0.35	
OFFICE EQUIPMENTS	1.71	0.11	0.11	-	1.71	1.45	0.12	0.10	-	1.47	0.24	0.26	
COMPUTER AND MICROPROCESSOR	7.77	0.34	0.49	-	7.62	6.48	1.00	0.49	-	6.99	0.63	1.29	
ASSETS UNDER	0.10	0.03	0.01	-	0.12	0.06	0.02	0.01	-	0.07	0.05	0.04	

RESIDENCE FURNISHING SCHEME												
Total	47.72	0.86	0.61	-	47.97	26.96	2.20	0.60	-	28.56	19.41	20.76
Previous year	47.13	1.58	0.99	-	47.72	25.32	2.62	0.98	-	26.96	20.76	21.81

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2008-09

SCHEDULE – XII

FIXED ASSETS

Description	COST BLOCK				DEPRECIATION					NET BLOCK		
	As at 01.07.2008	Additions	Deletions	Transfer *	As at 30.06.2009	As at 01.07.2008	Additions	Deletions	Transfer	As at 30.06.2009	As at 30.06.2009	As at 30.06.2008
PREMISES	34.80	-	-	-	34.80	15.18	0.98	-	-	16.16	18.64	19.62
MOTOR VEHICLE	0.99	0.17	-	-	1.16	0.93	0.05	-	-	0.98	0.18	0.06
FURNITURE AND FIXTURE	2.11	0.07	-	-	2.18	1.77	0.06	-	-	1.83	0.35	0.34
OFFICE EQUIPMENTS	1.65	0.11	0.05	-	1.71	1.39	0.11	0.05	-	1.45	0.26	0.26
COMPUTER AND MICROPROCESSOR	7.48	1.20	0.91	-	7.77	5.99	1.40	0.91	-	6.48	1.29	1.49
ASSETS UNDER RESIDENCE FURNISHING SCHEME	0.10	0.03	0.03	-	0.10	0.06	0.02	0.02	-	0.06	0.04	0.04
Total	47.13	1.58	0.99	-	47.72	25.32	2.62	0.98	-	26.96	20.76	21.81
Previous year	45.82	1.34	0.03	-	47.13	22.45	2.90	0.03	-	25.32	21.81	23.37

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES FY 2007-08

SCHEDULE – XII

FIXED ASSETS

Description	COST BLOCK				DEPRECIATION					NET BLOCK		
	As at 01.07.2007	Additions	Deletions	Transfer	As at 30.06.2008	As at 01.07.2007	Additions	Deletions	Transfer	As at 30.06.2008	As at 30.06.2008	As at 30.06.2007
PREMISES	34.80	-	-	-	34.80	14.15	1.03	-	-	15.18	19.62	20.65
MOTOR VEHICLE	0.92	0.07	-	-	0.99	0.82	0.11	-	-	0.93	0.06	0.10
FURNITURE AND FIXTURE	1.94	0.17	-	-	2.11	1.71	0.06	-	-	1.77	0.34	0.23
OFFICE EQUIPMENTS	1.52	0.13	-	-	1.65	1.29	0.10	-	-	1.39	0.26	0.23
COMPUTER AND MICROPROCESSOR	6.54	0.94	-	-	7.48	4.41	1.58	-	-	5.99	1.49	2.13
ASSETS UNDER RESIDENCE FURNISHING SCHEME	0.10	0.03	0.03	-	0.10	0.07	0.02	0.03	-	0.06	0.04	0.03
Total	45.82	1.34	0.03	-	47.13	22.45	2.90	0.03	-	25.32	21.81	23.37
Previous year	44.51	1.52	0.21	-	45.82	20.26	2.39	0.20	-	22.45	23.37	24.25

1. General

Year – 2012-13

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, unless otherwise stated and are in accordance with the Generally Accepted Accounting Principles (GAAP) in India, which encompasses applicable statutory provisions, Accountant Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Balance Sheet and Profit and Loss Account are drawn in accordance with the requirements of the National Housing Bank Act, 1987 and National Housing Bank General Regulations, 1988 framed there under.

The preparation of financial statements requires that management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenue & expenses during the reporting period. Actual result could differ from those estimates. Any revision to the accounting estimates is recognized in accordance with the requirements of the respective accounting standards.

Year – 2011-12

The Bank prepares its accounts on accrual basis in accordance with the generally accepted accounting principles.

Balance Sheet and Profit and Loss Account have been drawn in accordance with the requirements of the National Housing Bank Act, 1987 and National Housing Bank General Regulations, 1988 framed there under.

The preparation of financial statements requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expense during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

Year – 2010-11

The Bank prepares its accounts on accrual basis in accordance with the generally accepted accounting principles.

Balance Sheet and Profit and Loss Account have been drawn in accordance with the requirements of the National Housing Bank Act, 1987 and National Housing Bank General Regulations, 1988 framed there under.

The preparation of financial statements requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expense during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

Year – 2009-10

The Bank prepares its accounts on accrual basis in accordance with the generally accepted accounting principles.

Balance Sheet and Profit and Loss Account have been drawn in accordance with the requirements of the National Housing Bank Act, 1987 and National Housing Bank General Regulations, 1988 framed there under.

The preparation of financial statements requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expense during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

Year – 2008-09

The Bank prepares its accounts on accrual basis in accordance with the generally accepted accounting principles.

Balance Sheet and Profit and Loss Account have been drawn in accordance with the requirements of the National Housing Bank Act, 1987 and National Housing Bank General Regulations, 1988 framed there under.

The preparation of financial statements requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expense during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

2. Income & Expenditure

Year – 2012-13

2.1. Income and expenditure are accounted on accrual basis except the following, which are accounted on cash basis:

2.1.1. Income by way of penal interest, over and above the normal rate of interest, charged due to delay receipt of loan dues or non-compliance with the terms of loan.

2.1.2. Levy on pre-payment of loan.

2.1.3. Conversion charges for conversion of loan from floating to fixed rate of interest and vice-a-versa.

2.1.4. Interest on non-performing assets

2.1.5. Fee based income such as Trustee Fee and Guarantee Fee is recognized upfront in cases where such income does not exceed ₹ 25,000/- per transaction.

2.1.6. Penalty imposed by NHB for non-compliance with the regulatory requirements or the guidelines issued by NHB from time to time.

2.1.7. Other miscellaneous receipts, such as receipts from sale of scrap/ old news papers, receipts under RTI Act, etc.

2.2. Dividend on investments is accounted for when the right to receive the dividend is established.

2.3. Pre-paid expense not exceeding ₹ 10,000/- per transaction is charged to current period expenditure.

2.4 Stamp duty and Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.

Revenue Recognition

Year – 2011-12

Interest on loans and advances, except in respect of non-performing assets, is accounted for on accrual basis. In respect of non-performing assets, interest is accounted for on receipt basis.

Certain items of income (say, prepayment levy, penalty and miscellaneous receipts) are recognized on cash basis.

Year – 2010-11

Interest on loans and advances, except in respect of non-performing assets, is accounted for on accrual basis. In respect of non-performing assets, interest is accounted for on receipt basis.

Certain items of income (say, prepayment levy, penalty and miscellaneous receipts) are recognized on cash basis.

Year – 2009-10

Interest on loans and advances, except in respect of non-performing assets, is accounted for on accrual basis. In respect of non-performing assets, interest is accounted for on receipt basis.

Certain items of income (say, prepayment levy, penalty and miscellaneous receipts) are recognized on cash basis.

Year – 2008-09

Interest on loans and advances, except in respect of non-performing assets, is accounted for on accrual basis. In respect of non-performing assets, interest is accounted for on receipt basis.

Certain items of income (say, prepayment levy, penalty, miscellaneous receipts etc.) are recognized on cash basis as per Accounting Standard (AS-9). However, such income is not considered to be material.

3. Investments

Year – 2012-13

3.1. Classification

In accordance with the RBI guidelines, Investments are classified into as Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT). Under each of these categories, investments are further classified as

- (a) Government Security,
- (b) Other Approved Securities,
- (c) Shares,
- (d) Debentures and Bonds,
- (e) Subsidiaries / Joint Ventures and
- (f) Others.

3.2. Basis of Classification:

- 3.2.1. Investments that the Bank intends to hold till maturity are classified as Held to Maturity.
- 3.2.2. Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading.
- 3.2.3. Investments, which are not classified in the above two categories, are classified as Available for Sale.
- 3.2.4. An investment is classified as Held to Maturity, Available for Sale or Held for Trading at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

3.3. Valuation:

- 3.3.1. In determining acquisition cost of investment:
 - (a) Brokerage and or commission received on subscriptions are reduced from the cost.
 - (b) Brokerage, commission, securities transaction tax, etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.
 - (c) Broken period interest paid / received on debt instruments is treated as interest expense/ income and is excluded from the cost/sale consideration.
 - (d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.
- 3.3.2. The transfer of a security from one category to another is accounted for at the least of acquisition cost/book value/ market value on the date of transfer, and the depreciation, if any, on such transfer is fully provided for.
- 3.3.3. Treasury Bills and Commercial Papers are valued at carrying cost
- 3.3.4. *Held to Maturity category:* Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period remaining maturity on constant yield basis. Such amortization of premium is adjusted against income under the head "interest on investments". Investments in subsidiaries, joint ventures and associates are valued at historical cost. A provision is made for diminution, other than Temporary, for each investment individually.
- 3.3.5. *Available for Sale and Held for Trading categories:* Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per RBI guidelines, and only the net

- depreciation of each group for each category is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual securities remains unchanged after marking to market.
- 3.3.6. Security Receipts (SRs) issued by an Asset Reconstruction Company (ARC) are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the security receipts issued by the ARC are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the ARC, is reckoned for valuation of such investments.

Year – 2011-12

3.1. Classification

Investments are classified into “Held for Trading”, “Available for Sale” and “Held to Maturity” categories as below:

- (g) The investments that are acquired with the intention to trade by taking advantage of the short-term price/interest rate movements are classified under “Held for Trading”. These investments are held under this category upto 90 days from the date of acquisition.
- (h) Investments which are intended to be held up to maturity are classified as “Held to Maturity”.
- (i) Investments which are not classified in either of the above categories are classified as “Available for Sale”.

3.2. Valuation:

- 3.2.1 In determining acquisition cost of investment:
- (e) Brokerage/commission received on subscriptions is deducted from the cost of securities.
 - (f) Brokerage and transfer charges incurred at the time of acquisition are capitalized.
 - (g) Interest accrued up to the date of acquisition of securities (i.e. broken period interest) is excluded from the acquisition cost and charged to the revenue.
- 3.2.2. Individual scrips classified under “Held for Trading” category, where market quotations are available, are valued at lower of book value or market value. Depreciation, if any, is aggregated category-wise as per the classification of investments prescribed by RBI and recognized in the profit and loss account, while appreciation is ignored. The book value of the individual scrip is changed.
- 3.2.3. Investments under “Held to Maturity” category are carried at acquisition cost. Wherever the book value is higher than the face value/redemption value, the excess amount is amortized equally over the remaining period of maturity.
- 3.2.4. Investments under “Available for Sale” category are valued at cost or market price, whichever is lower. Where market quotations are not available, market value for this purpose is arrived at on the basis of realizable price computed as per Fixed Income Money Market and Derivatives Association of India/Primary Dealers Association of India / RBI guidelines. Depreciation, if any, is aggregated category-wise as per the classification of investments prescribed by RBI and recognized in the Profit and Loss Account, while appreciation is ignored. The book value of the individual scrip is not changed.
- 3.2.5. Treasury bills and commercial paper are valued at carrying cost.
- 3.2.6. In respect of debentures/bonds etc., where income/principal is not serviced, provision for depreciation is made as per norms of RBI.
- 3.2.7. Investment in equity shares of housing finance companies / building material industries / other institutions are classified under the AFS category and is valued at cost or market value or on the basis of NAV (net asset value) as ascertained from the latest balance sheet of the company where such companies are not listed whichever is less and in the absence thereof at the rate of Re. 1 per company.
- 3.2.8 The Subscription to Special Rural Housing Debentures (SRHDs) deemed to be in the nature of advances is subject to the usual prudential norms applicable to loans and advances.

Year – 2010-11

3.1. Classification

Investments are classified into “Held for Trading”, “Available for Sale” and “Held to Maturity” categories as below:

- (a) The investments that are acquired with the intention to trade by taking advantage of the short-term price/interest rate movements are classified under “Held for Trading”. These investments are held under this category upto 90 days from the date of acquisition.
- (b) Investments which are intended to be held up to maturity are classified as “Held to Maturity”.
- (c) Investments which are not classified in either of the above categories are classified as “Available for Sale”.

3.2. Valuation:

- 3.2.1. In determining acquisition cost of investment:
- (a) brokerage/commission received on subscriptions is deducted from the cost of securities.
 - (b) brokerage and transfer charges incurred at the time of acquisition are capitalized.
 - (c) Interest accrued up to the date of acquisition of securities (i.e. broken period interest) is excluded from the acquisition cost and charged to the revenue.
- 3.2.2. Individual scrips classified under “Held for Trading” category, where market quotations are available, are valued at lower of book value or market value. Depreciation, if any, is aggregated category-wise as per the classification of investments prescribed by RBI and recognized in the profit and loss account, while appreciation is ignored. The book value of the individual scrip is changed.
- 3.2.3. Investments under “Held to Maturity” category are carried at acquisition cost. Wherever the book value is higher than the face value/redemption value, the excess amount is amortized equally over the remaining period of maturity.

- 3.2.4. Investments under "Available for Sale" category are valued at cost or market price, whichever is lower. Where market quotations are not available, market value for this purpose is arrived at on the basis of realizable price computed as per Fixed Income Money Market and Derivatives Association of India/Primary Dealers Association of India / RBI guidelines. Depreciation, if any, is aggregated category-wise as per the classification of investments prescribed by RBI and recognized in the Profit and Loss Account, while appreciation is ignored. The book value of the individual scrip is not changed.
- 3.2.5. Treasury bills and commercial paper are valued at carrying cost.
- 3.2.6. In respect of debentures/bonds etc., where income/principal is not serviced, provision for depreciation is made as per norms of RBI.
- 3.2.7. Investment in equity shares of housing finance companies / building material industries are classified under the AFS category and is valued at cost or market value or on the basis of NAV (net asset value) as ascertained from the latest balance sheet of the company where such companies are not listed whichever is less and in the absence thereof at the rate of Re. 1 per company.

Year – 2009-10

3.1. Classification

Investments are classified into "Held for Trading", "Available for Sale" and "Held to Maturity" categories as below:

- (a) The investments that are acquired with the intention to trade by taking advantage of the short-term price/interest rate movements are classified under "Held for Trading". These investments are held under this category upto 90 days from the date of acquisition.
- (b) Investments which are intended to be held up to maturity are classified as "Held to Maturity".
- (c) Investments which are not classified in either of the above categories are classified as "Available for Sale".

3.2. Valuation:

- 3.2.1. In determining acquisition cost of investment:
- (a) brokerage/commission received on subscriptions is deducted from the cost of securities.
 - (b) brokerage and transfer charges incurred at the time of acquisition are capitalized.
 - (c) Interest accrued up to the date of acquisition of securities (i.e. broken period interest) is excluded from the acquisition cost and charged to the revenue.
- 3.2.2. Individual scrips classified under "Held for Trading" category, where market quotations are available, are valued at lower of book value or market value. Depreciation, if any, is aggregated category-wise as per the classification of investments prescribed by RBI and recognized in the profit and loss account, while appreciation is ignored. The book value of the individual scrip is changed.
- 3.2.3. Investments under "Held to Maturity" category are carried at acquisition cost. Wherever the book value is higher than the face value/redemption value, the excess amount is amortized equally over the remaining period of maturity.
- 3.2.4. Investments under "Available for Sale" category are valued at cost or market price, whichever is lower. Where market quotations are not available, market value for this purpose is arrived at on the basis of realizable price computed as per Fixed Income Money Market and Derivatives Association of India/Primary Dealers Association of India / RBI guidelines. Depreciation, if any, is aggregated category-wise as per the classification of investments prescribed by RBI and recognized in the Profit and Loss Account, while appreciation is ignored. The book value of the individual scrip is not changed.
- 3.2.5. Treasury bills and commercial paper are valued at carrying cost.
- 3.2.6. In respect of debentures/bonds etc., where income/principal is not serviced, provision for depreciation is made as per norms of RBI.
- 3.2.7. Investment in equity shares of housing finance companies / building material industries are classified under the AFS category and is valued at cost or market value or on the basis of NAV (net asset value) as ascertained from the latest balance sheet of the company where such companies are not listed whichever is less and in the absence thereof at the rate of Re. 1 per company.

Year – 2008-09

3.1. Classification

Investments are classified into "Held for Trading", "Available for Sale" and "Held to Maturity" categories as below:

- (a) The investments that are acquired with the intention to trade by taking advantage of the short-term price/interest rate movements are classified under "Held for Trading". These investments are held under this category upto 90 days from the date of acquisition.
- (b) Investments which are intended to be held up to maturity are classified as "Held to Maturity".
- (c) Investments which are not classified in either of the above categories are classified as "Available for Sale".

3.2. Valuation:

- 3.2.1. In determining acquisition cost of investment:
- (a) brokerage/commission received on subscriptions is deducted from the cost of securities.
 - (b) brokerage and transfer charges incurred at the time of acquisition are capitalized.
 - (c) Interest accrued up to the date of acquisition of securities (i.e. broken period interest) is excluded from the acquisition cost and charged to the revenue.

- 3.2.2. Individual scrips classified under "Held for Trading" category, where market quotations are available, are valued at lower of book value or market value. Depreciation, if any, is aggregated category-wise as per the classification of investments prescribed by RBI and recognized in the profit and loss account, while appreciation is ignored. The book value of the individual scrip is changed.
- 3.2.3. Investments under "Held to Maturity" category are carried at acquisition cost. Wherever the book value is higher than the face value/redemption value, the excess amount is amortized equally over the remaining period of maturity.
- 3.2.4. Investments under "Available for Sale" category are valued at cost or market price, whichever is lower. Where market quotations are not available, market value for this purpose is arrived at on the basis of realizable price computed as per Fixed Income Money Market and Derivatives Association of India/Primary Dealers Association of India / RBI guidelines. Depreciation, if any, is aggregated category-wise as per the classification of investments prescribed by RBI and recognized in the Profit and Loss Account, while appreciation is ignored. The book value of the individual scrip is not changed.
- 3.2.5. Treasury bills and commercial paper are valued at carrying cost.
- 3.2.6. In respect of debentures/bonds etc., where income/principal is not serviced, provision for depreciation is made as per norms of RBI.
- 3.2.7. Investment in equity shares of housing finance companies / building material industries are classified under the AFS category and is valued at cost or market value or on the basis of NAV (net asset value) as ascertained from the latest balance sheet of the company where such companies are not listed whichever is less and in the absence thereof at the rate of Re. 1 per company.

4. Loans and advances

Year – 2012-13

- 4.1 Loans and Advances are classified as performing and non-performing, based on the guidelines issued by RBI.
- 4.2 Non-performing Assets (NPAs) are classified into sub-standard, doubtful and loss assets, based on the guidelines issued by RBI.
- 4.3 Provisions for NPAs are made as per the extent guidelines prescribed by RBI.
- 4.4 The sale of NPA is accounted as per the guidelines prescribed by RBI. If the sale is at a price below the net book value (NBV), the shortfall is debited to the profit and loss account, and in case of sale for a value higher than NBV, the excess provision is retained and utilized to meet the shortfall / loss on sale of other financial assets.
- 4.5 In case of restructured / rescheduled assets, provisions are made in accordance with the guidelines issued by RBI.
- 4.6 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by RBI.
- 4.7 Amount recovered against debts written off in earlier years are recognised as revenue in the year of receipt.
- 4.8 In addition to the specific provision on NPAs, general provisions are also made for standard assets. These provisions are reflected in Balance Sheet under the head 'Other Liabilities and Provisions' and are not considered for arriving at net NPAs.
- 4.9 Advances are stated in Balance Sheet net of provision for NPAs.
- 4.10 Refinance provided to Agriculture and Rural Development Banks (ARDB's) by way of Subscription to Special Rural Housing Debentures (SRHDs) deemed to be in the nature of advances are classified as Investments and is subject to the usual prudential norms applicable to loans and advances.

Year – 2011-12

- 4.11 Advances are classified into Standard, Sub-standard, Doubtful and Loss assets and provisions are made in accordance with the prudential norms prescribed by RBI.
- 4.12 Advances are stated net of provision towards non-performing advances.
- 4.13 In case of restructuring / rescheduling of advances, the difference between the present value of future interest as per the original agreement and the present value of future interest as per the revised agreement is provided for, at the time of restructuring / rescheduling.
- 4.14 Provision for standard assets and provision for bad and doubtful debts under Section 36(1)(vii a) (c) of Income Tax Act, 1961 is grouped in the Balance Sheet under 'Current Liabilities and Provisions'.

Year – 2010-11

- 4.1 Subscription to Special Rural Housing Debentures (SRHDs) of State Co-operative Agricultural & Rural Development Banks (ARDBs) / Land Development Banks (LDBs) in respect of loans for rural housing by their branches/primary banks is shown under Loans and Advances.
- 4.2 Advances are classified into standard, Sub-standard, Doubtful and Loss assets and provisions are made in accordance with the prudential norms prescribed by RBI.
- 4.3 Advances are stated net of provision towards non-performing advances.
- 4.4 Provision for standard assets as per the RBI Guidelines and provision u/s 36(1)(vii a) (c) of Income Tax Act, 1961 for bad and doubtful assets is grouped in the Balance Sheet under 'Current Liabilities and Provisions'.

Year – 2009-10

- 4.1 Subscription to Special Rural Housing Debentures (SRHDs) of State Co-operative Agricultural & Rural Development Banks (ARDBs) / Land Development Banks (LDBs) in respect of loans for rural housing by their branches/primary banks is shown under Loans and Advances.
- 4.2 Advances are classified into standard, Sub-standard, Doubtful and Loss assets and provisions are made in accordance with the prudential norms prescribed by RBI.
- 4.3 Advances are stated net of provision towards non-performing advances.
- 4.4 Provision for standard assets as per the RBI Guidelines and provision u/s 36(1)(vii a) (c) of Income Tax Act, 1961 for bad and doubtful assets is grouped in the Balance Sheet under 'Current Liabilities and Provisions'.

Year – 2008-09

- 4.1 Subscription to Special Rural Housing Debentures (SRHDs) of State Co-operative Agricultural & Rural Development Banks (ARDBs) / Land Development Banks (LDBs) in respect of loans for rural housing by their branches/primary banks is shown under Loans and Advances.
- 4.2 Advances are classified into standard, Sub-standard, Doubtful and Loss assets and provisions are made in accordance with the prudential norms prescribed by RBI.
- 4.3 Advances are stated net of provision towards non-performing advances.
- 4.4 Provision for standard assets as per the RBI Guidelines and provision u/s 36(1)(vii a) (c) of Income Tax Act, 1961 for bad and doubtful assets is grouped in the Balance Sheet under 'Current Liabilities and Provisions'.

5. Fixed assets

Year – 2012-13

- 5.1 Fixed assets are stated at historical cost less accumulated depreciation.
- 5.2 Depreciation on assets (including land where value is not separable) is provided on Straight Line Method based on estimated life of the asset. Depreciation on asset has been provided at the rates furnished below:

Assets		Rate (%)
a.	Leasehold Land	Over lease period
b.	Premises	
	i) Constructed on free hold land and on lease land where lease period is above 40	2.50%
	ii) Constructed on lease land where lease period is below 40 years	Over lease period
c.	Furniture and Fixtures	10.00%
d.	Computers & Microprocessors	33.33%
e.	Motor Vehicles	20.00%
f.	Office Equipments	20.00%
g.	Furniture acquired under Residential Furnishing Scheme	10.00%
h.	Electrical/electronic articles acquired under Residential Furnishing Scheme	20.00%

- 5.3 Fixed assets individually costing ₹ 5,000/- and below are fully depreciated in the year of addition.
- 5.4 Depreciation on addition to assets is calculated for full period irrespective of the date of acquisition.

Year – 2011-12

- 5.1 Fixed assets are stated at historical cost less accumulated depreciation.
- 5.2 Assets costing below ₹ 1,000/- are charged to revenue.
- 5.3 Depreciation on various assets is provided on the following basis:-

Assets		Method of Depreciation /Amortization	Rate (%)
1.	Leasehold Land	Over lease period	
1.	Premises	Written down value	5
2.	Furniture & Fixtures	Straight Line	10
3.	Computers, Software & Microprocessors	Straight Line	33.3
4.	Other Assets	Straight Line	20

- 5.4 Depreciation on addition to assets is calculated for full period irrespective of the date of acquisition.
- 5.5 As separate valuation of land in the value of premises is not available, except vacant land at Versova, Mumbai, depreciation on value of premises (including land) has been charged in respect of leasehold premises of the Bank.

Year – 2010-11

5.1 Fixed assets are stated at historical cost less accumulated depreciation.

5.2 Assets costing below ₹ 1,000/- are charged to revenue.

5.3 Depreciation on various assets is provided on the following basis:-

Assets		Method of Depreciation /Amortization	Rate (%)
1.	Premises	Written down value	5
2.	Furniture & Fixtures	Straight Line	10
3.	Computers, Software & Microprocessors	Straight Line	33.33
4.	Other Assets	Straight Line	20

5.4 Depreciation on addition to assets is calculated for full period irrespective of the date of acquisition.

5.5 As separate valuation of land in the value of premises is not available, depreciation on value of premises (including land) has been charged in respect of leasehold premises of the Bank.

Year – 2009-10

5.1 Fixed assets are stated at historical cost less accumulated depreciation.

5.2 Assets costing below ₹ 1,000/- are charged to revenue.

5.3 Depreciation on various assets is provided on the following basis:-

Assets		Method of Depreciation /Amortization	Rate (%)
1.	Premises	Written down value	5
2.	Furniture & Fixtures	Straight Line	10
3.	Computers, Software & Microprocessors	Straight Line	33.33
4.	Other Assets	Straight Line	20

5.4 Depreciation on addition to assets is calculated for full period irrespective of the date of acquisition.

5.5 As separate valuation of land in the value of premises is not available, depreciation on value of premises (including land) has been charged in respect of leasehold premises of the Bank.

Year – 2008-09

5.1 Fixed assets are stated at historical cost less accumulated depreciation.

5.2 Assets costing below ₹ 1,000/- are charged to revenue.

5.3 Depreciation on various assets is provided on the following basis:-

Assets		Method of Depreciation /Amortization	Rate (%)
1.	Premises	Written down value	5
2.	Furniture & Fixtures	Straight Line	10
3.	Computers, Software & Microprocessors	Straight Line	33.33
4.	Other Assets	Straight Line	20

5.4 Depreciation on addition to assets is calculated for full period irrespective of the date of acquisition.

5.5 As separate valuation of land in the value of premises is not available, depreciation on value of premises (including land) has been charged in respect of leasehold premises of the Bank.

6. Staff Benefits

Year – 2012-13

6.1 The Bank has a Provident Fund Scheme managed by the RBI. Contribution to the fund is made on actual basis.

6.2 Employer's contribution to Provident Fund relating to the pension optee (part of Pension Fund) is maintained with RBI.
6.3 Liability for Gratuity, Pension, Sick Leave, Leave Encashment, Medical Retirement Benefits and Leave Travel Concession is determined on the basis of actuarial valuation at the end of the financial year. Incremental / excess liability is provided / written back to the Profit and Loss Account.

Year – 2011-12

Liability for Gratuity, Pension, Sick Leave, Leave Encashment, Medical Retirement Benefits and Leave Travel Concession is determined on the basis of actuarial valuation at the end of the period/year. Incremental/excess liability is provided/written back to the Profit and Loss Account.

Year – 2010-11

Liability for Gratuity, Pension, Sick Leave, Leave Encashment, Medical Retirement Benefits and Leave Travel Concession is determined on the basis of actuarial valuation at the end of the period. Incremental liability is provided for by charging to the Profit and Loss Account.

Year – 2009-10

Liability for Gratuity, Pension, Sick Leave, Leave Encashment, Medical Retirement Benefits and Leave Travel Concession is determined on the basis of actuarial valuation at the end of the period. Incremental liability is provided for by charging to the Profit and Loss Account.

Year – 2008-09

Liability for Gratuity, Pension, Sick Leave, Leave Encashment and Leave Travel Concession is determined on the basis of actuarial valuation at the end of the period. Incremental liability is provided for by charging to the Profit and Loss Account.

7. Pre-paid expenses

Year – 2012-13

Pre-paid expense not exceeding ₹ 10,000/- per transaction is charged to current period expenditure.

Year – 2011-12

Pre-paid expenditure of ₹ 1 lakh and below relating to maintenance contract, insurance, subscription/membership fee etc., is charged to current period expenditure.

Year – 2010-11

Pre-paid expenditure of ₹ 1 lakhs and below relating to maintenance contract, insurance, subscription/membership fee etc., is charged to current period expenditure.

Year – 2009-10

Pre-paid expenditure of ₹ 1 lakhs and below relating to maintenance contract, insurance, subscription/membership fee etc., is charged to current period expenditure.

Year – 2008-09

Pre-paid expenditure of ₹ 1 lakhs and below relating to maintenance contract, insurance, subscription/membership fee etc., is charged to current period expenditure.

8. Income Tax

Year – 2012-13

- 8.1 Tax on income for the current period is determined on the basis of taxable income and the tax credits computed in accordance with the provisions of the Income Tax act, 1961 and based on the expected outcome of assessments / appeals.
- 8.2 The deferred tax charge or credit is recognized, on timing difference, using the tax rates that have been enacted or substantially enacted as on balance sheet date. In terms of AS-22 issued by ICAI, provision for deferred tax liability is made on the basis of review at each balance sheet date and deferred tax assets are recognized only if there is virtual certainty of realization of such assets in future. Accordingly, Deferred tax liabilities or assets are reviewed at each balance sheet date based on development during the year.
- 8.3 Wealth Tax is provided in accordance with the provisions of the Wealth Tax Act, 1957.

Year – 2011-12

Provision for Income Tax for the current period is determined on the basis of taxable income computed after due consideration of legal opinion obtained on relevant issues.

Year – 2010-11

Provision for Income Tax for the current period is determined on the basis of taxable income computed after due consideration of legal opinion obtained on relevant issues.

Year – 2009-10

Provision for Income Tax for the current period is determined on the basis of taxable income computed after due consideration of legal opinion obtained on relevant issues.

Year – 2008-09

Provision for Income Tax for the current period is determined on the basis of taxable income computed after due consideration of legal opinion obtained on relevant issues.

9. Deferred Tax

Year – 2011-12

Deferred Tax Assets and Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using tax rates and tax laws that have been enacted or subsequently enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realized.

Year – 2010-11

Deferred tax is recognized, on timing difference, being the difference between the taxable income and accounting income for the year and quantified using the tax rates and laws enacted or substantially enacted as on the Balance Sheet date.

Year – 2009-10

Deferred tax is recognized, on timing difference, being the difference between the taxable income and accounting income for the year and quantified using the tax rates and laws enacted or substantially enacted as on the Balance Sheet date.

Year – 2008-09

Deferred tax is recognized, on timing difference, being the difference between the taxable income and accounting income for the year and quantified using the tax rates and laws enacted or substantially enacted as on the Balance Sheet date.

10. Wealth Tax

Year – 2011-12

Wealth Tax is computed on the net taxable wealth, in possession of the Bank, as per Wealth Tax Act, 1957.

Year – 2010-11

Wealth Tax is computed on the net taxable wealth, in possession of the Bank, as per Wealth Tax Act, 1957.

Year – 2009-10

Wealth Tax is computed on the net taxable wealth, in possession of the Bank, as per Wealth Tax Act, 1957.

Year – 2008-09

N.A

11. Foreign Exchange Transactions

Year – 2012-13

- 11.1 All assets and liabilities in foreign currency, except USAID borrowing, are translated in Indian Rupee equivalent at the exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) prevailing at Balance Sheet date and the resulting gain or loss on the assets and liabilities, is credited or debited to Profit & Loss Account under the head 'Gain / Loss on revaluation of foreign Deposits and Borrowings'.
- 11.2 In respect of USAID borrowing, the exchange loss or gain is debited or credited to the head 'Amount Recoverable from GOI against USAID Borrowing' as the exchange loss on USAID borrowing is borne by the GOI.
- 11.3 Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- 11.4 Foreign exchange forward contracts outstanding as at the balance sheet date and not intended for trading are valued at the closing spot rate as notified by FEDAI. The premium or discount arising at the inception of such forward exchange contract is amortized as expense or income over the life of the contract. The resultant gain/loss on revaluation is recognized in the Profit & Loss Account under the head 'Gain / Loss on revaluation of Forward Exchange Contract Account'.
- 11.5 Contingent liabilities on account of foreign exchange contract are reported at exchange rates notified by FEDAI at the Balance Sheet date.

Year – 2011-12

- 11.1 As per Accounting Standard (AS-11) (Revised 2003) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India; following accounting treatment is given to foreign exchange transactions:
- a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Foreign Exchange Dealers Association of India (FEDAI) as at the close of the year and resultant Exchange difference on revaluation is charged to Profit and Loss Account under the head "Gain / Loss on revaluation of foreign Deposits & Borrowings"; and
 - b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

11.2 Accounting for Foreign Exchange Contracts

- a) The Bank enters into Foreign Exchange Contracts to establish the amount of Reporting currency required or available at the settlement date of a transaction.
- b) The foreign exchange contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain/loss on revaluation is recognized in the Profit & Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'. Premium / discount are accounted over the life of the contract.
- c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in profit & Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'.

Year – 2010-11

- 11.1 As per Accounting Standard (AS-11) (Revised 2003) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India; following accounting treatment is given to foreign exchange transactions:
- a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Foreign Exchange Dealers Association of India (FEDAI) as at the close of the year and resultant Exchange difference on revaluation is charged to Profit and Loss Account under the head "Gain / Loss on revaluation of foreign Deposits & Borrowings"; and
 - b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

11.2 Accounting for Foreign Exchange Contracts

- a) The Bank enters into Foreign Exchange Contracts to establish the amount of Reporting currency required or available at the settlement date of a transaction.
- b) The foreign exchange contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain/loss on revaluation is recognized in the Profit & Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'. Premium / discount are accounted over the life of the contract.
- c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in profit & Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'.

Year – 2009-10

- 11.1 As per Accounting Standard (AS-11) (Revised 2003) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India; following accounting treatment is given to foreign exchange transactions:
- a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Foreign Exchange Dealers Association of India (FEDAI) as at the close of the year and resultant Exchange difference on revaluation is charged to Profit and Loss Account under the head "Gain / Loss on revaluation of foreign Deposits & Borrowings"; and
 - b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

11.2 Accounting for Foreign Exchange Contracts

- a) The Bank enters into Foreign Exchange Contracts to establish the amount of Reporting currency required or available at the settlement date of a transaction.
- b) The foreign exchange contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain/loss on revaluation is recognized in the Profit & Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'. Premium / discount are accounted over the life of the contract.
- c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in profit & Loss Account under the head 'Gain/Loss on Forward Exchange Contract Account'.

Year – 2008-09

- 11.1 As per Accounting Standard (AS-11) (Revised 2003) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India; following accounting treatment is given to foreign exchange transactions:
- a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Foreign Exchange Dealers Association of India (FEDAI) as at the close of the year and resultant Exchange difference on revaluation is charged to Profit and Loss Account under the head "Gain / Loss on revaluation of foreign Deposits & Borrowings"; and
 - b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

11.2 Accounting for Foreign Exchange Contracts

- a) The Bank enters into Foreign Exchange Contracts to establish the amount of Reporting currency required or available at the settlement date of a transaction.
- b) The foreign exchange contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain/loss on revaluation is recognized in the Profit & Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'. Premium / discount are accounted over the life of the contract.
- c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in profit & Loss Account under the head 'Gain/Loss on Forward Exchange Contract Account'.

12. Derivative Contracts

Year – 2012-13

- 12.1 Interest rate swaps which hedge interest bearing assets or liability is accounted for on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost in the financial statement.
- 12.1 Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the assets / liabilities.

Year – 2011-12

Interest rate swaps which hedges interest bearing asset or liability is accounted for on accrual basis. Gain or losses on the termination of swaps are recognized over the remaining contractual life of the swap or the remaining life of the asset/liability; whichever is shorter.

Year – 2010-11

Interest rate swaps which hedges interest bearing asset or liability is accounted for on accrual basis. Gain or losses on the termination of swaps are recognized over the remaining contractual life of the swap or the remaining life of the asset/liability; whichever is shorter.

Year – 2009-10

Interest rate swaps which hedges interest bearing asset or liability is accounted for on accrual basis. Gain or losses on the termination of swaps are recognized over the remaining contractual life of the swap or the remaining life of the asset/liability; whichever is shorter.

Year – 2008-09

Interest rate swaps which hedges interest bearing asset or liability is accounted for on accrual basis. Gain or losses on the termination of swaps are recognized over the remaining contractual life of the swap or the remaining life of the asset/liability; whichever is shorter.

13. Impairment of Assets

Year – 2012-13

- 13.1 As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine
- a) the provision for impairment loss or the reversal, if any, required or
 - b) the reversal, if any, required for impairment loss recognized in the previous period
- 13.2 Impairment loss is recognised when the carrying amount of an asset exceed recoverable amount.

14. Provisions, Contingent Liabilities and Contingent Assets

Year – 2012-13

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed by way of schedules to Balance Sheet.

(B) NOTES

Annexure V

15. Changes made during the year in the Accounting Policies

Year – 2012-13

15.1 Income & Expenditure:

- 1.1. Income and expenditure are accounted on accrual basis except the following, which are accounted on cash basis:
- 1.1.1. Income by way of penal interest, over and above the normal rate of interest, charged due to delay receipt of loan dues or non-compliance with the terms of loan.
 - 1.1.2. Levy on pre-payment of loan.
 - 1.1.3. Conversion charges for conversion of loan from floating to fixed rate of interest and vice-a-versa.
 - 1.1.4. Interest on non-performing assets
 - 1.1.5. Fee based income such as Trustee Fee and Guarantee Fee is recognized upfront in cases where such income does not exceed ₹ 25,000/- per transaction.
 - 1.1.6. Penalty imposed by NHB for non-compliance with the regulatory requirements or the guidelines issued by NHB from time to time.
 - 1.1.7. Other miscellaneous receipts, such as receipts from sale of scrap/ old news papers, receipts under RTI Act, etc.
- 1.2. Dividend on investments is accounted for when the right to receive the dividend is established.
- 1.3. Pre-paid expense not exceeding ₹ 10,000/- per transaction is charged to current period expenditure.

15.2. Fixed Assets:

Following changes have been proposed in policy on fixed assets:

- a) Depreciation on premises:
 - a. In case of premises constructed on free hold land and on lease land where lease period is above 40 years:
 - i. Change in depreciation policy from WDV method to SLM method
 - ii. Change in the rate of depreciation from 5% WDV to 2.50% SLM.
 - b. In case of premises constructed on lease land where lease period is below 40 years:
 - i. Over lease period on SLM basis.
- b) Fixed assets individually costing ₹ 5,000/- and below are fully depreciated in the year of addition.

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

N.A.

Year – 2008-09

Provision on Standard Assets: In terms of the Prudential Norms prescribed by RBI, the Bank hitherto has been following the policy of making provision for Standard Assets @ 0.40 per cent in respect of loans upto ₹ 20 lakh and @1 per cent in respect of loans beyond ₹ 20 lakh. RBI has since revised the norms and in terms of the revised norms, provisioning requirements for all types of standard assets stand reduced to a uniform level of 0.40 per cent. The Bank has maintained excess provisions of ₹ 14.30 crores as on 30.06.2009 as per RBI Guidelines.

16. Fixed Assets

Year – 2012-13

- 16.1 Registration formalities are in progress in respect of commercial property situated at India Habitat Centre, Lodhi Road, New Delhi and residential property situated at Jangpura Extension, New Delhi having gross value (i.e., acquisition cost) of ₹ 23.58 crores.
- 16.2 In respect of the office space acquired at India Habitat Centre (IHC), Lodhi Road, New Delhi, the exact cost has not been apportioned by IHC among the different allottees. The tripartite agreement, in this respect, is yet to be executed between Land and Development Office, GOI, IHC and institution concerned (i.e., NHB). As such, a sum of ₹ 14.44 crores has been capitalised by the Bank on the basis of payments made to IHC.
- 16.3 Consequent to the change in the deprecation policy on premises from 5% Written Down Value to 2.50% Straight Line Method, the Bank has reversed deprecation of ₹ 5.83 crores resulting in increase in the profit of the Bank during the current year

Year – 2011-12

- 16.1 Registration formalities are in progress in respect of commercial property situated at India Habitat Centre, Lodhi Road, New Delhi and residential property situated at Jangpura Extension, New Delhi having gross value (i.e., acquisition cost) of ₹ 23.58 crores.
- 16.2 In respect of the office space acquired at India Habitat Centre (IHC), Lodhi Road, New Delhi, the exact cost has not been apportioned by IHC among the different allottees. The tripartite agreement, in this respect, is yet to be executed between Land and Development Office, GOI, IHC and institution concerned (i.e., NHB). As such, a sum of ₹ 14.44 crores has been capitalised by the Bank on the basis of payments made to IHC. Depreciation on this leasehold office premises (including land) is charged on WDV @ 5%. The lease amount which is not known could not be amortised over the lease period, in the absence of lease agreement.
- 16.3 During the year, the Bank has demolished a building, constructed on lease hold land, situated at Versova, Andheri(W), Mumbai and as a result vacant land having a gross value of ₹ 0.46 crores has been shown separately in the books under Lease hold land'. The Bank has also booked loss of ₹ 0.74 crores on demolition of the said property during the year.

Year – 2010-11

- 16.1 Registration formalities are in progress in respect of commercial property situated at India Habitat Centre, Lodhi Road, New Delhi and residential properties situated at Jangpura Extension, New Delhi and at Tilak Nagar, Mumbai having gross value (i.e., acquisition cost) of ₹ 24.90 crores.
- 16.2 In respect of the office space acquired at India Habitat Centre (IHC), Lodhi Road, New Delhi, the exact cost has not been apportioned by IHC among the different allottees. The tripartite agreement, in this respect, is yet to be executed between Land and Development Office (GOI), IHC and institution concerned (i.e., NHB). As such, a sum of ₹ 14.81 crores has been capitalised by the Bank on the basis of payments made to IHC. Depreciation on this leasehold office premises (including land) is charged on WDV @ 5%. The lease amount which is not known could not be amortised over the lease period, in the absence of lease agreement.

Year – 2009-10

- 16.1 Registration formalities are in progress in respect of commercial property situated at India Habitat Centre, Lodhi Road, New Delhi and residential properties situated at Jangpura Extension, New Delhi and at Tilak Nagar, Mumbai having gross value (i.e., acquisition cost) of ₹ 24.58 Crores.
- 16.2 In respect of the office space acquired at India Habitat Centre (IHC), Lodhi Road, New Delhi, the exact cost has not been apportioned by IHC among the different allottees. The tripartite agreement, in this respect, is yet to be executed between Land and Development Office (GOI), IHC and institution concerned (i.e., NHB). As such, a sum of ₹ 14.44 Crores has been capitalised by the Bank on the basis of payments made to IHC. Depreciation on this leasehold office premises (including land) is charged on WDV @ 5%. The lease amount could not be amortised over the lease period which is not known in the absence of lease agreement.

Year – 2008-09

- 16.1 Registration formalities are in progress in respect of commercial property situated at India Habitat Centre, Lodhi Road, New Delhi and residential properties situated at Jangpura Extension, New Delhi and at Tilak Nagar, Mumbai having gross value (i.e., acquisition cost) of ₹ 24.21 crore.
- 16.2 In respect of the office space acquired at India Habitat Centre (IHC), Lodhi Road, New Delhi, the exact cost has not been apportioned by IHC among the different allottees. The tripartite agreement, in this respect, is yet to be executed between Land and Development Office (GOI), IHC and institution concerned (i.e., NHB). As such, a sum of ₹ 14.12 crore has been capitalised by the Bank on the basis of payments made to IHC. Depreciation on this leasehold office premises (including land) is charged on WDV @ 5%. The lease amount could not be amortised over the lease period, which is not known in the absence of lease agreement.

17. External Borrowings

Year – 2012-13

17.1. Under the Housing Guarantee Programme of USAID, the Bank had raised a loan of US \$25 million in the US Capital Market in the year 1990-91. The loan is repayable in forty equal half yearly installments commencing from October, 2001. The outstanding balance of ₹ 59.39 crores (after revaluation) as on June 30, 2013 is included under the head "borrowings from other sources-outside India". Government of India (GOI) has guaranteed the loan and also agreed to bear the exchange loss, if any. The foreign currency funds received under USAID Programme has been parked with Government of India against rupee funds made available by the Government to NHB. Consequently, the exchange risk on the foreign currency funds is being borne by the Government of India. In view of this, the foreign currency funds borrowed from USAID had not been revalued till 2009-10. However, from the year 2010-11, the Bank has changed this practice and revaluing USAID borrowings. As a result of this revaluation, liability of borrowing from USAID and interest payable thereon increases by ₹ 39.60 crores and ₹ 0.64 crores respectively, with consequent effect in the balance of amount recoverable from GOI. However, this has no impact on the profit & loss account of the Bank.

The Bank had received a sum of ₹ 36.66 crores in 2008-09 as advance from GOI towards estimated future exchange loss on the above borrowing. As per the communication received from GOI, further exchange loss if any, shall be claimed from GOI at the end of the period i.e. October '2021. Further, as per the understanding with GOI, the Bank has provided interest @ 6% p.a. on the balance advance. After adjustment of exchange loss till the last instalment paid in April, 2013, the balance advance as on June 30, 2013 is ₹ 4.89 crores.

As per revaluation of the above borrowing, the loss on revaluation is recoverable from GOI. The amount recoverable from GOI towards loss on revaluation of USAID borrowing as on June 30, 2013, after adjustment of balance advance of ₹ 4.89 crores, is ₹ 35.36 crores which has been shown under 'Other Assets'.

17.2. The Bank had borrowed USD 120 million (equivalent to ₹ 564 crores outstanding of which, ₹ 392.73 crores as on June 30, 2013) from Asian Development Bank (ADB) in two tranches of USD 100 million and USD 20 million during the year 1997 and 2002, respectively. These loans are guaranteed by the Government of India and repayable in half yearly installments by 2022 and 2025, respectively.

These dollar funds were placed as deposits with Bank of India (USD 50 million), Canara Bank (USD 50 million) and EXIM Bank (USD 20 million) in the overseas branches in terms of agreements with these Banks. The deposits are amortized in half yearly installments maturing by 2022 and 2025, respectively and are utilized for repayment of loans from ADB. In lieu of the USD deposit, these banks have subscribed to Special Series Bonds issued by NHB for ₹ 564 crores (₹ 359.40 crores is outstanding as on June 30, 2013). These Special Series Bonds are repayable in half yearly installments by 2022 and 2025, respectively.

17.3. The Bank has entered into agreements with KfW, Germany during the year 2010-11 for financing "Energy Efficient New Residential Housing" in India. The programme is under an agreement concluded in May, 2009 between the Government of the Federal Republic of Germany and Government of India on Financial Co-operation. The loan is guaranteed by Government of India.

The total line of credit under the programme is Euro 50 million. Under the agreement, there are two lines viz. an amount of Euro 38 million under Portion A and the balance of Euro 12 million under Portion B which will be financed under concessional rate. The Bank has till date drawn Euro 25.64 million (equivalent to ₹ 175.32 crores) outstanding as on date is ₹ 198.93 crores, Euro 12 million under Portion B and the balance of Euro 13.64 million under Portion A. Euro 38 million (Portion A) will be repaid in 18 half yearly installment beginning June 30, 2014 and Euro 12 million (Portion B) will be repaid in 60 half-yearly installment beginning June 30, 2021.

Year – 2011-12

17.1 Under the Housing Guarantee Programme of USAID, the Bank had raised a loan of US \$25 million in the US Capital Market in the year 1990-91. The loan is repayable in forty equal half yearly installments commencing from October, 2001. The outstanding balance of ₹ 62.56 crores (after revaluation) as on June 30, 2012 is included under the head "borrowings from other sources-outside India". Government of India (GOI) has guaranteed the loan and also agreed to bear the exchange loss, if any. The foreign currency funds received under USAID Programme has been parked with Government of India against rupee funds made available by the Government to NHB. Consequently, the exchange risk on the foreign currency funds is being borne by the Government of India. In view of this, the foreign currency funds borrowed from USAID had not been revalued till 2009-10. However, from the year 2010-11, the Bank has changed this practice and revaluing USAID borrowings. As a result of this revaluation, liability of borrowing from USAID and interest payable thereon increases by ₹ 40.30 crores and ₹ 0.65 crores respectively, with consequent effect in the balance of amount recoverable from GOI. However, this has no impact on the profit & loss account of the Bank.

The Bank had received a sum of ₹ 36.66 crores in 2008-09 as advance from GOI towards estimated future exchange loss on the above borrowing. As per the communication received from GOI, further exchange loss if any, shall be claimed from GOI at the end of the period i.e. October '2021. Further, as per the understanding with GOI, the Bank has provided interest @ 6% p.a. on the balance advance. After adjustment of exchange loss till the last instalment paid in April, 2012, the balance advance as on June 30, 2012 is ₹ 11.74 crores.

As per revaluation of the above borrowing, the loss on revaluation is recoverable from GOI. The amount recoverable from GOI towards loss on revaluation of USAID borrowing as on June 30, 2012, after adjustment of balance advance of ₹ 11.74 crores, is ₹ 29.21 crores which has been shown under 'Other Assets'.

17.2 The Bank had borrowed USD 120 million (equivalent to ₹ 564 crores outstanding of which, ₹ 396.04 crores as on June 30, 2012) from Asian Development Bank (ADB) in two tranches of USD 100 million and USD 20 million during the year 1997 and 2002, respectively. These loans are guaranteed by the Government of India and repayable in half yearly instalments by 2022 and 2025, respectively.

These dollar funds were placed as deposits with Bank of India (USD 50 million), Canara Bank (USD 50 million) and EXIM Bank (USD 20 million) in the overseas branches in terms of agreements with these Banks. The deposits are amortized in half yearly instalments maturing by 2022 and 2025, respectively and are utilized for repayment of loans

from ADB. In lieu of the USD deposit, these banks have subscribed to Special Series Bonds issued by NHB for ₹ 564 crores (₹ 385.10 crores is outstanding as on June 30, 2012). These Special Series Bonds are repayable in half yearly instalments by 2022 and 2025, respectively.

- 17.3 The Bank has entered into agreements with KfW, Germany during the year 2010-11 for financing "Energy Efficient New Residential Housing" in India. The programme is under an agreement concluded in May, 2009 between the Government of the Federal Republic of Germany and Government of India on Financial Co-operation. The loan is guaranteed by Government of India.

The total line of credit under the programme is Euro 50 million. Under the agreement, there are two lines viz, an amount of Euro 38 million under Portion A and the balance of Euro 12 million under Portion B which will be financed under concessional rate. The Bank has till date drawn Euro 14 million (equivalent to ₹93.05 crores) outstanding as on date is ₹97.97 crores, Euro 12 million under Portion B and the balance of Euro 2 million under Portion A. Euro 38 million (Portion A) will be repaid in 18 half yearly installment beginning June 30, 2014 and Euro 12 million (Portion B) will be repaid in 60 half-yearly installment beginning June 30, 2021.

Year – 2010-11

- 17.1 Under the Housing Guarantee Programme of USAID, the Bank had raised a loan of US \$25 million in the US Capital Market in the year 1990-91. The loan is repayable in forty equal half yearly instalments commencing from October, 2001. The outstanding balance of ₹ 55.88 crores as on June 30, 2011 is included under the head "borrowings from other sources-outside India". Government of India (GOI) has guaranteed the loan and also agreed to bear the exchange loss, if any. The foreign currency funds received under USAID Programme has been parked with Government of India against rupee funds made available by the Government to NHB. Consequently, the exchange risk on the foreign currency funds is being borne by the Government of India. In view of this, the foreign currency funds borrowed from USAID had not been revalued. However, the Bank during the year has changed this practice and revalued USAID borrowings as on June 30, 2011 and interest payable thereon. As a result of this the liability of borrowings from USAID & interest payable on such borrowings increases by ₹ 31.14 crores & ₹ 0.47 crores respectively with consequent effect in the balance of amount recoverable from GOI. However, this has no impact on the profit & loss account of the Bank.

The Bank received a sum of ₹ 36.66 crores in 2008-09 as advance from GOI towards estimated future exchange loss on the above Borrowing. As per the communication received from GOI, further exchange loss if any, shall be claimed from GOI at the end of the period i.e. October 2021. After adjustment of exchange loss till the last instalment paid in April 2011 the outstanding advance as on June 30, 2011 is ₹ 17.76 crores. Further, as per the understanding with GOI, the Bank has provided interest @ 6% p.a. on the outstanding advance.

As per revaluation of the above borrowing, the loss on revaluation is recoverable from GOI. The loss on revaluation recoverable from GOI as on June 30, 2011, after adjustment of the outstanding advance of ₹ 17.76 crores, is ₹ 13.85 crores and is shown under 'Other Assets'.

- 17.2 The Bank had borrowed US Dollar 120 million (equivalent to ₹ 564 crores outstanding of which, ₹ 339.64 crores as on June 30, 2011) from Asian Development Bank (ADB) in two tranches of USD 100 million and USD 20 million during the year 1997 and 2002, respectively. These loans are guaranteed by the Government of India. The loans are repayable in half yearly instalments by 2022 and 2025, respectively.

These dollar funds were placed as deposits with Bank of India (USD 50 million), Canara Bank (USD 50 million) and EXIM Bank (20 million) in the overseas branches in terms of agreements with these Banks. The deposits are amortized in half yearly instalments which are utilized for repayment of loans from ADB maturing by 2022 and 2025, respectively. In lieu of the USD deposit, these banks have subscribed to Special Series Bonds issued by NHB for ₹ 564 crores (₹ 409.30 crores is outstanding as on June 30, 2011). These Special Series Bonds are repayable in half yearly instalments by 2022 and 2025, respectively.

Year – 2009-10

- 17.1 Under the Housing Guarantee Programme of USAID, the Bank had raised a loan of US \$25 million in the US Capital Market in the year 1990-91. The loan is repayable in forty equal half yearly instalments commencing from October, 2001. The outstanding balance of ₹ 27.21 Crores as on June 30, 2010 is included under the head "borrowings from other sources-outside India". Government of India (GOI) had guaranteed the loan and also agreed to bear the exchange loss, if any. The foreign currency funds received under USAID Programme has been parked with Government of India against rupee funds made available by the Government to NHB. Consequently, the exchange risk on the foreign currency funds is being borne by the Government of India. In view of this, the foreign currency funds borrowed from USAID have not been revalued.

Had the borrowing been revalued at the exchange rate as on June 30, 2010, total liability towards borrowing from USAID would have been ₹ 63.86 Crores as against ₹ 27.21 Crores shown in the balance sheet. Accordingly, ₹ 22.36 Crores shown as payable to GOI would have been converted into recoverable of ₹ 14.29 Crores. Further, in case the interest payable is provided at the current exchange rate, interest payable on the said borrowing would have been increased by ₹ 0.56 Crores with a corresponding receivable from GOI. However, this has no impact on profit and loss account of the Bank.

In 2008-09, the Bank has received a sum of ₹ 36.66 Crores in advance towards future exchange loss as per the computation submitted to GOI. After adjustment of exchange loss till the last instalment paid in October, 2009, the Bank is having balance of ₹ 22.36 Crores which has been shown as liability under 'current liabilities and provision'. As per the understanding with GOI, the Bank has provided interest @6% on the outstanding amount. As per the communication received from GOI, exchange loss if any, incurred by the Bank after adjustment of exchange loss received in advance, shall be claimed from the GOI at the end of the period i.e. October, 2021.

- 17.2 The Bank had borrowed US Dollar 120 million (equivalent to ₹ 564 Crores outstanding of which ₹ 373.71 Crores as on June 30, 2010) from Asian Development Bank (ADB) in two tranches of USD 100 million and USD 20 million during the year 1997 and 2002, respectively. These loans are guaranteed by the Government of India. The loans are repayable in half yearly instalments by 2022 and 2025, respectively.

These dollar funds were placed as deposits with Bank of India (USD 50 million), Canara Bank (USD 50 million) and EXIM Bank (20 million) in the overseas branches in terms of agreements with these Banks. The deposits are amortized in half yearly instalments which are utilized for repayment of loans from ADB, maturing by 2022 and 2025, respectively. In lieu of the USD deposit, these banks have subscribed to Special Series Bonds issued by NHB for ₹

564 Crores (₹ 431.90 Crores is outstanding as on June 30, 2010). These Special Series Bonds are repaid in half yearly installments by 2022 and 2025, respectively.

Year – 2008-09

- 17.1 Under the Housing Guarantee Programme of USAID, the Bank had raised a loan of US \$25 million in the US Capital Market in the year 1990-91. The loan is repayable in forty equal half yearly installments commencing from October, 2001. The outstanding balance of ₹ 29.68 crore as on 30.06.2009 is shown under the head "borrowings from other sources-outside India". Government of India (GOI) had guaranteed the loan and also agreed to bear the exchange loss, if any. The foreign currency funds received under USAID Programme has been parked with Government of India against rupee funds made available by the Government to NHB. Consequently, the exchange risk on the foreign currency funds is being borne by the Government of India. In view of this, the foreign currency funds borrowed from USAID have not been revalued.

Had the borrowing been revalued at the exchange rate as on 30.06.2009, the total liability towards borrowing from USAID would have been ₹ 71.86 crore as against ₹ 29.68 crore shown in the balance sheet and ₹ 27.11 crore shown as payable to GOI would have been converted into recoverable of ₹ 15.06 crore. Further, in case the interest payable is provided at the current exchange rate, interest payable on the said borrowing would have been increased by ₹ 0.93 crore with a corresponding receivable from GOI. However, this has no impact on profit and loss account of the Bank.

As per the understanding with the GOI, the Bank has provided interest @6% on the outstanding amount received in advance from GOI for adjustment of future exchange loss. As per the communication received from GOI, exchange loss if any, incurred by the Bank after adjustment of exchange loss received in advance, shall be claimed from the GOI at the end of the period i.e. October, 2021.

- 17.2 The Bank had borrowed US Dollar 120.40 million (equivalent to ₹ 564 crore outstanding of which ₹ 405.61 crore as on 30.06.2009) from Asian Development Bank (ADB) and the same has been guaranteed by the Government of India. In terms of the agreements entered with Bank of India, Canara Bank and EXIM Bank, NHB deposited the dollar funds (USD 120 million) in the overseas branches of these banks. The said deposits are to be utilized for repayment of borrowings from ADB. NHB raised ₹ 564 crore by issue of special series of priority sector bonds and these bonds have been subscribed by the aforesaid banks with whom the above US Dollar deposit have been kept.

18. Revaluation of Foreign Deposits and Borrowings/Forward Exchange Contracts

Year – 2012-13

18.1. During the year 2012-13 (July-June), the Bank has recognized net loss of ₹ 15.14 crores on revaluation of foreign deposits and borrowings in the Profit and Loss Account and has been shown under head 'Gain/(Loss) on Revaluation of Foreign Deposits and Borrowings'.

18.2. In order to hedge forex risk on account of the excess inflow of USD from EXIM Bank, the Bank has entered into forward exchange contracts. During the year July 2012 to June 2013, forward exchange contracts amounting USD 0.95 million were cancelled. As on June 30, 2013, the Bank has 16 outstanding contracts for an aggregate amount of USD 8.965 million. The total unhedged amount as on June 30, 2013 was USD 6.15 million.

18.3. As on June 30, 2013 the Bank has an outstanding borrowing of Euro 25.64 million from KfW, Germany for financing "Energy Efficient New Residential Housing" in India. Out of this, the Bank has hedged Euro 2 million while the balance amount is yet to be hedged.

18.4. During the period July'12-June'13, Bank has booked gain on forward exchange contracts of ₹ 2.67 crores (net) in the Profit and Loss Account under the head 'Loss / (Gain) on revaluation of Forward Exchange Contracts' after adjusting gain of ₹ 0.61 crores on maturity of contracts.

Year – 2011-12

- 18.1 During the year, the Bank has recognized net gain of ₹ 6.80 crores on revaluation of foreign deposits and borrowings in the Profit and Loss Account and has been shown under head 'Gain/(Loss) on Revaluation of Foreign Deposits and Borrowings'.

- 18.2 In order to hedge forex risk on account of the excess inflow of USD from Exim Bank, the Bank has entered into forward exchange contracts. During the year July 2011 to June 2012, forward exchange contracts amounting USD 0.91 million were cancelled. As on June 30, 2012, the Bank has 18 outstanding contracts for an aggregate amount of USD 9.915 million. The total unhedged amount as on June 30, 2012 was USD 6.15 million.

- 18.3 During the year, the Bank has borrowed Euro 14 million from KfW, Germany for financing "Energy Efficient New Residential Housing" in India. The entire amount is yet to be hedged by the Bank.

- 18.4 During the year ended June 30, 2012, Bank has booked loss on forward exchange contracts of ₹ 10.97 crores (net) in the Profit and Loss Account under the head 'Loss / (Gain) on revaluation of Forward Exchange Contracts' after adjusting gain of ₹ 0.24 crores on maturity of contracts.

Year – 2010-11

- 18.1 During the year, net loss of ₹ 2.04 crores on revaluation of foreign deposits and borrowings has been recognized in the Profit and Loss Account under head 'Loss / (Gain) on revaluation of Foreign Deposits and Borrowings'.

- 18.2 In order to hedge forex risk on account of the excess inflow of USD, the Bank has entered into forward exchange contracts. During the year July, 2010 to June, 2011, forward exchange contracts for USD 0.855 million were cancelled and fresh contracts for a value of USD 1.24 million were entered. As on June 30, 2011, the Bank has 20 outstanding contracts for an aggregate amount of USD 10.825 million. The total unhedged amount as on June 30, 2011 was USD 6.15 Million.

- 18.3 During the year ended June 30, 2011, NHB has booked gains on forward exchange contracts of ₹ 1.61 crores in the Profit and Loss Account under the head 'Gain on Forward Exchange Contracts'. Out of this gain, ₹ 0.08 crores has been booked on maturity of contracts.

Year – 2009-10

- 18.1 During the year, net loss of ₹ 1.92 Crores on revaluation of foreign deposits and borrowings has been recognized in the Profit and Loss Account under head 'Loss/(Gain) on revaluation of Foreign Deposits and Borrowings'.
- 18.2 In view of para 14.1, the foreign currency funds borrowed from USAID have not been revalued as the exchange loss is recoverable from the Government of India.
- 18.3 As on June 30, 2010, the Bank has 18 outstanding forward exchange contracts for an aggregate amount of USD 9.230 million. During the year ended June 30, 2010, NHB has booked ₹ 2.20 Crores towards gain on forward exchange contracts in the Profit and Loss Account under the head 'Gain / (Loss) on Forward Exchange Contract'. Of the total gain, ₹ 0.22 Crores booked on maturity of contracts.

Year – 2008-09

- 18.1 Net gain of ₹ 5.46 crore on revaluation of foreign deposits and borrowings has been recognized in the Profit and Loss Account under head 'Gain / (loss) on valuation of foreign deposits and borrowings'.
- 18.2 In view of para 14.1, the foreign currency funds borrowed from USAID have not been revalued as the exchange loss is recoverable from the Govt. of India.
- 18.3 As on June 30, 2009, the Bank has 20 outstanding Forward Exchange Contracts for an aggregate amount of USD 9.995 million. During the year ended June, 2009, NHB has booked an actual loss of ₹ 0.52 crore on maturity of the forward exchange contracts of USD 0.704 million. A loss on revaluation of ₹ 4.48 crore was accounted for and total of ₹ 5.00 crore was booked in the Profit and Loss Account under the head 'Loss on forward exchange contract'. The Bank has not adopted AS-30, Financial Instruments: Recognition and Measurement since it is mandatory from April 1, 2011.

19. Employee Benefits - AS 15(revised 2005)

Year – 2012-13

- 19.1 The Bank has provided the liability towards employee benefits for Gratuity, Leave Encashment, Medical Retirement Benefits, Sick Leave, Leave Travel Concession, and Pension on actuarial basis for its permanent employees in accordance with the AS-15 (revised 2005) issued by Institute of Chartered Accountants of India.
- 19.2 The Bank is transferring its contribution of provident fund to Reserve Bank of India in respect of its employees who have opted for Contributory Provident Fund. During the year ended June 30, 2013, the Bank has contributed ₹ 0.04 crores to Provident Fund and has charged the same to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.
- 19.3 As per National Housing Bank (Employees') Pension Regulations, 2003, the Bank provides for pension, a defined benefit retirement plan covering all employees who have opted for pension plan. The scheme provides a monthly pension payment to employees on retirement or termination of employment as per Service Regulation. The scheme is managed by a separate trust and the liability for the same is recognized on the basis of actuarial valuation in addition to Bank's monthly contribution to the fund.

The employees, who have joined the services of the Bank on or after 1st April, 2010 are governed by a Defined Contributory Pension Scheme, which shall be governed by the provision of the Contributory Pension Scheme introduced for officers of the Central Government w.e.f. 1st January, 2004 and as modified from time to time. Till 30th June, 2013, the employees have contributed ₹ 0.21 crores under the Scheme and the Bank has also provided for equivalent contribution for the same. The Bank has also provided interest on the said outstanding liability @10% p.a. till 30th June, 2013.

- 19.4 **Defined benefit Obligations:** Gratuity, Leave Encashment, Medical Retirement benefits, Sick Leave, Leave Travel Concession and Pension payable to employees as on 30th June, 2013.

- a) *Methodology used in actuary calculation:* Actuary has used the Projected Unit Credit Method to assess the plan's liabilities including those related to death and service.
- b) A reconciliation of opening and closing balances of present value of defined benefit obligation and the effects during the period attributable to each of the following:

Amount in ₹						
Change in benefit obligations	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Present Value of Obligation at the beginning of the year	18,409,381	18,203,914	4,324,050	13,652,945	13,217,342	231,716,102
Current Service Cost	1,743,097	1,821,423	469,008	1,183,118	958,813	12,060,403
Interest cost	1,568,065	1,362,220	319,372	1,058,103	714,038	17,656,139
Actuarial (Gain)/Loss on Obligations	(661,682)	2,221,650	(417,237)	1,549,884	2,465,325	23,585,693
Benefits paid	-	(1,253,776)	(406,253)	-	(8,007,897)	(7,789,914)
Present Value of Obligation at the end of the year	21,058,861	22,355,431	4,288,940	17,444,050	9,347,621	277,228,423

- c) Amount recognized in the statement of Profit & Loss Account

Amount in ₹						
Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Current Service Cost	1,743,097	1,821,423	469,008	1,183,118	958,813	12,060,403

Interest Cost	1,568,065	1,362,220	319,372	1,058,103	714,038	17,656,139
Expected return on plan assets	NA	NA	NA	NA	NA	(18,093,087)
Actuarial (Gain)/Loss	(661,682)	2,221,650	(417,237)	1,549,884	2,465,325	(27,362,822)
Expenses/(Income)	2,649,480	5,405,293	343,187	3,791,105	4,138,176	(15,739,367)
Amount contributed by ex-employees	-	-	(27,956)	-	-	-
Expenses/(Income) recognized in the statement of Profit and Loss Account	2,649,480	5,405,293	343,187	3,791,105	4,138,176	(15,739,367)

d) Investment details of plan assets:

The Bank has not funded the liability as on June 30, 2013. As such there is no fair value of assets except for pension liability which is managed by a separate trust.

e) The Principal Actuarial assumptions used as at the Balance Sheet date:

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Discount Rate	7.75% p.a	7.75% p.a	7.75% p.a	7.75% p.a	7.75% p.a.	7.75% p.a.
Salary Escalation Rate	6% p.a.	6% p.a.	NA	6% p.a.	NA	6% p.a.
Expected return on plan assets	NA	NA	NA	NA	NA	8% p.a
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Attrition	8%	8%	NA	8%	8%	8%
Retirement	60 years	60 years	60 years	60 years	60 years	60 years
Inflation	-	-	-	-	8%	-
Lapsation	-	-	-	-	3%	-
Disability	-	-	-	-	-	-

f) Change in plan assets

Amount in ₹

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Fair value of plan assets at the beginning of the year	NA	NA	NA	NA	NA	194,266,622
Expected return on plan assets	NA	NA	NA	NA	NA	18,093,087
Actuarial Gain/(Loss)	NA	NA	NA	NA	NA	50,948,515
Benefits paid	NA	NA	NA	NA	NA	(7,789,914)
Employer contributions	NA	NA	NA	NA	NA	2,542,235
Fair value of plan assets at the end of the year*	NA	NA	NA	NA	NA	258,060,545

Bank has not funded the liability as on June 30, 2013. As such there is no fair value of assets except liability for pension.

Year – 2011-12

19.1 The Bank has provided the liability towards employee benefits for Gratuity, Leave Encashment, Medical Retirement Benefits, Sick Leave, Leave Travel Concession, and Pension on actuarial basis for its permanent employees in accordance with the AS-15 (revised 2005) issued by Institute of Chartered Accountants of India.

19.2 The Bank is transferring its contribution of provident fund to Reserve Bank of India in respect of its employees who have opted for Contributory Provident Fund. During the year ended June 30, 2012, the Bank has contributed ₹ 0.04 crores to Provident Fund and has charged the same to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.

19.3 As per National Housing Bank (Employees') Pension Regulations, 2003, the Bank provides for pension, a defined benefit retirement plan covering all employees who have opted for pension plan. The scheme provides a monthly pension payment to employees on retirement or termination of employment as per Service Regulation. The scheme is managed by a separate trust and the liability for the same is recognized on the basis of actuarial valuation in addition to Bank's monthly contribution to the fund. During the year ended June 30, 2012 the Bank has contributed/provided for ₹ 3.74 crores to Pension Fund based on actuarial report in addition to ₹ 0.22 crores towards Bank's monthly contribution and charged to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.

The employees who have joined the services of the Bank on or after 1st April, 2010 are governed by a Defined Contributory Pension Scheme, which shall be governed by the provision of the Contributory Pension Scheme introduced for officers of the Central Government w.e.f. 1st January, 2004 and as modified from time to time. Till 30th June, 2012, the employees have contributed ₹ 0.09 crores under the Scheme and the Bank has also provided for equivalent contribution for the same. The Bank has also provided interest on the said outstanding liability @10% p.a. till 30th June, 2012.

19.4 **Defined benefit Obligations:** Gratuity, Leave Encashment, Medical Retirement benefits, Sick Leave, Leave Travel Concession and Pension payable to employees as on 30th June, 2012.

g) **Methodology used in actuary calculation:** Actuary has used the Projected Unit Credit Method to assess the plan's liabilities including those related to death and service.

- h) A reconciliation of opening and closing balances of present value of defined benefit obligation and the effects during the period attributable to each of the following:

Amount in ₹

Change in benefit obligations	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Present Value of Obligation at the beginning of the year	12,230,189	9,166,128	4,743,459	16,516,960	26,624,877	190,926,031
Current Service Cost	978,600	1,462,760	472,847	1,238,236	4,391,506	15,614,472
Interest cost	979,338	697,075	390,366	1,405,593	2,075,770	15,916,302
Actuarial (Gain)/Loss on Obligations	5,665,454	8,827,711	(969,982)	(5,507,844)	(15,409,303)	17,050,211
Benefits paid	(1,444,200)	(1,949,760)	(312,640)	-	(4,465,508)	(7,790,914)
Present Value of Obligation at the end of the year	18,409,381	18,203,914	4,324,050	13,652,945	13,217,342	231,716,102

- i) Amount recognized in the statement of Profit & Loss Account

Amount in ₹

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Current Service Cost	978,600	1,462,760	472,847	1,238,236	4,391,506	15,614,472
Interest Cost	979,338	697,075	390,366	1,405,593	2,075,770	15,916,302
Expected return on plan assets	NA	NA	NA	NA	NA	(15,689,849)
Actuarial (Gain)/Loss	5,665,454	8,827,711	(969,982)	(5,507,844)	(15,409,303)	31,178,239
Expenses/(Income)	7,623,392	10,987,546	(106,769)	(2,864,015)	(8,942,027)	47,019,164
Amount contributed by ex-employees	-	-	(39,589)	-	-	-
Expenses/(Income) recognized in the statement of Profit and Loss Account	7,623,392	10,987,546	(146,358)	(2,864,015)	(8,942,027)	47,019,164

- j) Investment details of plan assets:

The Bank has not funded the liability as on June 30, 2012. As such there is no fair value of assets except for pension liability which is managed by a separate trust.

- k) The Principal Actuarial assumptions used as at the Balance Sheet date:

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Discount Rate	8.51% p.a	8.51% p.a	8.51% p.a.	8.51% p.a	8.51% p.a.	8.51% p.a.
Salary Escalation Rate	6% p.a.	6% p.a.	NA	6% p.a.	NA	6% p.a.
Expected return on plan assets	NA	NA	NA	NA	NA	8% p.a.
Mortality Rate	Indian Assured Lives Mortality (1994-96) (modified) Ultimate	Indian Assured Lives Mortality (1994-96) (modified) Ultimate	Indian Assured Lives Mortality (1994-96) (modified) Ultimate	Indian Assured Lives Mortality (1994-96) (modified) Ultimate	Indian Assured Lives Mortality (1994-96) (modified) Ultimate	Indian Assured Lives Mortality (1994-96) (modified) Ultimate
Attrition	8%	8%	NA	8%	8%	8%
Retirement	60 years	60 years	60 years	60 years	60 years	60 years
Inflation	-	-	8%	-	8%	-
Lapsation	-	-	-	-	3%	-
Disability	-	-	5% of mortality rate	-	-	-

in plan assets

Amount in ₹

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Fair value of plan assets at the beginning of the year	NA	NA	NA	NA	NA	197,979,602
Expected return on plan assets	NA	NA	NA	NA	NA	15,689,849
Actuarial Gain/(Loss)	NA	NA	NA	NA	NA	(14,128,028)
Benefits paid	NA	NA	NA	NA	NA	(7,790,914)
Employer contributions	NA	NA	NA	NA	NA	2,516,113
Fair value of plan assets at the end of the year*	NA	NA	NA	NA	NA	194,266,622

* The Bank has not funded the liability as on June 30, 2012. As such there is no fair value of assets except liability for pension.

- m) Reconciliation of present value of the obligation and the fair value of the plan assets

Amount in ₹

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Fair value of plan assets at the end of the year	NA	NA	NA	NA	NA	194,266,622
Liability at the end of the year	18,409,381	18,203,914	4,324,050	13,652,945	13,217,342	231,716,102
Net asset / (Liability) recognized in Balance Sheet	(18,409,381)	(18,203,914)	(4,324,050)	(13,652,945)	(13,217,342)	(37,449,480)

19.5 The Bank has been consistently following the practice of providing liability for staff benefits based on the actuarial report. The same has also been followed during the year. However, during the year, there has been changes in

assumptions and methodology in computation of liability in respect of Gratuity, Leave Encashment, Sick Leave and Leave Travel Concession by the actuary.

There is reversal of excess provisions / making of additional provision in the following cases:

Value of obligation	Amount in ₹			
	Gratuity	Leave Encashment	Sick Leave	Leave Travel Concession
As on July 1, 2011	12,230,189	9,166,128	16,516,960	26,624,877
As on June 30, 2012	18,409,381	18,203,914	13,652,945	13,217,342
Short / (Excess)	6,179,192	9,037,786	(2,864,015)	(13,407,535)

The reasons for changes in the various heads are given as under:

- Gratuity*: Computation was made based on the Gratuity Act, 1972 instead of applicable Service Regulation of NHB.
- Leave Encashment*: While computation basic salary was considered instead of gross salary.
- Sick Leave*: The valuation was made on full pay basis instead of half pay.
- Leave Travel Concession*: The valuation was made considering entire block of four years instead of current / applicable block.

Year – 2010-11

- 19.1 The Bank has provided the liability towards employee benefits for Gratuity, Leave Encashment, Medical Retirement Benefits, Sick Leave, Leave Travel Concession, and Pension on actuarial basis for its permanent employees in accordance with the revised AS-15 issued by ICAI.
- 19.2 The Bank is transferring its contribution of provident fund to Reserve Bank of India in respect of its employees who have opted for Contributory Provident Fund. During the year ended June 30, 2011, the Bank has contributed ₹ 0.03 crores to Provident Fund and has charged the same to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.
- 19.3 As per National Housing Bank (Employees') Pension Regulations, 2003, the Bank provides for pension, a defined benefit retirement plan covering all employees who have opted for pension plan. The scheme provides a monthly pension payment to employees on retirement or termination of employment. The scheme is managed by a separate trust and the liability for the same is recognized on the basis of actuarial valuation in addition to Bank's monthly contribution to the fund. During the year ended June 30, 2011 the Bank has contributed ₹ 1.74 crores to Pension Fund and charged same to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.
- 19.4 **Defined benefit Obligations:** Gratuity, Leave Encashment, Medical Retirement benefits, Sick Leave, Leave Travel Concession and Pension payable to employees.
- Methodology used in actuary calculation*: Actuary has used the Projected Unit Credit Method to assess the plan's liabilities including those related to death and service.
 - A reconciliation of opening and closing balances of present value of defined benefit obligation and the effects during the period attributable to each of the following:

Change in benefit obligations	Amount in ₹					
	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Present Value of Obligation at the beginning of the year	14,169,237	10,110,797	4,899,635	13,899,736	27,868,807	176,282,576
Current Service Cost	952,228	752,919	208,483	580,176	1,046,020	0
Interest cost	1,133,539	808,864	379,722	1,111,979	2,229,505	14,102,606
Actuarial (Gain)/Loss on Obligations	358,110	140,581	(336,407)	925,069	586,588	12,197,673
Benefits paid	(4,382,925)	(2,647,033)	(407,974)	-	(5,106,043)	(11,656,824)
Present Value of Obligation at the end of the year	12,230,189	9,166,128	4,743,459	16,516,960	26,624,877	190,926,031

- Amount recognized in the statement of Profit & Loss Account is charged under the head Gratuity, Salary, Allowances & Terminal Benefits, Medical Expense to Retired Staff, Sick Leave, Leave Travel Concession and Pension.

Defined Benefits	Amount in ₹					
	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Current Service Cost	952,228	752,919	208,483	580,176	1,046,020	0
Interest Cost	1,133,539	808,864	379,722	1,111,979	2,229,505	14,102,606
Expected return on plan assets	NA	NA	NA	NA	NA	16,250,074
Actuarial (Gain)/Loss	358,110	140,581	(336,407)	925,069	586,588	14,578,560
Expenses/ (Income)	2,443,877	1,702,364	251,798	2,617,224	3,862,113	12,431,092
Less: Amount contributed by ex-employees	-	-	107,189	-	-	-
Expenses/ (Income) recognized in the statement of Profit and Loss Account by debit to expense / credit to provision no longer required Account	2,443,877	1,702,364	144,609	2,617,224	3,862,113	12,431,092

- Investment details of plan assets:

The Bank has not funded the liability as on June 30, 2011. As such there is no fair value of assets except for pension liability which is managed by a separate trust.

e) The Principal Actuarial assumptions used as at the Balance Sheet date:

Amount in ₹
As on June 30, 2011

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Discount Rate	8% p.a.	8% p.a.	8% p.a.	8% p.a.	8% p.a.	8% p.a.
Salary Escalation Rate	6% p.a.	6% p.a.	6% p.a.	6% p.a.	6% p.a.	6% p.a.
Expected return on plan assets	NA	NA	NA	NA	NA	16,250,074
Mortality Rate	LIC (1994-96) published table of Mortality Rates	LIC (1994-96) published table of Mortality Rates	LIC (1994-96) published table of Mortality Rates	LIC (1994-96) published table of Mortality Rates	LIC (1994-96) published table of Mortality Rates	LIC (1994-96) published table of Mortality Rates
Retirement Age	60	60	60	60	60	60
Withdrawal Rate	3% at younger ages and reducing to 1% at older ages according to graduated scale.	3% at younger ages and reducing to 1% at older ages according to graduated scale.	3% at younger ages and reducing to 1% at older ages according to graduated scale.	3% at younger ages and reducing to 1% at older ages according to graduated scale.	3% at younger ages and reducing to 1% at older ages according to graduated scale.	3% at younger ages and reducing to 1% at older ages according to graduated scale.
Morbidity Rate	NA	NA	16%. Adjustments could be made later depending on the experience of the scheme.	NA	NA	NA

f) Change in plan assets

Amount in ₹
As on June 30, 2011

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Fair value of plan assets at the beginning of the year	NA	NA	NA	NA	NA	177,002,336
Expected return on plan assets	NA	NA	NA	NA	NA	16,250,074
Actuarial Gain/(Loss)	NA	NA	NA	NA	NA	(2,380,887)
Benefits paid	NA	NA	NA	NA	NA	(11,656,824)
Employer contributions	NA	NA	NA	NA	NA	18,764,903
Fair value of plan assets at the end of the year*	NA	NA	NA	NA	NA	197,979,602

* The Bank has not funded the liability as on June 30, 2011. As such there is no fair value of assets except liability for pension.

g) Reconciliation of present value of the obligation and the fair value of the plan assets

Amount in ₹
As on June 30, 2011

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Fair value of plan assets at the end of the year	NA	NA	NA	NA	NA	197,979,602
Liability at the end of the year	12,230,189	9,166,128	4,743,459	16,516,960	26,624,877	190,926,031
Net asset / (Liability) recognized in Balance Sheet	(12,230,189)	(9,166,128)	(4,743,459)	(16,516,960)	(26,624,877)	7,053,571#

#Surplus not recognized in the accounts.

Year – 2009-10

- 19.1 The Bank has provided the liability towards employee benefits for Gratuity, Leave Encashment, Medical Retirement Benefits, Leave Travel Concession, Sick Leave and Pension on actuarial basis for its permanent employees in accordance with the revised AS-15 issued by ICAI.
- 19.2 The Bank is transferring its contribution of provident fund to Reserve Bank of India in respect of its employees who have opted for Contributory Provident Fund. During the year ended June 30, 2010, the Bank has paid an amount of ₹ 0.03 Crores towards contribution to Provident Fund and the same has been charged to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.
- 19.3 As per National Housing Bank (Employees') Pension Regulations, 2003, the Bank provides for Pension, a defined benefit retirement plan covering all employees who have opted for pension plan. The scheme provides a monthly pension payment to employees at retirement or termination of employment. The scheme is managed by a separate trust and the liability for the same is recognized on the basis of actuarial valuation at the end of the year in addition to Bank's monthly contribution to the fund. During the year ended June 30, 2010, the Bank has contributed ₹ 1.45 Crores to Pension Fund and charged to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.
- 19.4 **Defined benefit Obligations:** Gratuity, Leave Encashment, Medical Benefits, Sick Leave, and Leave Travel Concession payable on retirement /termination
- a) *Methodology used in actuary calculation:* Actuary has used the Projected Unit Credit Method to assess the plan's liabilities including those related to death and service.
- b) Reconciliation of opening and closing balances of present value of defined benefit obligations and the effects during the period attributable to each of the following:

Amount in ₹
As of June 30, 2010

Change in benefit obligations	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Present Value of Obligation at the beginning of the year	10,806,848.00	8,096,689.00	4,207,045.00	11,400,344.00	23,982,694.00
Current Service Cost	971,271.00	745,027.00	432,033.00	1,082,517.00	1,176,708.00
Interest cost	837,531.00	627,493.00	326,046.00	883,527.00	1,858,659.00
Actuarial (Gain)/ Loss on Obligations	2,998,458.00	2,396,659.00	10,594.00	533,348.00	4,713,892.00
Benefits paid	(1,444,871.00)	(1,755,072.00)	(76,083.00)	-	(3,863,146.00)
Present Value of Obligation at the end of the year	14,169,237.00	10,110,797.00	4,899,635.00	13,899,736.00	27,868,807.00

- c) Amount recognized in the statement of Profit & Loss Account is charged under the head Gratuity, Salary, Allowances & Terminal Benefits, Medical Expense to Retired Staff, Sick Leave and Leave Fair Concession

Amount in ₹
As of June 30, 2010

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Current Service Cost	971,271.00	745,027.00	432,033.00	1,082,517.00	1,176,708.00
Interest Cost	837,531.00	627,493.00	326,046.00	883,527.00	1,858,659.00
Expected return on plan assets	-	-	-	-	-
Actuarial (Gain)/Loss	2,998,458.00	2,396,659.00	10,594.00	533,348.00	4,713,892.00
Expenses/(Income) recognized in the statement of Profit and Loss Account by debit to expense / credit to provision no longer required Account	4,807,260.00	3,769,180.00	768,673.00	2,499,392.00	7,749,259.00

d) Investment details of plan assets:

The Bank has not funded the liability as on June 30, 2010. As such there is no fair value of assets.

e) The Principal Actuarial assumptions used as at the Balance Sheet date:

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Discount Rate	7.75% p.a.	7.75% p.a.	7.75% p.a.	7.75% p.a.	7.75% p.a.
Salary Escalation Rate	5.50% p.a.	5.50% p.a.	NA	5.50% p.a.	5.50% p.a.
Expected return on plan assets	NA	NA	NA	NA	NA
Mortality Rate	LIC (1994-96) published table of Mortality Rates	LIC (1994-96) published table of Mortality Rates	LIC (1994-96) published table of Mortality Rates	LIC (1994-96) published table of Mortality Rates	LIC (1994-96) published table of Mortality Rates
Retirement Age	60	60	60	60	60
Withdrawal	3% at younger ages and reducing to 1% at older ages according to graduated scale.	3% at younger ages and reducing to 1% at older ages according to graduated scale.	3% at younger ages and reducing to 1% at older ages according to graduated scale.	3% at younger ages and reducing to 1% at older ages according to graduated scale.	3% at younger ages and reducing to 1% at older ages according to graduated scale.
Morbidity Rate	-----	-----	16%. Adjustments could be made later depending on the experience of the scheme.	-----	-----

f) Change in plan assets

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Fair value of plan assets at the beginning of the year*	-	-	-	-	-
Expected return on plan assets	-	-	-	-	-
Actuarial Gain	-	-	-	-	-
Benefits paid	-	-	-	-	-
Employer contributions	-	-	-	-	-
Fair value of plan assets at the end of the year	-	-	-	-	-

*The Bank has not funded the liability as on June 30, 2010. As such there is no fair value of assets.

g) Reconciliation of present value of the obligation and the fair value of the plan assets

Amount in ₹
As of June 30, 2010

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Fair value of plan assets at the end of the year	-	-	-	-	-
Liability at the end of the year	14,169,237.00	10,110,797.00	4,899,635.00	13,899,736.00	27,868,807.00
Net asset / (Liability) recognized in Balance Sheet	(14,169,237.00)	(10,110,797.00)	(4,899,635.00)	(13,899,736.00)	(27,868,807.00)

Year – 2008-09

- 19.1 The Bank has been providing for its liability towards Pension, Gratuity, Leave Encashment, Medical Retirement benefits and Sick Leave on actuarial basis for its permanent employees in accordance with the revised AS-15. The Bank has for the first time provided the liability amounting to ₹ 239.83 lakh towards Leave Travel Concession as per actuarial valuation done (as per Revised AS-15) after adjusting ₹ 81.52 lakh towards deferred tax, balance of ₹ 158.31 lakh has been adjusted against the opening balance of Reserve Fund.
- 19.2 The Bank is transferring its contribution of provident fund to Reserve Bank of India in respect of its employees who have opted for Contributory Provident Fund. During the year, the Bank has charged to the Profit and Loss Account an amount of ₹ 2.95 lakh towards contribution to Provident Fund under the head 'Staff Salaries, Allowances and Terminal Benefits'.
- 19.3 As per National Housing Bank (Employees') Pension Regulations, 2003, the Bank provides for pension, a defined benefit retirement plan covering all employees who have opted for pension plan. The scheme is managed by a separate trust and the liability for the same is recognized on the basis of actuarial valuation. The scheme provides a monthly pension payment to employee at retirement or termination of employment. During the year ended 30.06.2009, the Bank has contributed ₹ 25.97 lakh to Pension Fund and charged to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.
- 19.4 **Defined benefit Obligations:** Gratuity, Leave encashment, Sick Leave, Leave Travel Concession and Medical Benefits payable on retirement /termination.
- a) **Methodology used in actuary calculation:** Actuary has used the Projected Unit Credit Method to assess the plan's liabilities including those related to death and service.
- b) A Reconciliation of opening and closing balances of present value of defined benefit obligation and the effects during the period attributable to each of the following:

Amount in ₹
As of 30th June, 2009

Change in benefit obligations	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Present Value of Obligation at the beginning of the year	11,308,970.00	7,429,357.00	3,941,309.00	10,282,276.00	23,471,182.00
Current Service Cost	2,553,081.00	2,114,719.00	695,637.00	2,839,503.00	1,173,559.00
Interest cost	823,841.00	564,359.00	304,568.00	781,760.00	1,877,695.00
Actuarial (Gain)/Loss on Obligations	(2,636,899.00)	(787,457.00)	(734,468.00)	(2,503,195.00)	(2,426,024.00)
Benefits paid	(1,242,145.00)	(1,224,289.00)	0.00	0.00	(113,718.00)
Present Value of Obligation at the end of the year	10,806,848.00	8,096,689.00	4,207,046.00	11,400,344.00	23,982,694.00

c) Amount recognized in the statement of Profit & Loss Account and charged to Profit and Loss Account under the head Gratuity, Salary & Allowances, Medical Expense to Retired Staff and Sick Leave.

Amount in ₹
As of 30th June, 2009

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Current Service Cost	2,553,081.00	2,114,719.00	695,637.00	2,839,503.00	1,173,559.00
Interest Cost	823,841.00	564,359.00	304,568.00	781,760.00	1,877,695.00
Expected return on plan assets	0.00	0.00	0.00	0.00	0.00
Actuarial (Gain)/Loss	(2,636,899.00)	(787,457.00)	(734,468.00)	(2,503,195.00)	(2,426,024.00)
Expenses/(Income) recognized in the statement of Profit and Loss Account by debit to expense / credit to provision no longer required Account	740,023.00	1,891,621.00	265,737.00	1,118,068.00	625,230.00

d) Investment details of plan assets:
The Bank has not funded the liability as on 30.06.2009. As such there is no fair value of assets.

e) The Principal Actuarial assumptions used as at the Balance Sheet date:

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Discount Rate	7.5 % p.a.	7.5 % p.a.	7.5 % p.a.	7.5 % p.a.	8% p.a.
Salary Increases	5 % p.a.	5 % p.a.	--	5 % p.a.	6% p.a.
Medical Expenses Increases	-----	-----	Since upper limit of compensation is fixed, no increase over & above is required.	-----	-----
Expected rate of return	N.A.	N.A.	N.A.	N.A.	N.A.
Mortality	Published rates under the LIC (1994-96) mortality tables	Published rates under the LIC (1994-96) mortality tables	Survival rates are used as per Latest Table LIC (1996-98)	Published rates under the LIC (1994-96) mortality tables	Published rates under the LIC (1994-96) mortality tables
Retirement Ages	The employees in all cadre retire at 60 years	The employees in all cadre retire at 60 years	-----	The employees in all cadre retire at 60 years	The employees in all cadre retire at 60 years
Withdrawal rates	The experience is not yet stable. Hence no rate has been applied	The experience is not yet stable. Hence no rate has been applied	-----	-----	The experience is not yet stable. Hence no rate has been applied
Attrition rate	-----	-----	-----	Attrition rate is 20% for all ages up to 59 years.	-----

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Fair value of plan assets at the beginning of the year*	-----	-----	-----	-----	-----
Expected return on plan assets	-----	-----	-----	-----	-----
Actuarial Gain	-----	-----	-----	-----	-----
Benefits paid	-----	-----	-----	-----	-----
Employer contributions	-----	-----	-----	-----	-----
Fair value of plan assets at the end of the year	-----	-----	-----	-----	-----

* The Bank has not funded the liability as on 30.06.2009. As such there is no fair value of assets.

g) Reconciliation of present value of the obligation and the fair value of the plan assets

Amount in ₹
As of 30th June, 2009

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession
Fair value of plan assets at the end of the year	-----	-----	-----	-----	-----
Liability at the end of the year	10,806,848.00	8,096,689.00	4,207,045.00	11,400,344.00	23,982,694.00
Net asset / (Liability) recognized in Balance Sheet	10,806,848.00	8,096,689.00	4,207,045.00	11,400,344.00	23,982,694.00

20. Revenue Recognition

Year – 2012-13

Certain items of income (say, pre-payment levy, penalty and miscellaneous receipts) are recognized on cash basis. However, such income is not considered to be material

Year – 2011-12

Certain items of income (say, pre-payment levy, penalty and miscellaneous receipts) are recognized on cash basis. However, such income is not considered to be material

Year – 2010-11

Interest on loans and advances, except in respect of non-performing assets, is accounted for on accrual basis. In respect of non-performing assets, interest is accounted for on receipt basis. Certain items of income (say: prepayment levy, penalty and miscellaneous receipts) are recognized on cash basis. However, such income is not considered to be material.

Year – 2009-10

N.A.

Year – 2008-09

N.A.

21. Security Transactions of 1991-92

Year – 2012-13

21.1 In a dispute between State Bank of India and NHB the Hon'ble Supreme Court vide its judgment dated July 31, 2013, dismissed the suit and set aside the decree in toto, which was earlier passed in favour of NHB by the Hon'ble Special Court. In the said decree, a sum of ₹ 237.06 crores representing the decreed amount was received from State Bank of Saurashtra (SBS), since amalgamated with State Bank of India in September, 2008, and is forming part of the sum of ₹ 237.20 crores appearing in the Balance Sheet under the head "Other Liabilities".

21.2 The sum of ₹ 149.37 crores appearing in the Balance Sheet under the head "Other Assets" represents the sum of ₹ 95.40 crores paid by the Bank to SBS during 1991-92 alleged to have been for purchase of securities and ₹ 53.97 crores paid by the National Housing Bank towards interest on unclaimed amount of ₹ 40.22 Crores to the custodian pursuant to the orders of the special court.

21.3 A sum of ₹ 40.25 crores was appearing in the books of NHB as unclaimed amount since 1991-92. While passing a Decree in the year 1999 in favour of NHB in the above suit against SBS, the special Court noted this fact and directed NHB that out of the said amount NHB to deposit a sum of ₹ 40.22 crores with the Custodian, which was duly deposited and the unclaimed balance of ₹ 0.03 crores alongwith another unclaimed balance of ₹ 0.11 crores is being shown under the head "Other Liabilities".

NHB has been holding provision for interest of ₹ 35.29 Crores made on ₹ 40.22 crore from 1991-92 till date of deposit with the Custodian in its books. Further, NHB will exercise its right to be indemnified pursuant to the Letter of Indemnity executed by Standard Chartered Bank in connection with a related transaction for ₹ 55.18 Crores along with interest @ 12% p.a.

To meet its obligations pursuant to the judgment aforesaid NHB is entitled to receive a sum of ₹ 94.19 Crore from the Custodian and ₹ 55.18 Crores along with interest @ 12% p.a. from Standard Chartered Bank.,

The above adjustments shall not have any adverse impact on the profitability of the Bank.

21.4. The disputes between NHB and SBI and NHB and Grindlays Bank (since amalgamated with Standard Chartered Bank) have been settled and no claim exists between the parties against each other. However, any money to be recovered from the estate of legal heir of the late Sh. Harshad Mehta by SBI and Standard Chartered Bank in accordance with the decrees passed in their favour by the Special Court will be shared by them with NHB in the agreed manner and will be accounted for on actual receipt.

As per the Terms of the Settlement agreed between SBI and NHB on October 30, 2002, recoveries if any, made in M.P. No.63 of 1992 was to be shared between SBI and NHB in such proportion as may be determined by the Reserve Bank of India (RBI). The principal amount of the decree i.e. ₹ 706.97 crores has been satisfied in full. NHB has taken up the matter with SBI and also with RBI for determination of the proportion in which the amount realized by SBI is to be divided between SBI and NHB.

A sum of ₹ 345.76 crores is also to be released by the Custodian in favour of Standard Chartered Bank (SCB) out of the principal amount of ₹ 506.54 in the decree passed in its favour in Suit No. 28 of 1995. As NHB is also entitled to share the amount realized by SCB in the said decree, it has approached SCB in the matter. The amount will be shared in a proportion inverse to the proportion in which the amount of ₹ 1645.87 crores was shared between NHB and SCB. These amounts will be accounted for on actual receipts. However, Hon'ble Supreme Court in CA No. 23188 of 2011 has directed both the parties to maintain status quo. Hence, no amount has been disbursed to SCB by the Custodian till date.

21.5. A Miscellaneous Application has been filed before the Special Court, Mumbai by Smt. Jyoti H. Mehta wife of Late Harshad S. Mehta, against NHB, SCB and others alleging sale of 2 crores Units of the Unit Trust of India 1964 Scheme belonging to Harshad S. Mehta for which consideration of a sum of ₹ 27.25 crores was paid by him to NHB and are

lying unclaimed by the Custodians for the past several years. NHB has denied any transaction with late Sh. Harshad S. Mehta and has filed its reply.

Year – 2011-12

- 21.1 A sum of ₹ 237.20 crores appearing in the Balance Sheet under the head "Other Liabilities" includes a sum of ₹ 237.06 crores representing the decreed amount received from State Bank of Saurashtra (SBS), since amalgamated with State Bank of India in September, 2008, in a suit filed by NHB. This amount will be adjusted on final disposal of the appeal filed by SBS and NHB in the Supreme Court.
- 21.2 The sum of ₹ 149.37 crores appearing in the Balance Sheet under the head "Other Assets" represents the sum of ₹ 95.40 crores paid by the Bank to SBS during 1991-92 for purchase of securities and ₹ 53.97 crores paid by the Bank to the custodian pursuant to the orders of the special court. Both the amounts and interest thereon, if any, will be adjusted on final disposal of the appeal filed by the SBS and NHB in the Supreme Court.
- 21.3 A sum of ₹ 40.25 crores was appearing in the books of NHB as unclaimed amount since 1991-92. While passing a Decree in the year 1999 in favour of NHB in the above suit against SBS, the special Court noted this fact and directed NHB to deposit a sum of ₹ 40.22 crores with the Custodian, which was duly deposited and the unclaimed balance of ₹ 0.03 crores along with another unclaimed balance of ₹ 0.11 crores is being shown under the head "Other Liabilities".
- Provision of ₹ 35.29 crores for interest has been made on the above sum from 1991-92 till date of deposit with the Custodian. The provision of ₹ 35.29 crores and will be adjusted on final disposal of the appeal pending in the Supreme Court as referred above.

- 21.4 The disputes between NHB and SBI and NHB and Grindlays Bank (since amalgamated with Standard Chartered Bank) have been settled and no claim exists between the parties against each other. However, any money to be recovered from the legal heir of estate of the late Sh. Harshad Mehta by SBI and Standard Chartered Bank in accordance with the decrees passed in their favour by the Special Court will be shared by them with NHB in the agreed manner and will be accounted for on actual receipt.

As per the Terms of the Settlement agreed between SBI and NHB on October 30, 2002, recoveries if any, made in M.P. No.63 of 1992 was to be shared between SBI and NHB in such proportion as may be determined by the Reserve Bank of India (RBI). The principal amount of the decree i.e. ₹ 706.97 crores has been satisfied in full. NHB has taken up the matter with SBI and also with RBI for determination of the proportion in which the amount realized by SBI is to be divided between SBI and NHB.

A sum of ₹ 345.76 crores is also to be released by the Custodian in favour of Standard Chartered Bank (SCB) out of the principal amount of ₹ 506.54 in the decree passed in its favour in Suit No. 28 of 1995. As NHB is also entitled to share the amount realized by SCB in the said decree, it has approached SCB in the matter. The amount will be shared in a proportion inverse to the proportion in which the amount of ₹ 1645.87 crores was shared between NHB and SCB. These amounts will be accounted for on actual receipts.

- 21.5 A Miscellaneous Application has been filed before the Special Court, Mumbai by Smt. Jyoti H. Mehta wife of Late Harshad S. Mehta, against NHB, SCB and others alleging sale of 2 crores Units of the Unit Trust of India 1964 Scheme belonging to Harshad S. Mehta for which consideration of a sum of ₹ 27.25 crores was paid by him to NHB and are lying unclaimed by the Custodians for the past several years. NHB has denied any transaction with late Sh. Harshad S. Mehta and has filed its reply.

Year – 2010-11

- 21.1 A sum of ₹ 237.20 crores appearing in the Balance Sheet under the head "Other Liabilities" includes a sum of ₹ 237.06 crores representing the decreed amount received from State Bank of Saurashtra (SBS), since amalgamated with State Bank of India in September, 2008, in a suit filed by NHB. This amount will be adjusted on final disposal of the appeal filed by SBS and NHB in the Supreme Court.
- 21.2 The sum of ₹ 149.37 crores appearing in the Balance Sheet under the head "Other Assets" represents the sum of ₹ 95.40 crores paid by the Bank to SBS during 1991-92 for purchase of securities and ₹ 53.97 crores paid by the Bank to the custodian pursuant to the orders of the special court. Both the amounts and interest thereon, if any, will be adjusted on final disposal of the appeal filed by the SBS and NHB in the Supreme Court.
- 21.3 A sum of ₹ 40.25 crores was appearing in the books of NHB as unclaimed amount since 1991-92. While passing a Decree in the year 1999 in favour of NHB in the above suit against SBS, the special Court noted this fact and directed NHB to deposit a sum of ₹ 40.22 crores with the Custodian, which was duly deposited. Provision of ₹ 35.29 crores for interest has been made on the above sum from 1991-92 till date of deposit with the Custodian. The provision of ₹ 35.29 crores and the unclaimed balance of ₹ 0.03 crores is being shown under the head "Other Liabilities" and will be adjusted on final disposal of the appeal pending in the Supreme Court as referred above.
- 21.4 The disputes between NHB & SBI and NHB & Grindlays Bank (since amalgamated with Standard Chartered Bank) have been settled and no claim exists between the parties against each other. However, any money to be recovered from the estate of the late Sh. Harshad Mehta by SBI and Standard Chartered Bank in accordance with the decrees passed in their favour by the Special Court will be shared by them with NHB in the agreed manner and will be accounted for on actual receipt.
- 21.5 As per the Terms of the Settlement agreed between the State Bank of India and the National Housing Bank on October 30, 2002, the National Housing Bank was to cooperate with the State Bank of India in Miscellaneous Petition No.63 of 1992 and recoveries made if any in the said petition was to be shared between the State Bank of India and the National Housing Bank in such proportion as may be determined by the Reserve Bank of India.

Pursuant to Hon'ble Supreme Court orders dated January 6 and February 21, 2011, the Special Court at Mumbai, has directed distribution of the amounts realized from the estate of Harshad Mehta. After distribution of the amount to the Income Tax department in the priority period, the Special Court has directed that in favour of decree holder the remaining amount be distributed depending upon the date of decrees. A sum of ₹ 100 crores has been directed to be released to SBI against its decree in Suit No. 41 of 1995 and Misc. Petition No. 63 of 1992. The decree in Suit No.41 of

1995 is of ₹ 137.11 crores and in Misc. Petition No. 63 of 1992 it is ₹ 706.97 crores. Clarification with regard to the decree, against which the appropriation of ₹ 100 crores had been made, is sought from SBI.

Year – 2009-10

- 21.1 A sum of ₹ 237.20 Crores appearing in the Balance Sheet under the head "Other Liabilities" includes a sum of ₹ 237.06 Crores representing the decreed amount received from State Bank of Saurashtra (SBS), since amalgamated with State Bank of India in September, 2008), in a suit filed by NHB. This amount will be adjusted on final disposal of the appeal filed by SBS and NHB in the Supreme Court.
- 21.2 The sum of ₹ 149.37 Crores appearing in the Balance Sheet under the head "Other Assets" represents the sum of ₹ 95.40 Crores paid by the Bank to SBS during 1991-92 for purchase of securities and ₹ 53.97 Crores paid by the Bank to the custodian pursuant to the orders of the special court. Both the amounts and interest thereon, if any, will be adjusted on final disposal of the appeal filed by the SBS and NHB in the Supreme Court.
- 21.3 A sum of ₹ 40.25 Crores was appearing in the books of NHB as unclaimed amount since 1991-92. While passing a Decree in the year 1999 in favour of NHB in the above suit against SBS, the special Court noted this fact and directed NHB to deposit a sum of ₹ 40.22 Crores with the Custodian, which was duly deposited. Provision of ₹ 35.29 Crores for "Other Liabilities" interest has been made on the above sum from 1991-92 till date of deposit with the Custodian. The provision of ₹ 35.29 Crores and the unclaimed balance of ₹ 0.03 Crores is being shown under the head "other Liabilities" and will be adjusted on final disposal of the appeal pending in the Supreme Court as referred above.
- 21.4 The disputes between NHB & SBI and NHB & Grindlays Bank (since amalgamated with Standard Chartered Bank) have been settled and no claim exists between the parties against each other. However, any money to be recovered from the assets of the late Sh. Harshad Mehta by SBI and Grindlays Bank (since amalgamated with Standard Chartered Bank) in accordance with the decrees passed in their favour by the Special Court will be shared by them with NHB in the agreed manner and will be accounted for on actual receipt.

Year – 2008-09

- 21.1 A sum of ₹ 237.20 crore appearing in the Balance Sheet under the head "Other Liabilities" includes a sum of ₹ 237.06 crore representing the decreed amount received from State Bank of Saurashtra (SBS) in a suit filed by NHB. This amount will be adjusted on final disposal of the appeal filed by SBS and NHB in the Supreme Court.
- 21.2 The sum of ₹ 149.37 crore appearing in the Balance Sheet under the head "Other Assets" represents the sum of ₹ 95.40 crore paid by the Bank to SBS during 1991-92 for purchase of securities and ₹ 53.97 crore paid by the Bank to the custodian pursuant to the orders of the special court. Both the amounts and interest thereon, if any, will be adjusted on final disposal of the appeal filed by the SBS and NHB in the Supreme Court.
- 21.3 A sum of ₹ 40.25 crore was appearing in the books of NHB as unclaimed amount since 1991-92. While passing a Decree in the year 1999 in favour of NHB in the above suit against SBS, the special Court noted this fact and directed NHB to deposit a sum of ₹ 40.22 crore with the Custodian, which was duly deposited. Provision of ₹ 35.29 crore for interest has been made on the above sum from 1991-92 till date of deposit with the Custodian and thereafter on the difference amount ₹ 0.03 crore. It is being shown under the head "other Liabilities" and will be adjusted on final disposal of the appeal pending in the Supreme Court as referred above.
- 21.4 The disputes between NHB & SBI and NHB & Grindlays Bank have been settled and no claim exists between the parties against each other. However, any money to be recovered from the assets of the late Sh. Harshad Mehta by SBI and Grindlays Bank in accordance with the decrees passed in their favour by the Special Court will be shared by them with NHB in the agreed manner and will be accounted for on actual receipt.

22. Segment Reporting

Year – 2012-13

- 22.1 The Bank's operations predominantly comprise only one segment i.e. financial activities. Hence, there are no separate reportable segments as per the Accounting Standard on "Segment Reporting" (AS 17) issued by the Institute of Chartered Accountants of India.

Year – 2011-12

- 22.1 The Bank's operations predominantly comprise only one segment i.e. financial activities. Hence, there are no separate reportable segments as per the Accounting Standard on "Segment Reporting" (AS 17) issued by the Institute of Chartered Accountants of India.

Year – 2010-11

- 22.1 The Bank's operations predominantly comprise only one segment i.e. financial activities. Hence, there are no separate reportable segments as per the Accounting Standard on "Segment Reporting" (AS 17) issued by the Institute of Chartered Accountants of India.

Year – 2009-10

- 22.1 The Bank's operations predominantly comprise only one segment i.e. financial activities. Hence, there are no separate reportable segments as per the Accounting Standard on "Segment Reporting" (AS 17) issued by the Institute of Chartered Accountants of India.

Year – 2008-09

- 22.1 The Bank's operations predominantly comprise only one segment i.e. financial activities. Hence, there are no separate reportable segments as per the Accounting Standard on "Segment Reporting" (AS 17) issued by the Institute of Chartered Accountants of India.

23. Related Party Transactions

Year – 2012-13

- 23.1 List of Related Parties:
i) Key Managerial Personnel: Shri R. V. Verma
ii) India Mortgage Guarantee Corporation Private Limited (IMGC)

a) Transactions with Related Parties:

Name of the Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year	Outstanding as on 30 th June, 2013
Shri R. V. Verma	Key Management Personnel- Chairman & Managing Director	Remuneration & benefits including perquisites	₹ 29.84 lakhs	Nil
IMGC	Substantial interest in the Share Capital	Equity Capital Contribution	₹ 13.30 crores	₹ 59.15 crores

As the Bank is state controlled enterprise within the meaning of AS-18 'Related Party Disclosures', the related party relationship with other state controlled enterprises and transactions with such enterprises are not given.

Year – 2011-12

- 23.1 List of Related Parties:
i) Key Managerial Personnel: Shri R. V. Verma
ii) India Mortgage Guarantee Corporation Private Limited (IMGC)

b) Transactions with Related Parties:

Name of the Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year	Outstanding as on 30 th June, 2012
Shri R. V. Verma	Key Management Personnel- Chairman & Managing Director	Remuneration & benefits including perquisites	₹ 26.40 lakhs	Nil
IMGC	Substantial interest in the Share Capital	Equity Capital Contribution	₹ 45.60 crores	Nil

As the Bank is state controlled enterprise within the meaning of AS-18 'Related Party Disclosures', the related party relationship with other state controlled enterprises and transactions with such enterprises are not given.

Year – 2010-11

- 23.1 List of Related Parties:
Key Managerial Personnel : Shri R. V. Verma

Name of the Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year	Outstanding
Shri S. Sridhar (Upto 14.09.2010)	Key Management Personnel- Ex-Chairman & Managing Director	Remuneration & benefits including perquisites	1.64 lakhs (paid to Central Bank of India towards Gratuity)	-
Shri R. V. Verma (w.e.f. 15.09.2010)	Key Management Personnel- Chairman & Managing Director	Remuneration & benefits including perquisites	14.48 lakhs	-

As the Bank is state controlled enterprise within the meaning of AS-18 'Related Party Transaction', the details of the transactions with other state controlled enterprises are not given.

Year – 2009-10

- 23.1 As per the Accounting Standard on "Related Party Disclosures" (AS 18) issued by the Institute of Chartered Accountants of India, the necessary disclosure is made as under:

S. No.	Name of the Related Party	Nature of Relationship
1.	Reserve Bank of India	Corporate Body holding 100% capital
2.	Shri S. Sridhar	Chairman and Managing Director of National Housing Bank
3.	Central Bank of India (CBI)	Shri S. Sridhar is the Chairman and Managing Director of Central Bank of India.

The nature & volume of transactions of the Bank during the year with the above parties were as follows:

[₹ in Crores]

Particulars	Corporate Body	Key Management Personnel	Other related party (CBI)
Interest Income	-	-	9.79
Dividend received	-	-	-
Interest Expense	60.09	-	0.10
Remuneration	-	0.14	-
Termination Benefits payable	-	Term of appointment of the Chairman & Managing Director is governed by Government guidelines. As such, payment of leave encashment and gratuity is made on the basis of demand, if any.	-
Principal amount of repayment	3982.45	-	-
Receivable as on June 30, 2010	-	-	700.00
Payable (borrowings) as on June 30, 2010	23.69	-	180.00

Year – 2008-09

- 23.1 As per the Accounting Standard on “Related Party Disclosures” (AS 18) issued by the Institute of Chartered Accountants of India, the necessary disclosure is made as under:

S. No.	Name of the Related Party	Nature of Relationship
1.	Reserve Bank of India	Holding Company
2.	Shri S. Sridhar	Key Management Personal

(Related party relationships are identified by the Bank)

The nature & volume of transactions of the Bank during the year with the above parties were as follows:

[₹ in crore]

Particulars	Holding Company	Key Management Personnel	
Interest Income	-	-	-
Dividend received	-	-	-
Interest Expense	75.11	-	-
Remuneration	-	₹	0.09 crore (July, 2008 to March, 2009)
Termination Benefits payable	-	Term of appointment of the Chairman & Managing Director is governed by Government guidelines. As such, payment of leave encashment and gratuity is made on the basis of demand, if any.	
Receivable as on June 30, 2009	-	-	-
Payable (borrowings) as on June 30, 2009	4006.13	-	-

24. Income tax

Year – 2012-13

- 24.1 Additional demand of ₹ 130.56 crores raised by the Income Tax Department on imposing penalties in respect of disallowance of Bank’s claim u/s 36(1)(viii) of the Income Tax Act, 1961 for assessment years (AYs) 2003-04 to 2006-07, 2008-09 and 2009-10, disallowance of business loss of ₹ 150.45 crores for AY2003-04 and additional demand of ₹ 91.05 crores for AY2010-11 due to certain additions and disallowances has been paid and is being contested.

The management does not consider it necessary to make any provision in this regard in view of the legal opinion obtained by it.

Year – 2011-12

- 24.1 The provision for income tax of ₹ 174.40 crores for the current year (previous year - ₹ 129.00 crores) has been made as per applicable enactments.
- 24.2 The Hon’ble Income Tax Appellate Tribunal (ITAT) vide its order dated 26.02.2009 held that the Bank is not liable to Income Tax under the Income Tax Act, 1961 for assessment year 2002-03. Against the said orders, Income Tax Department (ITD) had filed an appeal in the Hon’ble High Court of Delhi. The Hon’ble Court in its order dated January 28, 2010 has observed that the approval of Committee of Dispute (COD) has not been obtained by the ITD. Consequently, the Hon’ble Court declined to entertain the appeal. The ITD was granted leave to apply for approval of COD in case such an application has not been made. In case the COD grant approval, the revenue would be at liberty to file a fresh appeal within 15 days of the appellant receiving the order granting approval. The appeal was disposed off by the Hon’ble Court in these terms. In view of the legal opinion obtained, the Bank has written back the provision for Income Tax of ₹ 58.06 crores and has also not retained Deferred Tax Liability (DTL). The Bank has, however, retained special reserve of ₹ 53.39 crores for the said year.
- 24.3 Income Tax reassessment orders for assessment years 2003-04, 2004-05, 2005-06 and 2006-07 have been passed, in which claim under section 36(1)(viii) in respect of the said years and the business loss of ₹ 150.45 crores connected with Security Transaction 1991-92 in respect of assessment year 2003-04 have been disallowed. The Bank has preferred appeals before CIT (Appeals) against the orders passed by the Assistant Commissioner of Income Tax (ACIT) for the said years and appeals are pending for hearing and disposal.
- As regard assessment years 2007-08, 2008-09 and 2009-10, the assessments have been completed disallowing claim under section 36(1)(viii). The Bank has preferred appeals before ITAT for the assessment year 2007-08 and CIT (Appeals) for the assessment years 2008-09 and 2009-10 against the order of CIT(Appeals) and ACIT for the respective years. The appeals are pending for hearing and disposal. During the year, the Bank has written back excess provision of ₹ 1.86 crores in respect of assessment year 2009-10.
- The demands raised have been duly paid/adjusted. The Bank is holding necessary provisions.
- 24.4 Finance [No.2] Act, 2009 has substituted a part of the Explanation to clause (viii) of sub-section (1) of Section 36 of the Income Tax Act 1961 by which the activities of the Bank have been specifically covered from assessment year 2010-11. As per the legal opinion obtained, claim of the Bank under section 36(1)(viii) of the Income Tax Act for the years prior to the assessment year 2010-11 is not adversely affected in any manner.
- 24.5 In respect of assessment years 2010-11 and 2011-12, the taxes due as per the return of Income have been duly paid. The Bank is holding necessary provisions for tax. The Bank has not maintained any DTL in respect of the said assessment years in view of the resolution passed by the Bank.

Year – 2010-11

- 24.1 The provision for income tax of ₹ 129.00 crores for the current year (previous year - ₹ 136.00 crores) has been made as per applicable enactments.
- 24.2 The Hon'ble Income Tax Appellate Tribunal (ITAT) vide its order dated 26.02.2009 held that the Bank is not liable to Income Tax under the Income Tax Act 1961 for AY 2002-03. Against the said order, the Income Tax Department has sought permission from COD for filing an appeal before the Hon'ble High Court. However, the bank has not received any notice from the Hon'ble High Court in this regard. In view of the legal opinion obtained the Bank has written back provision for Income Tax of ₹ 58.06 crores and has also not retained DTL during the year ended June 30, 2011. The Bank has, however, retained special reserve of ₹ 53.39 crores for the said year.
- 24.3 Income Tax Assessments have been completed disallowing the claims in respect of the special reserve created u/s 36(1) (viii) of the Income Tax Act, 1961 for the AYs 2003-04 to 2008-09 and business loss of ₹ 150.45 Crores in respect of AY 2003-04. The Bank has preferred appeals against the said disallowances before CIT (appeals)/ITAT. However, the demands raised have been duly paid/adjusted.

In view of the legal opinion obtained, the Bank is of the view that the claim would be considered in its favour. During the year, the Bank has made additional provisions for tax of ₹ 39.71 Crore (net) for said years and also created deferred tax liability of ₹ 15.36 Crore for AYs 2007-08 and 2008-09. The Bank is holding necessary provisions for tax after considering claim u/s 36(1) (viii). However, the Bank has maintained deferred tax liability, to the extent of tax on such claim for the aforesaid years. The year –wise details are given under:

(₹ in Crore)

Assessment Year	Tax Demand	Tax Provision already Held	Additional provision/ (Reversal of excess provision)	Difference	Deferred Tax Liability maintained
1	2	3	4	5=(2-3-4)	6
2003-04	78.32	23.09	51.88	3.35	3.35
2004-05	81.01	42.00	15.76	23.25	23.25
2005-06	34.59	30.83	(14.02)	17.78	17.78
2006-07	49.15	40.00	2.14	7.01	7.01
2007-08	69.12	69.30	(11.82)	11.64	11.64
2008-09	79.29	79.80	(4.23)	3.72	3.72
Total	391.48	285.02	39.71	66.75	66.75

- 24.4 In respect of AY 2009-10, the Bank is holding provision for tax without considering the deductions u/s 36(1) (viii) of the Income Tax Act, 1961. During the Year, the Bank has also created the deferred tax liability of Rs 3.83 Crore for the said assessment year.
- 24.5 Finance (No-2) Act, 2009 has submitted a part of the explanations to clause (viii) of sub-section (1) of section 36 of the Income Tax Act 1961 by which the activities of the bank have been specifically covered from AY 2010-11. As per the legal opinion obtained, Claim of the Bank under section 36(1) (viii) of the Income Tax Act for the years prior to the AY 2010-11 is not adversely affected in any manner.

Year – 2009-10

- 24.1 The provision for income tax of ₹ 136.00 Crores for the year (previous year - ₹ 114.50 Crores) has been made as per the applicable enactments, judicial pronouncements and legal opinions.
- 24.2 The Hon'ble Income Tax Appellate Tribunal has vide its order for AY 2002-03, 2003-04 and 2004-05 dated 26.02.2009 held that:
- The Bank is not liable to Income Tax under the Income Tax Act 1961 for AY 2002-03. The Income Tax Department is in appeal before the Hon'ble High Court against the order passed by ITAT.
 - The Income Tax case for AY 2003-04, before ITAT in which the disallowance of claim were made under section 36(1)(viii) and disallowance of loss of ₹ 150.45 Crores connected with Security Transaction of 1991-92, has been set aside and restored back to the Assessing Officer for fresh consideration.
 - Similarly Income Tax assessments, in respect of AY 2004-05, before ITAT in which the disallowance under section 36(1)(viii) was made, was also set aside and restored back to the Assessing Officer for fresh consideration.
- 24.3 Income Tax assessments in respect of AYs 2005-06 and 2006-07, in which the disallowance under section 36(1)(viii) was made, were also set aside and restored back to the Assessing Officer for fresh consideration vide ITAT's order dated 31.07.2009.
- 24.4 (a) As regard AY 2007-08, the assessment has been completed disallowing the claim of ₹ 35.04 Crores under section 36(1)(viii) and raising demand of ₹ 4.90 Crores which has been paid by the Bank. The Bank has filed an appeal before ITAT regarding disallowance under section 36(1)(viii) subsequent to the date of close of the year. The Bank is holding provision of ₹ 69.30 Crores against the total demand of ₹ 71.61 Crores.
- (b) As regard AY 2008-09, the assessment has been completed disallowing the claim of ₹ 11.19 Crores under section 36(1)(viii) and raising demand of ₹ 3.80 Crores which has been paid by the Bank. The Bank has filed an appeal before CIT (Appeals) against the said order and appeal is pending. The Bank is holding the necessary provision.
- 24.5 Finance [No.2] Act, 2009 has substituted a part of the Explanation to clause [viii] of sub-section [1] of Section 36 of the Income Tax Act 1961 by which the activities of the Bank have been specifically covered from assessment year 2010-2011. As per the legal opinion obtained, the claim of the Bank under section 36(1)(viii) of the Income Tax Act for the years prior to the assessment year 2010-11 is not adversely affected in any manner.

Year – 2008-09

- 24.1 The provision for income tax of ₹ 114.50 crore for the year (PY- ₹ 86.40 crore) has been made as per the applicable enactments, judicial pronouncements and legal opinions.
- 24.2 The Hon'ble Income Tax Appellate Tribunal has vide its order dated 26.02.2009 and 31.07.2009 held that:

- (a) The Bank is not liable to Income Tax under the Income Tax Act 1961 for Assessment year 2002-03.
 (b) As desired by the Bank and the Income Tax Department, the grounds raised by them in the appeal with regard to the claim of the Bank under section 36(1)(viii) of the Income Tax Act 1961 for assessment years 2003-04 and 2006-07 were set aside and restored these grounds back to the file of Assessing Officer to decide the same afresh after giving the assessee an opportunity of being heard. The same treatment was also given for the claim of loss of ₹ 150.45 crore connected with the securities transactions of 1991-92.

24.3 Consequently the CIT [Appeals] has deleted the penalty levied under Section 271[1][c] for assessment year 2002-03 and 2003-04 and the Assessing Officer has dropped the penalty proceedings for assessment year 2004-05.

24.4 Assessment for assessment years 2007-08 and 2008-09 which also involve similar claim under section 36(1)(viii) of the Income Tax Act 1961 are still pending.

24.5 Finance [No.2] Act, 2009 has substituted a part of the Explanation to clause [viii] of sub-section [1] of Section 36 of the Income Tax Act 1961 by which the activities of the Bank have been specifically covered from assessment year 2010-2011. As per the legal opinion obtained, the claim of the Bank under section 36(1)(viii) of the Income Tax Act for the years prior to the assessment year 2010-11 is not adversely affected in any manner in view of the decision of the various Courts including the Hon'ble Supreme Court in this regard.

24.6 There is a Contingent Liability of ₹ 16.64 crore with respect to Income Tax demands which has been arrived after considering total payments made to Income Tax Department including tax deducted at source less provision made for Income Tax, Deferred Tax Liability and Taxation Reserve.

25. Deferred Tax

Year – 2012-13

25.1 As on June 30, 2013, the Bank has recorded net deferred tax liability (DTL) of ₹ 76.19 crores. A composition of deferred tax assets and liabilities is given below:

[₹ in crores]

S No	Particulars	June 30, 2013	June 30, 2012
	Deferred Tax Assets:		
1	Provision for Medical aid to Retired Staff	0.14	0.14
2	Provision for Leave Encashment	0.73	0.59
3	Provision for Gratuity	0.68	0.60
4	Provision for Leave Travel Concession	0.30	0.43
5	Provision for Guarantee Fee	0.00	0.34
6	Defined Contributory Pension Scheme	0.07	0.07
	Total Deferred Tax Assets (A)	1.92	2.17
	Deferred Tax Liabilities:		
1	Depreciation	3.07	1.16
2	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	75.04	75.04
	Total Deferred Tax Liabilities (B)	78.11	76.20
	Net Deferred Tax Liability (B-A)	76.19	74.03

The Bank during the Assessment Years 2003-04 to 2009-10 had claimed the benefit under section 36(1)(viii) of Income Tax Act, 1961 and as required under the section created/maintained special reserve for the purpose, of said claim and the same was disallowed by the Assessing Officer and is pending in appeal before CIT(Appeal)/ITAT. The Bank, pending disposal of the appeals, has continued to maintain DTL on special reserve for the above said assessment years.

However, during the year 2011-12 the Bank's Board passed a resolution to the effect that it has no intention to make withdrawal from the special reserve created/maintained under section 36(1)(viii) of Income Tax Act, 1961 for the Assessment Year 2010-11 & onwards and as such being a permanent difference the Bank is not required to maintain DTL.

Year – 2011-12

25.1 As on June 30, 2012, the Bank has recorded net deferred tax liability (DTL) of ₹ 74.32 Crore against the net deferred tax liability of ₹ 74.03 Crore. A composition of deferred tax assets and liabilities is given below:

[₹ in crores]

S No	Particulars	June 30, 2012	June 30, 2011
	Deferred Tax Assets:		
1	Provision for Medical aid to Retired Staff	0.14	0.15
2	Provision for Leave Encashment	0.59	0.30
3	Provision for Gratuity	0.60	0.40
4	Provision for Leave Travel Concession	0.43	0.86
5	Provision for Guarantee Fee	0.34	0.00
6	Defined Contributory Pension Scheme	0.07	0.00

	Total Deferred Tax Assets (A)	2.17	1.71
	Deferred Tax Liabilities:		
1	Depreciation	1.16	1.11
2	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	75.04	92.39
	Total Deferred Tax Liabilities (B)	76.20	93.50
	Net Deferred Tax Liability (B-A)	74.03	91.79

The Bank during the Assessment Years 2003-04 to 2009-10 had claimed the benefit under section 36(1)(viii) of Income Tax Act, 1961 and as required under the section created/maintained special reserve for the purpose, of said claim and the same was disallowed by the Assessing Officer and is pending in appeal before CIT(Appeal)/ITAT. The Bank, pending disposal of the appeals, has continued to maintain DTL on special reserve for the above said assessment years.

However, during the current year the Bank's Board passed a resolution to the effect that it has no intention to make withdrawal from the special reserve created/maintained under section 36(1)(viii) of Income Tax Act, 1961 for the Assessment Year 2010-11 & onwards and as such being a permanent difference is not required to maintain DTL. The DTL of ₹ 17.35 crores created for these years has been reversed to the credit of Profit & Loss Account during the current year.

Year – 2010-11

- 25.1 Deferred Tax Assets and Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using tax rates and tax laws that have been enacted or subsequently enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realized.

- 25.2 As on June 30, 2011, the Bank has recorded net deferred tax liability (DTL) of ₹ 91.79 crores. A composition of deferred tax assets and liabilities into major items is given below:

[₹ in crores]

S No	Particulars	June 30, 2011	June 30, 2010
	Deferred Tax Assets:		
1	Provision for Medical aid to Retired Staff	0.15	0.16
2	Provision for Leave Encashment	0.30	0.34
3	Provision for Gratuity	0.40	0.47
4	Provision for Leave Travel Concession	0.86	0.93
5	Provision for expenses	0.00	0.63
	Total Deferred Tax Assets (A)	1.71	2.53
	Deferred Tax Liabilities:		
1	Depreciation	1.11	1.02
2	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 (₹ 75.04 crores for the AYs 2003-04 to 2009-10)	92.39	83.81
	Total Deferred Tax Liabilities (B)	93.50	84.83
	Net Deferred Tax Liability (B-A)	91.79	82.30

- 25.3 During the year ended June 30, 2011, an amount of ₹ 9.49 crores has been charged to the 'Profit and Loss Account' towards deferred tax and DTL has been increased to that extent.

Year – 2009-10

- 25.1 Deferred Tax Assets and Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using tax rates and tax laws that have been enacted or subsequently enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realized.

- 25.2 Up to June 30, 2010, the Bank has recorded net deferred tax liability of ₹ 82.30 Crores which has been shown in the Balance Sheet. A composition of deferred tax assets and liabilities into major items is given below:

[₹ in Crores]

S No	Particulars	June 30, 2010	June 30, 2009
	Deferred Tax Assets:		
1	Provision for Medical aid to Retired Staff	0.16	0.14
2	Provision for Leave Encashment	0.34	0.27
3	Provision for Gratuity	0.47	0.37
4	Provision for Leave Travel Concession	0.93	0.82
5	Provision for Other Expenses u/s 40(ai)	0.63	0.00
	Total Deferred Tax Assets (A)	2.53	1.60
	Deferred Tax Liabilities:		
1	Depreciation	1.02	1.02
2	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	83.81	77.09
	Total Deferred Tax Liabilities (B)	84.83	78.11
	Net Deferred Tax Liability (B-A)	82.30	76.51

- 25.3 During the year ended June 30, 2010, an amount of ₹ 5.79 Crores has been debited to the 'Profit and Loss Account' towards deferred tax.

Year – 2008-09

- 25.1 Deferred Tax Assets and Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using tax rates and tax laws that have been enacted or subsequently enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognized unless there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realized.

25.2 Upto June 30, 2009, the Bank has recorded net deferred tax liability of ₹ 76.51 crore which has been shown in the Balance Sheet. A composition of deferred tax assets and liabilities into major items is given below:

[₹ in crore]

S No	Particulars	30.06.2009	30.06.2008
	Deferred Tax Assets:		
1	Provision for Gratuity	0.37	0.39
2	Provision for gratuity and leave encashment	0.27	0.25
3	Medical aid to retired staff	0.14	0.13
4	Provision for Leave Travel Concession	0.82	0.00
	Total Deferred Tax Assets (A)	1.60	0.77
	Deferred Tax Liabilities:		
1	Depreciation	1.02	0.97
2	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	77.09	77.09
	Total Deferred Tax Liabilities (B)	78.11	78.06
	Net Deferred Tax Liability (B-A)	76.51	77.29

25.3 During the year ended 30.06.2009, an amount of ₹ 0.03 crore has been debited to the 'Profit and Loss Account' towards deferred tax.

26. Home Loan Account Scheme

Year – 2012-13

26.1 The Home Loan Account Scheme (HLAS) was launched by NHB with effect from July 1, 1989 all over the country and was operated through Scheduled Banks and Housing Finance Companies (HFCs). The HLAS has been discontinued effective from March 1, 2004.

26.2 The deposits under HLAS held by the banks/HFCs stood at ₹ 2.03 crores as per information received by NHB and the same has been disclosed as contra entries in the balance sheet.

26.3 India Housing Finance and Development Ltd., a housing finance company in the private sector, which was one of the participating HFC for mobilization of deposits under HLAS, was advised by NHB not to open new accounts/accept fresh deposits under HLAS with effect from 01.10.1994 due to serious financial problem faced by it. NHB being the principal under the scheme, was obliged to meet liability to pay account holders their dues. The Bank assessed the initial liability of ₹ 0.49 crores as against verifiable claimants of IHFD under HLAS and made provision of the equal amount in 2004-05. As per the approved procedure, claims for refund of ₹ 0.27 crores was paid till June 30, 2013 and balance of ₹ 0.22 crores stood as liability as on that date.

Year – 2011-12

26.1 The Home Loan Account Scheme (HLAS) was launched by NHB with effect from July 1, 1989 all over the country and was operated through Scheduled Banks and Housing Finance Companies (HFCs). The HLAS has been discontinued effective from March 1, 2004.

26.2 The deposits under HLAS held by the banks/HFCs stood at ₹ 2.06 crores as per information received by NHB and the same has been disclosed as contra entries in the balance sheet.

26.3 India Housing Finance and Development Ltd., a housing finance company in the private sector, which was one of the participating HFC for mobilization of deposits under HLAS, was advised by NHB not to open new accounts/accept fresh deposits under HLAS with effect from 01.10.1994 due to serious financial problem faced by it. NHB being the principal under the scheme, was obliged to meet liability to pay account holders their dues. The Bank assessed the initial liability of ₹ 0.49 crores as against verifiable claimants of IHFD under HLAS and made provision of the equal amount in 2004-05. As per the approved procedure, claims for refund of ₹ 0.27 crores was paid till June 30, 2012 and balance of ₹ 0.22 crores stood as liability as on that date.

Year – 2010-11

26.1 The Home Loan Account Scheme (HLAS) was launched by NHB with effect from July 1, 1989 all over the country and was operated through Scheduled Banks and Housing Finance Companies (HFCs). The HLAS has been discontinued effective from March 1, 2004.

26.2 The assets and liabilities referred to above are identical and have been shown as contra entries in the Balance Sheet.

26.3 The deposits under HLAS held by the banks/HFCs aggregating ₹ 2.07 crores was disclosed in the balance sheet as reported by the banks/HFCs as on March 31, 2011.

26.4 India Housing Finance and Development Ltd., a housing finance company in the private sector, which was one of the participating HFC for mobilization of deposits under HLAS, was advised by NHB not to open new accounts/accept fresh deposits under HLAS with effect from 01.10.1994 due to serious financial problem faced by it. NHB being the principal under the scheme, was obliged to meet liability to pay account holders their dues. The Bank assessed the initial liability of ₹ 0.49 crores as against verifiable claimants of IHFD under HLAS and made provision of the equal amount in 2004-05. As per the approved procedure, claims for refund of ₹ 0.26 crores was paid till June 30, 2011 and balance of ₹ 0.23 crores stood as liability as on that date.

Year – 2009-10

26.1 The Home Loan Account Scheme (HLAS) was launched by NHB with effect from July 1, 1989 all over the country and was operated through Scheduled Banks and Housing Finance Companies (HFCs). The HLAS has been discontinued effective from March 1, 2004.

26.2 The assets and liabilities referred to above are identical and have been shown as contra entries in the Balance Sheet.

26.3 The deposits under HLAS held by the banks/HFCs aggregating ₹ 2.79 Crores was disclosed in the balance sheet as reported by the banks/HFCs as on 31.03.2010.

- 26.4 India Housing Finance and Development Ltd., a housing finance company in the private sector, which was one of the participating HFC for mobilization of deposits under HLAS, was advised by NHB not to open new accounts/accept fresh deposits under HLAS with effect from 01.10.1994 due to serious financial problem faced by it. NHB being the principal under the scheme, was obliged to meet liability to pay account holders their dues. The Bank assessed the initial liability of ₹ 0.49 Crores as against verifiable claimants of IHFD under HLAS and made provision of the equal amount in 2004-05. As per the approved procedure, claims for refund of ₹ 0.26 Crores was paid till June 30, 2010 and balance of ₹ 0.23 Crores stood as liability as on that date.

Year – 2008-09

- 26.1 The Home Loan Account Scheme (HLAS) was launched by NHB with effect from July 1, 1989 all over the country and was operated through Scheduled Banks and Housing Finance Companies. The HLAS has been discontinued effective from March 1, 2004.
- 26.2 The assets and liabilities referred to above are identical and have been shown as contra entries in the Balance Sheet.
- 26.3 The deposits under HLAS held by the banks/HFCs aggregating ₹ 3.98 crore was disclosed in the Balance Sheet as reported by the banks/HFCs as on 30.06.2009.
- 26.4 India Housing Finance and Development Ltd., a housing finance company in the private sector which was one of the participating HFC for mobilization of deposits under HLAS was advised by NHB not to open new accounts/accept fresh deposits under HLAS with effect from 01.10.1994 due to serious financial problem faced by it. NHB being the principal under the scheme, was obliged to meet liability to pay account holders their dues. The Bank assessed the initial liability of ₹ 0.49 crore as against verifiable claimants of IHFD under HLAS and made provision of the equal amount. As per the approved procedure, claims for refund of ₹ 0.26 crore was paid till 30.06.2009 and balance of ₹ 0.23 crore stood as liability as on 30.06.2009.

27. Other Expenditure

Year – 2012-13

- 27.1 The break-up of other expenditure shown in the Profit and Loss Accounts is as under:

[₹ in crores]

Particulars	2011-12	2011-12
1. Repair and Maintenance	1.36	1.36
2. Research and Development	0.21	0.44
3. Service Tax Expense	0.69	0.46
4. Prior Period Expense	0.29	0.17
5. Conveyance Expense	0.39	0.92
6. Professional Fee	0.35	0.30
7. Conference Expense	0.34	0.26
8. Hospitality Expense	0.12	0.12
9. Expenses on IT related services	0.82	0.95
10. Payment to outsourced services	1.25	1.19
11. Security Service Expense	1.07	0.99
12. Others	4.02	1.93
Total	10.91	9.09

Year – 2011-12

- 27.1 The break-up of other expenditure shown in the Profit and Loss Accounts is as under:

[₹ in crores]

Particulars	2011-12	2010-11
1. Repair and Maintenance	1.36	1.33
2. Research and Development	0.44	0.23
3. Service Tax Expense	0.46	0.32
4. Prior Period Expense	0.17	0.19
5. Conveyance Expense	0.92	0.81
6. Professional Fee	0.30	0.26
7. Conference Expense	0.26	0.13
8. Hospitality Expense	0.12	0.09
9. Expenses on IT related services	0.95	0.82
10. Payment to outsourced services	1.19	0.86
11. Security Service Expense	0.99	0.79
12. Others	1.93	1.63
Total	9.09	7.46

Year – 2010-11

- 27.1 The break-up of other expenditure shown in the Profit and Loss Accounts is as under:

[₹ in crores]

Particulars	Current year	Previous
1. Repair and Maintenance	1.33	1.31
2. Research and Development	0.23	0.40
3. Service Tax Expense	0.32	0.31
4. Prior Period Expense	0.19	0.02
5. Conveyance Expense	0.81	0.70
6. Professional Fee	0.26	0.23
7. Conference Expense	0.13	0.15

8. Hospitality Expense	0.09	0.09
9. Expenses on IT related services	0.82	0.86
10. Payment to outsourced services	0.86	0.92
11. Security Service Expense	0.79	0.61
12. Others	1.63	1.86
Total	7.46	7.47

Year – 2009-10

- 27.1 The break-up of other expenditure shown in the Profit and Loss Accounts is as under:

Particulars	[₹ in crores]	
	Current Year	Previous Year
1. Repair and Maintenance	1.31	1.62
2. Research and Development	0.40	0.58
3. Service Tax	0.31	0.10
4. Prior Period Expense	0.02	0.09
5. Conveyance Expense	0.70	0.76
6. Professional Fee	0.23	0.40
7. Conference Expense	0.15	0.45
8. Hospitality	0.09	0.14
9. Expenses on IT related services	0.86	0.79
10. Club Membership Fee	-	0.10
11. Payment to outsourced services	0.92	0.64
12. Security Service Expense	0.61	0.50
13. Others	1.86	1.41
Total	7.47	7.58

Year – 2008-09

- 27.1 The break-up of other expenditure shown in the Profit and Loss Accounts is as under:

Particulars	[₹ in crores]	
	Current Year	Previous Year
1. Repair and Maintenance	1.62	1.37
2. Research and Development	0.58	0.65
3. Service Tax	0.10	0.26
4. Prior Period Expense	0.09	0.25
5. Income booked earlier written off	0.00	0.16
6. Conveyance Expense	0.76	0.63
7. Professional Fee	0.40	0.39
8. Conference Expense	0.45	0.22
9. Hospitality	0.14	0.09
10. Expenses on IT related services	0.79	0.44
11. Club Membership Fee	0.10	0.00
12. Payment to outsourced services	0.64	0.30
13. Security Service Expense	0.50	0.41
14. Others	1.41	1.23
Total	7.58	6.40

28. **Investment Fluctuation Reserve Account**

Year – 2012-13

NA

Year – 2011-12

- 28.1 As per RBI guidelines on prudential norms for classification, valuation and operation of investment portfolio for FIs, the provision required to be created on account of depreciation in the Available for Sale category in any year should be debited to the Profit & Loss Account and an equivalent amount (net of taxes) or balance available in the Investment Fluctuation Reserve (IFR) Account, whichever is less, shall be transferred from Investment Fluctuation Reserve Account to the Profit & Loss Account. In the event provisions created on account of depreciation in the available for sale category are found to be in excess of the required amount in any year, the excess is credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any) is appropriated to the Investment Fluctuation Reserve Account.

- 28.2 Pursuant to the RBI guidelines, the Bank made provision for depreciation on investment under AFS category of ₹ 1.50 crores by transfer from Investment Fluctuation Reserve as on 31st March, 2012. The said amount was reversed as on 30th June, 2012 due to appreciation in the said investments.

Year – 2010-11

- 28.1 As per RBI guidelines on prudential norms for classification, valuation and operation of investment portfolio for FIs, the provision required to be created on account of depreciation in the Available for Sale category in any year should be debited to the Profit & Loss Account and an equivalent amount (net of taxes) or balance available in the Investment Fluctuation Reserve (IFR) Account, whichever is less, shall be transferred from Investment Fluctuation Reserve Account to the Profit & Loss Account. In the event provisions created on account of depreciation in the available for sale category are found to be in excess of the required amount in any year, the excess is credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any) is appropriated to the Investment Fluctuation Reserve Account.
- 28.2 During the year, the Bank has not transferred/withdrawn any sum to/ from Investment Fluctuation Reserve as there is no depreciation/reversal on investment in AFS category.

Year – 2009-10

- 28.1 As per RBI guidelines on prudential norms for classification, valuation and operation of investment portfolio for FIs, the provision required to be created on account of depreciation in the Available for Sale category in any year should be debited to the Profit & Loss Account and an equivalent amount (net of taxes) or balance available in the Investment Fluctuation Reserve (IFR) Account, whichever is less, shall be transferred from Investment Fluctuation Reserve Account to the Profit & Loss Account. In the event provisions created on account of depreciation in the available for sale category are found to be in excess of the required amount in any year, the excess is credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any) is appropriated to the Investment Fluctuation Reserve Account.
- 28.2 During the year, the Bank has transferred a sum of ₹ 6.59 Crores to Investment Fluctuation Reserve (IFR) due to reversal of depreciation of investments in AFS category.

Year – 2008-09

- 28.1 As per RBI guidelines on prudential norms for classification, valuation and operation of investment portfolio for FIs, the provision required to be created on account of depreciation in the Available for Sale category in any year should be debited to the Profit & Loss Account and an equivalent amount (net of taxes) or balance available in the Investment Fluctuation Reserve (IFR) Account, whichever is less, shall be transferred from Investment Fluctuation Reserve Account to the Profit & Loss Account.
- 28.2 During the year ended June 30, 2009, The Bank has made provision for depreciation of ₹ 6.59 crore on investment in Available for Sale category and debited the same to Profit & Loss Account. Following the RBI guidelines an equivalent amount has been transferred from Investment Fluctuation Reserve Account below the line to the 'Profit and Loss Account'.

29. Impairment of assets

Year – 2012-13

- 29.1 In the opinion of the management, there is no material impairment of any of the Assets of the Bank as per the Accounting Standards 28-Impairment of Assets.

Year – 2011-12

- 29.1 In the opinion of the management, there is no material impairment of any of the Assets of the Bank as per the Accounting Standards 28-Impairment of Assets.

Year – 2010-11

- 29.1 In the opinion of the management, there is no material impairment of any of the Fixed Assets of the Bank as per the Accounting Standards 28-Impairment of Assets.

Year – 2009-10

- 29.1 In the opinion of the management, there is no impairment of any of the Fixed Assets of the Bank as per the Accounting Standards 28-Impairment of Assets.

Year – 2008-09

- 29.1 During the period under audit, there was no impairment loss requiring any provisions.

30. Investment – classification

Year – 2012-13

- 30.1 As stated, investments are classified into "Held for trading", "Available for 'Sale'" and "Held for Maturity" categories as per the following details:

[₹ in crores]			
Categories of investment	Investments	As on June 30, 2013	As on June 30, 2012
Held to Maturity (HTM)	a) GOI Dated Securities	56.97	57.37
	b) Subordinated Bonds	45.00	45.00
	Sub-total	101.97	102.37
Available for Sale (AFS)	a) GOI Dated Securities	9.60	105.65
	b) Treasury Bills	754.27	515.53
	c) Shares of Housing Finance Institutions	12.04	8.91
	d) Shares of Other Institutions#	59.15	45.85
	e) Building Material Company	0.53	0.53
	Sub-total	835.59	676.47
	Gross Investments	937.56	778.84
Less:	Depreciation	0.53	0.53
	Net Investments	937.03	778.31

#Investments in shares of other institutions denote investment of ₹ 45.60 crores made on 28.06.2012 and additional ₹ 5.70 crores made on 17.12.2012 & ₹ 7.60 crores made on 27.05.2013 in the equity capital of India Mortgage Guarantee Corporation Private Limited (IMGC) (Total ₹ 59.15 crores as on June 30, 2013).

- 30.2 In addition to the above, the Bank has also subscribed to the Special Rural Housing Debentures of ARDBs and outstanding subscription (net) as on June 30, 2013 is stood at ₹ 20.28 crores (previous year ₹ 28.48 crores).

Pursuant to the directives of RBI, the refinance provided to Agriculture and Rural Development Banks by way of subscription to the Special Rural Housing Debentures (SRHDs) floated by these agencies, are treated as under:

- Classified as Investments and shown in Schedule-X under the head 'Stocks, Shares, Bonds, Debentures and Securities of other Institutions' which was hitherto shown as part of 'Refinance' in Schedule-XI.
- Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'deemed advances'.
- Deemed Advances for the purpose of Income recognition, Asset Classification, Provisioning, Capital Adequacy and computation of ratios, etc.

Year – 2011-12

- 30.1 As stated, investments are classified into "Held for trading", "Available for 'Sale'" and "Held for Maturity" categories as per the following details:

[₹ in crores]

Categories of investment	Investments	As on June 30, 2012	As on June 30, 2011
Held to Maturity (HTM)	a) GOI Dated Securities	57.37	57.78
	b) Investment in Pass Through Certificates of the SPV Trust of which NHB is Trustee	0.00	0.03
	c) Subordinated Bonds	45.00	45.00
	Sub-total	102.37	102.81
Available for Sale (AFS)	a) Units of Mutual Funds	0.00	0.00
	b) GOI Dated Securities	105.65	0.00
	c) Treasury Bills	515.53	654.89
	d) Shares of Housing Finance Institutions	8.91	6.91
	e) Shares of Other Institutions#	45.85	0.00
	f) Building Material Company	0.53	0.53
	Sub-total	676.47	662.33
	Gross Investments	778.84	765.14
Less:	Depreciation	0.53	0.53
	Net Investments	778.31	764.61

#Investments in shares of other institutions denote investments made on 28.06.2012 in the equity capital of India Mortgage Guarantee Corporation Private Limited (IMGC) (₹ 45.60 crores) and on 27.02.2012 in Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) (₹ 0.25 crores) made during the year.

- 30.2 In addition to the above, the Bank has also subscribed to the Special Rural Housing Debentures of ARDBs and outstanding subscription (net) as on June 30, 2012 is stood at ₹ 28.48 crores (previous year- ₹ 38.18 crores).

Pursuant to the directives of RBI, the refinance provided to Agriculture and Rural Development Banks by way of subscription to the Special Rural Housing Debentures (SRHDs) floated by these agencies, are treated as under:

- Classified as Investments and shown in Schedule-X under the head 'Stocks, Shares, Bonds, Debentures and Securities of other Institutions' which was hitherto shown as part of 'Refinance' in Schedule-XI.
- Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'deemed advances'.
- Deemed Advances for the purpose of Income recognition, Asset Classification, Provisioning, Capital Adequacy and computation of ratios, etc.

Year – 2010-11

- 30.1 As stated, investments are classified into "Held for trading", "Available for Sale" and "Held for Maturity" categories as per the following details:

[₹ in crores]

Categories of investment	Investments	As on June 30, 2011	As on June 30, 2010
Held to Maturity (HTM)	a) GOI Dated Securities	57.78	58.19
	b) Investment in Pass Through Certificates of the SPV Trust of which NHB is Trustee	0.03	0.15
	c) Subordinated Bonds	45.00	45.00
	Sub-total	102.81	103.34
Available for Sale (AFS)	a) Treasury Bills	654.89	749.90
	b) Stocks of Housing Finance Institutions	6.91	4.91
	c) Building Material Company	0.53	0.53
	Sub-total	662.33	755.34
	Gross Investments	765.14	885.67
Less:	Depreciation	0.53	0.53
	Net Investments	764.61	858.15

Year – 2009-10

- 30.1 As stated, investments are classified into "Held for trading", "Available for Sale" and "Held for Maturity" categories as per the following details:

[₹ in crores]

Categories of investment	Investments	As on June 30, 2010	As on June 30, 2009
Held to Maturity (HTM)	a) GOI Dated Securities	58.19	0.00

Categories of investment	Investments	As on June 30, 2010	As on June 30, 2009
	b) Investment in Pass Through Certificates of the SPV Trust of which NHB is Trustee	0.15	0.32
	c) Subordinated Bonds	45.00	45.00
	Sub-total	103.34	45.32
Available for Sale (AFS)	a) Units of Mutual Funds	0.00	673.00
	b) Treasury Bills	749.90	447.38
	c) Stocks of Housing Finance Institutions	4.91	5.11
	d) Building Material Company	0.53	0.53
	e) GOI Dated Securities	0.00	66.00
	Sub-total	755.34	1192.02
	Gross Investments	858.68	1237.34
Less:	Depreciation	0.53	7.29
	Net Investments	858.15	1230.05

Year – 2008-09

30.1 As stated, investments are classified into “Held for trading”, “Available for sale” and “Held for Maturity” categories as per the following details:

[₹ in crores]

Categories of investment	Investments	As on 30.06.2009	As on 30.06.2008
Held to Maturity (HTM)	a) GOI Dated Securities	0.00	1.89
	b) Investment in Pass Through Certificates of the SPV Trust of which NHB is Trustee	0.32	0.53
	c) Subordinated Bonds	45.00	45.00
	d) Others	0.00	4.90
	Sub-total	45.32	52.32
Available for Sale (AFS)	a) Units of Mutual Funds	673.00	211.50
	b) Treasury Bills	447.38	372.32
	c) Stocks of Housing Finance Institutions	5.11	3.40
	d) GOI Dated Securities	66.00	87.02
	Sub-total	1191.49	674.24
Held for Trading (HFT)	a) GOI Dated Securities	0.00	0.00
	Sub-total	0.00	0.00
	Gross Investments	1236.81	726.56
Less:	Depreciation	6.76	7.07
	Net Investments	1230.05	719.49

31. Study on Pro-poor Housing

Year – 2012-13

N.A.

Year – 2011-12

N.A.

Year – 2010-11

- 31.1 NHB and United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) have jointly undertaken a study on pro-poor housing finance in select countries of the Asia Pacific Region. Till June 30, 2011, NHB received USD 106,000 (equivalent to ₹ 0.46 Crores) towards the cost of the said project from UNESCAP. The account in respect of the amount received and utilization thereof towards the cost of study has been maintained separately and grouped under the head as 'others' under 'Current Liabilities and Provisions'. Till June 30, 2011, an amount of ₹ 0.35 crores has so far been utilized and balance of ₹ 0.11 crores has been paid back to the agency during the year.

Year – 2009-10

- 31.1 NHB and United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) have jointly undertaken a study on pro-poor housing finance in select countries of the Asia Pacific Region. Till June 30, 2010, NHB received USD 106,000 (equivalent to ₹ 0.46 Crores) towards the cost of the said project from UNESCAP. The account in respect of the amount received and utilization thereof towards the cost of study has been maintained separately and grouped under the head as 'others' under 'Current Liabilities and Provisions'. Till June 30, 2010, an amount of ₹ 0.35 Crores has so far been utilized and balance of ₹ 0.11 Crores is outstanding in the books.

Year – 2008-09

- 31.1 NHB and United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) have jointly undertaken a study on pro-poor housing finance in select countries of the Asia Pacific Region. Initially, in the previous year, NHB received USD 40,000 (equivalent to ₹ 15.70 lakh) towards the cost of the said project from UNESCAP. The account in respect of the amount received and utilization thereof towards the cost of study has been maintained separately and shown as 'others' under the head 'Current Liabilities and Provisions'. Till 30.06.2009, an amount of ₹ 13.17 lakh has so far been utilized and balance of ₹ 2.53 lakh is outstanding in the books.

32. United Nation Human Settlement Programme

Year – 2012-13

N.A.

Year – 2011-12

N.A.

Year – 2010-11

- 32.1 The Bank has received a revolving fund of ₹ 1.12 crores (equivalent to US\$ 251,250) for onward lending to Micro Finance Institutions towards Water and Sanitation Programme in India. The amount has been shown separately under 'Current Liabilities and Provisions'. Till June 30, 2011, the Bank has disbursed ₹ 0.55 crores (of which ₹ 0.41 crores is outstanding as on June 30, 2011) and the same is shown separately under the head 'Loans and Advances'. The Bank has earned an amount of ₹ 0.04 crores towards interest on the disbursement made under the programme till June 30, 2011 and the same has been considered as income of the Bank.

Year – 2009-10

- 32.1 The Bank has received a revolving fund of ₹ 0.55 Crores (equivalent to US\$ 123,750) for onward lending to Micro Finance Institutions towards Water and Sanitation Programme in India. The amount has been shown separately under 'Current Liabilities and Provisions'. Till June 30, 2010, the Bank has disbursed ₹ 0.55 Crores and the same is shown separately under the head 'Loans and Advances'. The Bank has earned an amount of ₹ 0.02 Crores towards interest on the disbursement made under the programme till June 30, 2010 and the same has been considered as income of the Bank.

Year – 2008-09

- 32.1 The Bank has received a revolving fund of ₹ 55.45 lakh (equivalent to US\$ 123,750) for onward lending to Micro Finance Institutions towards Water and Sanitation Programme in India. The amount has been shown separately under 'Current Liabilities and Provisions'. Till 30.06.2009, the Bank has so far disbursed ₹ 30 lakh and the same is shown separately under the head 'Loans and Advances'.

33. Contingent Liability

Year – 2012-13

- 33.1 The movement in Contingent Liability as required in AS 29 is as under:

Particulars	[₹ in crores]	
	June 30, 2013	June 30, 2012

Opening Balance as on July 1, 2012	65.19	128.45
Addition during the period	78.90	6.75
Reduction during the year	(4.72)	(70.01)
Closing Balance as on June 30, 2013	139.37	65.19

Year – 2011-12

33.1 The movement in Contingent Liability as required in AS 29 is as under:

[₹ in crores]

Particulars	June 30, 2012	June 30, 2011
Opening Balance as on July 1, 2011	128.45	78.88
Addition during the period	6.75	61.27
Reduction during the year	(70.01)	(11.70)
Closing Balance as on June 30, 2012	65.19	128.45

Year – 2010-11

33.1 The movement in Contingent Liability as required in AS 29 is as under:

[₹ in crores]

Particulars	June 30, 2011	June 30, 2010
Opening Balance as on July 1, 2010	78.88	129.67
Addition during the period	61.27	0.00
Reduction during the year	(9.63)	(50.79)
Closing Balance as on June 30, 2011	130.52	78.88

Year – 2009-10

33.1 The movement in Contingent Liability as required in AS 29 is as under:

[₹ in Crores]

Particulars	As on June 30, 2010
Opening Balance as on July 1, 2009	129.67
Addition during the period	0.00
Reduction during the year	(50.79)
Closing Balance as on June 30, 2010	78.88

33.2 *Capital commitments for contracts remaining to be executed:*

The Bank has entered into few contracts for development of software. The total project cost of these contracts is ₹ 2.01 Crores against which the Bank has so far made payment of ₹ 1.20 Crores and the balance payment of ₹ 0.81 Crores has been shown under the Contingent Liabilities.

Year – 2008-09

33.1 The movement in Contingent Liability as required in AS 29 is as under:

[₹ in crore]

Particulars	June 30, 2009
Opening Balance as on 01.07.2008	205.05
Addition during the year	10.87
Reduction during the year	(86.25)
Closing Balance as on 30.06.2009	129.67

33.2 *Capital commitments for contracts remaining to be executed:*

The Bank has entered into few contracts for development of software. The total project cost of these contracts is ₹ 2.01 crore against which the Bank has so far made payment of ₹ 1.02 crore and the balance payment of ₹ 0.99 crore has been shown under the Contingent Liabilities. This is as certified by the Management in this respect.

34. Rural Housing Fund

Year – 2012-13

34.1 Rural Housing Fund was first established as per the announcement made by the Hon'ble Finance Minister, while presenting the budget for the year 2008-09. The fund was set up with contribution by scheduled commercial banks not achieving their priority sector lending obligations. The fund was set up with the National Housing Bank to enhance its refinancing operations to the rural housing sector. Till June 30, 2013, the Bank has received total amount of ₹ 12,778.18 crores under this fund including ₹ 4000 crores during the year 2012-13 (July-June) and the same has been shown under the head 'Deposits'.

Year – 2011-12

34.1 Rural Housing Fund was first established as per the announcement made by the Hon'ble Finance Minister, while presenting the budget for the year 2008-09. The fund was set up with contribution by scheduled commercial banks not achieving their priority sector lending obligations. The fund was set up with the National Housing Bank to enhance its refinancing operations to the rural housing sector. Till June 30, 2012, the Bank has received total amount of ₹ 8,778.18 crores under this fund including 3000 crores during the year 2011-12 and the same has been shown under the head 'Deposits'.

Year – 2010-11

- 34.1 Rural Housing Fund was first established as per the announcement made by the Hon'ble Finance Minister, while presenting the budget for the year 2008-09. The fund was set up with contribution by scheduled commercial banks not achieving their priority sector lending obligations. The fund was set up with National Housing Bank (NHB) to enhance its refinancing operations to the rural housing sector. For the 2008-09 the Bank has received an amount of ₹ 1778.18 crores as against the allocation of ₹ 2,000 crores by Reserve Bank of India. Similarly, Government had allocated ₹ 2,000 crores for the year 2009-10 under the Rural Housing Fund and the Bank has received entire allocation of ₹ 2,000 crores. Further, Government of India allocated ₹ 2,000 crores for the year 2010-11. Against this allocation, the Bank received the entire amount of ₹ 2,000 crores by June 30, 2011. Thus total amount under Rural Housing Fund is ₹ 5,778.18 crores as on June 30, 2011.

Year – 2009-10

- 34.1 During 2008-09, the Government of India (GOI) announced formation of Rural Housing Fund to be administered by National Housing Bank. Reserve Bank of India allocated ₹ 2000.00 Crores under the fund to be deposited by Commercial Banks with NHB during financial year 2008-09 and the Bank has received ₹ 1763.46 Crores till June 30, 2010. GOI has further allocated ₹ 2000 Crores during the year 2009-10 and the Bank has received entire allocation of ₹ 2,000 Crores till June 30, 2010 from Commercial Banks.
- 34.2 As on June 30, 2010, the outstanding loans and advances under Rural Housing Fund was ₹ 3465.78 crore.

Year – 2008-09

- 34.1 While presenting the Finance Bill for the year 2008-09, the Finance Minister announced formation of Rural Housing Fund to be administered by National Housing Bank. Reserve Bank of India allocated ₹ 1000.00 crore under the fund to be deposited by Commercial Banks with NHB during financial year 2008-09. The size of the fund was enhanced to ₹ 2000 crore in the month of November, 2008. As per the guidelines laid down by Reserve Bank of India with regard to Rural Housing Fund, the Bank has received an amount of ₹ 1760.33 crore till 30.06.2009.

35. Zero Coupon Bonds

Year – 2012-13

- 35.1 In the year 2008-09, the Bank had issued Zero Coupon Bonds (ZCBs) for a face value of ₹ 1,050 crores, discounted value being ₹ 453.39 crores. These bonds were issued for tenure of ten years. The discount is amortised over the tenure of the bonds. A sum of ₹ 59.63 crores discount has been amortised during the financial year 2012-13 (July-June). The unamortized balance of discount as on June 30, 2013 is ₹ 331.67 crores
- 35.2 Further, in the year 2011-12, the Bank had issued ZCBs for a face value of ₹ 328.10 crores, discounted value being ₹ 249.49 crores. These bonds were issued for tenure of three years with put/call option after 19 months. The discount is amortised over the tenure of the bonds. A sum of ₹ 24.67 crores discount has been amortised during the financial year (July-June). The unamortized balance of discount as on June 30, 2013 is ₹ 45.12 crores.

Year – 2011-12

- 35.1 During the year 2008-09, the Bank had issued Zero Coupon Bonds (ZCBs) for a face value of ₹ 1,050 crores, discounted value being ₹ 453.39 crores. These bonds were issued for tenure of ten years. The discount is amortised over the tenure of the bonds. A sum of ₹ 59.79 crores discount has been amortised during the financial year 2011-12. The unamortized balance of discount as on June 30, 2012 is ₹ 391.30crores.
- 35.2 During the year 2010-11, the Bank has also issued ZCBs for a face value of ₹ 800 crores, discounted value being ₹ 642.17 crores. These bonds were issued for tenure of three years with put/call option after 366 days. The discount is amortized over the tenure of bonds. The bonds were redeemed during 2011-12 on account of put option exercised by the investors, the redemption value being ₹ 691.11 crores.
- 35.3 Further, during the year 2011-12, the Bank has issued ZCBs for a face value of ₹ 328.10 crores, discounted value being ₹ 249.49crores. These bonds were issued for tenure of three years with put/call option after 19 months. The discount is amortised over the tenure of the bonds. A sum of ₹ 8.82crores discount has been amortised during the financial year. The unamortized balance of discount as on June 30, 2012 is ₹ 69.79crores.

Year – 2010-11

- 35.1 During the year 2008-09, the Bank had issued Zero Coupon Bonds (ZCBs) for a face value of ₹ 1050 crores, discounted value being ₹ 453.39 crores. These bonds were issued for tenure of ten years. The discount is amortised over the tenure of the bonds. A sum of ₹ 59.63 crores has been amortised during the financial year 2010-11. The unamortized balance as on June 30, 2011 is ₹ 451.09 crores.
- 35.2 Further, the Bank has issued Zero Coupon Bonds (ZCBs) during the year 2010-11 for a face value of ₹ 800 crores, discounted value being ₹ 642.17 crores. These bonds were issued for tenure of three years with put/call option after 366 days. The discount is amortized over the tenure of bonds. A sum of ₹ 43.46 crores was amortized during the period. The unamortized balance as on June 30, 2011 is ₹ 114.37 crores.

Year – 2009-10

- 35.1 NHB had issued Zero Coupon Bonds (ZCBs) for a face value of ₹ 1050 Crores, discounted value being ₹ 453.38 Crores. These bonds were issued for a period of ten years. The discount is amortised over the tenure of the bonds. A sum of ₹ 59.63 Crores has been amortised during the financial year 2009-10, leaving an unamortized balance of ₹ 510.72 Crores.

Year – 2008-09

- 35.1 During the year, NHB had issued Zero Coupon Bonds (ZCBs) for a face value of ₹ 1050 crore, discounted value being ₹ 453.38 crore. These bonds were issued for a period of ten years. The discount is amortised over the tenure of the bonds and is added back to the liability. A sum of ₹ 26.27 crore has been amortised during the year, leaving an unamortized balance of ₹ 570.35 crore.

36. Interest Rate Swaps

Year – 2012-13

NA

Year – 2011-12

- 36.1 The Bank during the month of May, 2007 introduced a new product of floating rate refinance linked to 1 year INBMK rate. In order to hedge the lending of refinance priced on the same bench mark, the Bank entered into Interest Rate Swap (IRS) transactions wherein NHB would receive fixed rate of interest on the notional principal and pay floating rate of 1 year INBMK insulating NHB from any variations in the market benchmark. The Bank had entered into fourteen IRS for a notional principal amount of ₹ 1500 crores during 2006-07 and 2007-08 with various counter parties.
- 36.2 Out of the above, IRS for a notional principle of ₹ 500 crores were outstanding as on July 1, 2011. During the period July, 2011 to June, 2012, the Bank has further unwound two contracts for a notional principal of ₹ 300 crores. The amount received/paid on termination of these IRS is recognized in accordance with the accounting policy. Accordingly, the Bank has incurred loss of ₹ 0.38 crores on IRS unwound and the same has been booked during the year.

Year – 2010-11

- 36.1 The Bank during the month of May, 2007 introduced a new product of floating rate refinance linked to 1 year INBMK rate. In order to hedge the lending of refinance priced on the same bench mark, the Bank entered into Interest Rate Swap transactions wherein NHB would receive fixed rate of interest on the notional principal and pay floating rate of 1 year INBMK insulating NHB from any variations in the market benchmark. The Bank had entered into fourteen Interest Rate Swaps for a notional principal amount of ₹ 1,500 crores during 2006-07 and 2007-08 with various counter parties.
- 36.2 Out of the above, Interest Rate Swaps for a notional principle of ₹ 900 crores were outstanding as on July 1, 2010. During the period July 2010 to June 2011, the Bank has further unwound four contracts of Interest Rate Swap (IRS) for a notional principal of ₹ 400 crores. The amount received on termination of these IRS is recognized over the remaining contractual life of the swap. Accordingly, the Bank has earned a profit of ₹ 3.80 crores on the IRS unwound during the year of which ₹ 1.15 crores has been booked during the year and the balance profit of ₹ 2.65 crores will be booked over the residual maturity period of the IRS. As on June 30, 2011, the Bank has five IRS outstanding with notional principal of ₹ 500 crores.

Year – 2009-10

- 36.1 The Bank had entered into 14 Interest Rate Swaps for a notional principal amount of ₹ 1500 Crores during earlier years with various counter parties to hedge its floating rate assets, out of which 2 swaps for a notional principal of ₹ 400 Crores were unwound during 2008-09 and 3 swaps for a notional principal amount of ₹ 200 Crores were unwound during the year ended June 30, 2010. The amount received on termination of these IRS is recognized over the remaining contractual life of the swap. The outstanding deferred profit as on July 1, 2009 was ₹ 3.15 Crores and the Bank has earned a net profit of ₹ 6.55 Crores on unwound swaps during the year. A total profit of ₹ 2.30 Crores has been booked during the year and balance deferred profit of ₹ 7.40 Crores will be booked over the remaining contractual life of the swaps. As on June 30, 2010, the Bank has outstanding 9 IRS contracts with notional principal of ₹ 900 Crores.

Year – 2008-09

- 36.1 The Bank has entered into 14 swaps for a notional principal amount of ₹ 1500 crore during previous years. During the year, the Bank has cancelled 02 Contracts for a notional principal amount of ₹ 400 crore. The amount received by the Bank on termination of swaps is recognized over the remaining contractual life of the swaps. Accordingly, the Bank has earned a profit of ₹ 378.72 lakh of which ₹ 63.72 lakh has been booked during the year and has deferred profit of ₹ 315.00 lakh to be booked in next 3 years. As on June 30, 2009, the Bank has outstanding IRS with notional principal of ₹ 1100 crore.

37. Securitisation

Year – 2012-13

- 37.1 NHB is authorized to carry out securitization transactions and issue mortgage backed securities as trust certificates of beneficial interest and act as Trustee for the holders of such securities under the National Housing Bank Amendment Act, 2000 [Sections 14 (ea), 14 (eb) and 14 (ec)] . During the calendar year 2000-2007, NHB has completed 14 residential mortgage backed securitization (RMBS) transactions involving 38,809 individual housing loans of six Housing Finance Companies (HFCs) and one Scheduled Commercial Bank, for ₹ 862.20 crores. The transaction involves assignment and transfer of a pool of housing loans along with the underlying mortgages, from the primary lending institution to NHB. Simultaneously, an express declaration of trust is made by NHB in respect of the mortgage debt, appointing itself as the trustee for the benefit of the investors. Once the assets have been declared property in trust ("the Trust"), the Trust will issue Pass Through Certificates to investors. During the financial years 2008-09 to 2011-12, 8 RMBS transactions and their respective Special Purpose Vehicle trust have been closed. Similarly, during the financial year 2012-13, 2 RMBS transactions have been closed. As on June 30, 2013, 4 RMBS transactions totalling to ₹ 14.54 crores were outstanding following the June 2013 payouts.

Year – 2011-12

- 37.1 NHB is authorized to carry out securitization transactions and issue mortgage backed securities as trust certificates of beneficial interest and act as Trustee for the holders of such securities under the National Housing Bank Amendment

Act, 2000 (Sections 14(ea), 14(eb), 14(ec) and 18). During the calendar year 2000-2007, NHB has completed 14 residential mortgage backed securitization (RMBS) transactions involving 38,809 individual housing loans of six Housing Finance Companies (HFCs) and one Scheduled Commercial Bank, for ₹ 862.20 crores. The transaction involves assignment and transfer of a pool of housing loans along with the underlying mortgages, from the primary lending institution to NHB. Simultaneously, an express declaration of trust is made by NHB in respect of the mortgage debt, appointing itself as the trustee for the benefit of the investors. Once the assets have been declared property in trust ("the Trust"), the Trust will issue Pass Through Certificates to investors. During the financial years 2008-09 to 2010-11, 7 RMBS transactions and their respective Special Purpose Vehicle trust have been closed. Similarly, during the financial year 2011-12, 1 RMBS transaction has been closed. As on June 30, 2012, 6 RMBS transactions totaling to ₹ 33.27 crores are outstanding.

Year – 2010-11

- 37.1 NHB is authorized to carry out securitization transactions and issue mortgage backed securities as trust certificates of beneficial interest and act as Trustee for the holders of such securities under the National Housing Bank Amendment Act, 2000 (Sections 14 (ea), 14 (eb), 14 (ec) and 18). During the calendar year 2000-2007, NHB has completed 14 residential mortgage backed securitization (RMBS) transactions involving 38,809 individual housing loans of six Housing Finance Companies (HFCs) and one Scheduled Commercial Bank, for ₹ 862.20 crores. The transaction involves assignment and transfer of a pool of housing loans along with the underlying mortgages, from the primary lending institution to NHB. Simultaneously, an express declaration of trust is made by NHB in respect of the mortgage debt, appointing itself as the trustee for the benefit of the investors. Once the assets have been declared property in trust ("the Trust"), the Trust will issue Pass Through Certificates to investors. During the financial years 2008-09 & 2009-10, 6 RMBS transactions and their respective Special Purpose Vehicle trust have been closed. Similarly, during the financial year 2010-11, 1 RMBS transaction has been closed. As on June 30, 2011, 7 RMBS transactions totaling to ₹ 58.79 crores are outstanding.

Year – 2009-10

- 37.1 NHB is authorized to carry out securitization transactions and issue mortgage backed securities as trust certificates of beneficial interest and act as Trustee for the holders of such securities under the National Housing Bank Amendment Act, 2000 (Sections 14 (ea), 14 (eb), 14 (ec) and 18). During the calendar years 2000 to 2007, NHB has completed 14 residential mortgage backed securitization (RMBS) transactions involving 38,809 individual housing loans of six Housing Finance Companies (HFCs) and one Scheduled Commercial Bank, for ₹ 862.20Crores. The transaction involves assignment and transfer of a pool of housing loans along with the underlying mortgages, from the primary lending institution to NHB. Simultaneously, an express declaration of trust is made by NHB in respect of the mortgage debt, appointing itself as the trustee for the benefit of the investors. Once the assets have been declared property in trust ("the Trust"), the Trust will issue Pass Through Certificates to investors. During the financial year 2008-09, 5 RMBS transactions and their respective Special Purpose Vehicle trust have been completed. Similarly, during the financial year 2009-10, 1 RMBS transaction was completed. As on June 30, 2010, 8 RMBS transactions totalling to ₹ 95.63Crores are outstanding.

Year – 2008-09

N.A.

38. Loan and advances

Year – 2012-13

- 38.1 Of the total outstanding loans and advances of ₹ 34,630.89 crores (Gross), loan and advances amounting ₹ 17,252.03 crores are secured by a charge on books debts, government guarantee, bank guarantee, equitable mortgage on fixed assets, hypothecation of movable assets and lien over bank deposits. Balance loans and advances amounting ₹ 17,378.86 crores are unsecured

Year – 2011-12

- 38.1 Of the total outstanding loans and advances of ₹ 28,491.01 crores (Gross), loan and advances amounting ₹ 6,613.91crores are secured by a charge on books debts, government guarantee, bank guarantee, equitable mortgage on fixed assets, hypothecation of movable assets and lien over bank deposits. Balance loans and advances amounting ₹ 21,877.10 crores are unsecured of which ₹ 7,262.85 crores covered under negative lien.
- 38.2 During the year the Bank has restructured a loan, having an outstanding balance of ₹ 2.56crores as on June 30, 2012. The said loan has been downgraded as sub-standard asset and the Bank has made necessary provision for the same in terms of the prudential norms prescribed by RBI.

Year – 2010-11

- 38.1 Of the total outstanding loans and advances of ₹ 22,581.45 crores, loan and advances amounting ₹ 5668.55 crores are secured by a charge on books debts, government guarantee, bank guarantee, equitable mortgage on fixed assets, hypothecation of movable assets and lien over bank deposits. Balance loans and advances amounting ₹ 16912.90 crores are unsecured.
- 38.1 The Bank has restructured a loan amounting ₹ 1.29 crores, having an outstanding balance of ₹ 1.06 crores as on 30.06.2011, has been classified as Standard Assets. The Bank has made provision @ 2% on the said outstanding in terms of RBI circular RBI 2010-11/529 DBOD.No.BP.BC 94/21.04.048/2011-12. The Bank has also made for diminution in the fair value assets.

Year – 2009-10

- 38.1 Of the total outstanding loans and advances of ₹ 19836.66Crores, loans and advances amounting ₹ 5800.78Crores are secured by a charge on books debts, government guarantee, bank guarantee and equitable mortgage on fixed assets. Remaining loans and advances of ₹ 14035.88Crores are unsecured.

Year – 2008-09

N.A.

39. **Special Refinance Facility from Reserve Bank of India**

Year – 2012-13

N.A.

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

- 39.1 As part of measures to stimulate growth, Reserve Bank of India announced on December 11, 2008, a refinance facility of ₹ 4000 Crores to National Housing Bank in order to provide liquidity support to Housing Finance Companies. This refinance facility was extended by Reserve Bank of India in terms of Section 17(4DD) of RBI Act, 1934. The facility was available at prevailing Repo rate under the Liquidity Adjustment Facility (LAF) of RBI. This refinance facility was available to the Bank till March 31, 2010 and no amount is outstanding against this facility as on that date.

Year – 2008-09

- 39.1 As part of measures to stimulate growth, Reserve Bank of India announced on 11th December, 2008, a refinance facility of ₹ 4000 crore to National Housing Bank in order to provide liquidity support to Housing Finance companies. This refinance facility was extended by Reserve Bank of India in terms of Section 17(4DD) of RBI Act, 1934. This facility will be available at prevailing Repo rate under the Liquidity Adjustment Facility (LAF) of RBI. This refinance facility is available to the Bank up to 31.03.2010. As on 30.06.2009, an amount of ₹ 3979.81 crore was outstanding under this facility.

40. **Provision for salary arrears**

Year – 2012-13

N.A.

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

- 40.1 The Bank has made provision of ₹ 1.38 Crores on actual basis for payment of salary arrears on account of wage revision which is due from November 1, 2007 besides provision for Employee's Benefit as required under AS-15 as per revised salary.

Year – 2008-09

N.A.

41. **Shifting of Securities from Available for Sale to Held to Maturity category**

Year – 2012-13

N.A.

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

- 41.1 In terms of RBI guidelines, the Bank has shifted investment in Government Securities of ₹ 66 Crores (Face Value ₹ 55 Crores) from AFS category to HTM category and has booked a loss of ₹ 7.51 Crores during the year ended June 30, 2010.

Year – 2008-09

N.A.

42. **Provision for Stamp Duty**

Year – 2012-13

N.A

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

N.A.

Year – 2008-09

- 42.1 NHB's borrowings of ₹ 2602.99 crore outstanding as on 30.06.2008 towards issue of bonds during the previous years were held in letter of allotment form with the depository. These were required to be converted into demat securities in the form of promissory notes or debentures as mentioned in the respective Information Memorandums after paying the consolidated stamp duty issue-wise as per section 8A of the Indian Stamp Act, 1899. A provision of ₹ 14.47 crore was made towards payment of stamp duty in 2006-07. Out of provision, an amount of ₹ 1.20 crore was paid. As per the Legal Opinion obtained the balance of ₹ 13.27 crore has been reversed since provision is no longer required. The stamp duty at the applicable rate was paid on all the outstanding in NHB's books as on December 1, 2008.

43. **Consolidation of Special Fund with the General Fund**

Year – 2012-13

- 43.1 The Voluntary Deposits (Immunities and Exemptions) Act, 1991 was passed with the objectives of providing certain immunities and exemptions from direct taxes to persons making voluntary deposits with the National Housing Bank and exemptions from direct taxes in relation to such amounts. The amount so collected under the Voluntary Deposits Scheme is required to be kept in a Special Fund exclusively for the purpose of financing slum clearance and low cost housing for the poor. In terms of National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993, Profit and Loss Account for the year ended 30th June and Balance Sheet as on that date are required to be prepared each year in respect of the Special Fund and audited by the Statutory Auditors appointed by the Reserve Bank of India under Section 40 (1) of the National Housing Bank Act, 1987.
- 43.2 Accordingly, the Profit and Loss account and the Balance Sheet of the Special Fund have been prepared as per the provision of the National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993 and attached as Annexure to these financial statements. The balance lying in the Special Fund is included under the head "Reserves" in the Bank's consolidated Balance Sheet. Various assets and liabilities of the Special Fund have also been grouped in the consolidated Balance Sheet under the respective heads.

Year – 2011-12

- 43.1 The Voluntary Deposits (Immunities and Exemptions) Act, 1991 was passed with the objectives of providing certain immunities and exemptions from direct taxes to persons making voluntary deposits with the National Housing Bank and exemptions from direct taxes in relation to such amounts. The amount so collected under the Voluntary Deposits Scheme is required to be kept in a Special Fund exclusively for the purpose of financing slum clearance and low cost housing for the poor. In terms of National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993, Profit and Loss Account for the year ended 30th June and Balance Sheet as on that date are required to be prepared each year in respect of the Special Fund and audited by the Statutory Auditors appointed by the Reserve Bank of India under Section 40 (1) of the National Housing Bank Act, 1987.
- 43.2 Accordingly, the Profit and Loss account and the Balance Sheet of the Special Fund have been prepared as per the provision of the National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993 and attached as Annexure to these financial statements. The balance lying in the Special Fund is included under the head "Reserves" in the Bank's consolidated Balance Sheet. Various assets and liabilities of the Special Fund have also been grouped in the consolidated Balance Sheet under the respective heads.

Year – 2010-11

- 43.1 The Voluntary Deposits (Immunities and Exemptions) Act, 1991 was passed with the objectives of providing certain immunities and exemptions from direct taxes to persons making voluntary deposits with the National Housing Bank and exemptions from direct taxes in relation to such amounts. The amount so collected under the Voluntary Deposits Scheme is required to be kept in a Special Fund exclusively for the purpose of financing slum clearance and low cost housing for the poor. In terms of National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993, Profit and Loss Account for the year ended 30th June and Balance Sheet as on that date are required to be prepared each year in respect of the Special Fund and audited by the Statutory Auditors appointed by the Reserve Bank of India under Section 40 (1) of the National Housing Bank Act, 1987.

43.2 Accordingly, the Profit and Loss account and the Balance Sheet of the Special Fund have been prepared as per the provision of the National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993 and attached as Annexure to these financial statements. The balance lying in the Special Fund is included under the head "Reserves" in the Bank's consolidated Balance Sheet. Various assets and liabilities of the Special Fund have also been grouped in the consolidated Balance Sheet under the respective heads.

Year – 2009-10

43.1 The Voluntary Deposits (Immunities and Exemptions) Act, 1991 was passed with the objectives of providing certain immunities and exemptions from direct taxes to persons making voluntary deposits with the National Housing Bank and exemptions from direct taxes in relation to such amounts. The amount so collected under the Voluntary Deposits Scheme is required to be kept in a Special Fund exclusively for the purpose of financing slum clearance and low cost housing for the poor. In terms of National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993 Profit and Loss Account for the year ended 30th June and Balance Sheet as on that date are required to be prepared each year in respect of the Special Fund and audited by the Statutory Auditors appointed by the Reserve Bank of India under Section 40 (1) of the National Housing Bank Act, 1987.

43.2 Accordingly, the Profit and Loss Account and the Balance Sheet of the Special Fund have been prepared as per the provisions of the National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993 and attached as Annexure to these financial statements. The balance lying in the Special Fund is included under the head "Reserves" in the Bank's consolidated Balance Sheet. Various assets and liabilities of the Special Fund have also been grouped in the consolidated Balance Sheets under the respective heads.

Year – 2008-09

43.1 The Voluntary Deposits (Immunities and Exemptions) Act, 1991 was passed with the objectives of providing certain immunities and exemptions from direct taxes to persons making voluntary deposits with the National Housing Bank and exemptions from direct taxes in relation to such amounts. The amount so collected under the Voluntary Deposits Scheme is required to be kept in a Special Fund exclusively for the purpose of financing slum clearance and low cost housing for the poor. In terms of National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993 Profit and Loss Account for the year ended 30th June and Balance Sheet as on that date are required to be prepared each year in respect of the Special Fund and audited by the Statutory Auditors appointed by the Reserve Bank of India under Section 40 (1) of the National Housing Bank Act, 1987.

43.2 Accordingly, the Profit and Loss Account and the Balance Sheet of the Special Fund have been prepared as per the provisions of the National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993 and attached as Annexure to these financial statements. The balance lying in the Special Fund is included under the head "Reserves" in the Bank's consolidated Balance Sheet. Various assets and liabilities of the Special Fund have also been grouped in the consolidated Balance Sheets under the respective heads.

44. Regrouping

Year – 2012-13

44.1 Figures for the previous year have been re-grouped, wherever necessary, so as to make them comparable with those of the current year.

Year – 2011-12

44.1 Figures for the previous year have been re-grouped, wherever necessary, so as to make them comparable with those of the current year.

Year – 2010-11

44.1 Figures for the previous year have been re-grouped, wherever necessary, so as to make them comparable with those of the current year.

Year – 2009-10

44.1 Figures for the previous year have been re-grouped, wherever necessary, so as to make them comparable with those of the current year.

Year – 2008-09

44.1 Figures for the previous year have been re-grouped, wherever necessary, so as to make them comparable with those of the current year.

45. Cash flow Statement for the year ended June 30

Annexure-VI

(₹ in crore)

Particulars	FOR THE YEAR ENDED JUNE 30				
	2012-13	2011-12	2010-11	2009-10	2008-09
A) CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit as per Profit & Loss Account	449.94	387.10	278.93	280.24	235.62
Adjustments for:					
Provision for Tax	212.20	174.40	198.88	136.00	114.65
Income Tax-Earlier Years(written off)	0.00	0.00	(88.23)	0.00	0.00
Provision for Wealth Tax	0.11	0.12	0.13	0.07	0.06
Provision for Deferred Tax	1.88	0.00	9.49	5.79	0.03
Depreciation on fixed assets	3.46	2.85	2.76	2.20	2.62
Depreciation reversal on Premises	(5.83)	0.00	0.00	0.00	0.00
Write offs(Loans & Advances)	0.00	0.00	0.15	0.00	0.00
Depreciation on investments & amortisation		1.39	0.41	0.31	6.77

Particulars	FOR THE YEAR ENDED JUNE 30				
	2012-13	2011-12	2010-11	2009-10	2008-09
	expense	0.41			
Loss on shifting of securities	0.00	0.00	0.00	7.51	0.00
Provisions of diminution in the Fair value of Restructured Advances	0.00	0.00	0.09	0.00	0.00
Provision for Standards Assets	22.87	23.79	9.50	0.00	0.00
Provision for Non Performing Assets/ Restructured Accounts	27.42	0.53	0.00	0.00	0.00
Loss / (Gain) on revaluation of Forward Exchange Contracts (Notional)	3.27	11.21	(1.61)	(2.20)	(0.01)
Provision for Bad Debts u/s 36(1)(viiia)(c) of Income Tax Act, 1961	36.00	29.00	20.50	22.00	18.10
Loss / (Profit) on sale of Fixed Assets	(0.01)	0.74	(0.06)	(0.01)	(0.02)
Loss /(Gain) on revaluation of Foreign Deposits & Borrowings	15.74	(5.00)	2.04	1.92	(5.46)
Provisions no longer required written back	(0.61)	(2.05)	(0.04)	(0.97)	(13.68)
Provision and Contingencies(written back)	0.00	0.00	0.00	(6.76)	0.00
Excess provision for Income Tax of earlier years written back	0.00	(1.88)	0.00	0.00	0.00
Deferred Tax Reversal	0.00	17.48	0.00	0.00	0.00
Excess Provisions of diminution in the Fair value of Restructured Advances written back	(0.07)	(0.02)	0.00	0.00	0.00
Income from Investments	(69.66)	(66.34)	(38.12)	(31.88)	(39.50)
Profit on purchase and sale of Mutual Funds	(6.28)	(7.22)	(5.93)	(9.11)	(29.04)
Profit on Sale of Investments	(5.81)	(1.07)	0.00	(1.84)	(1.61)
Dividend on Equity of Housing Finance Companies	(0.88)	(0.67)	(0.34)	(0.05)	(0.04)
Deferred Discount on Zero coupon Bonds	0.00	0.00	0.00	0.00	554.92
Operating Profit before working capital changes	684.15	564.36	388.55	403.22	843.41
Adjustments for Working Capital					
(Increase)/Decrease in Deposits with Banks	(968.74)	437.31	(317.60)	(300.95)	(456.58)
(Increase)/Decrease in Loans & Advances	(6009.50)	(5,770.98)	(2,627.25)	(2,974.77)	828.23
(Increase)/Decrease in Other Assets	122.94	(47.25)	(51.31)	128.68	(96.99)
Increase/(Decrease) in Current Liabilities	(117.21)	(29.27)	(48.01)	(70.90)	(400.77)
Net cash from operating activities before taxes paid	(6288.36)	(4,845.83)	(2,655.62)	(2,814.72)	717.30
Less : Income Taxes Paid	(379.25)	(174.69)	(132.90)	(60.37)	(107.80)
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	(6667.61)	(5,020.52)	(2,788.52)	(2,875.09)	609.50
Extraordinary Items	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW FROM OPERATING ACTIVITIES AFTER EXTRAORDINARY ITEMS (A)	(6667.61)	(5,020.52)	(2,788.52)	(2,875.09)	609.50
B) CASH FLOW FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS					
(Increase) / Decrease in Fixed Assets	(2.90)	(2.51)	(3.61)	(0.84)	(1.58)
(Increase)/Decrease in Investments	(150.93)	(5.39)	93.13	(302.15)	(48.80)
(Increase)/Decrease in Investments in PTCs	0.00	0.00	0.00	0.00	0.22
Income from Investments	69.66	66.34	38.12	31.87	39.50
Profit on purchase and sale of Mutual Funds	6.28	7.22	5.93	9.11	29.04
Profit on Sale of Investments	5.81	1.07	0.00	1.84	1.56
Dividend on Equity of Housing Finance Companies	0.88	0.67	0.34	0.05	0.04
NET CASH GENERATED FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	(71.20)	67.40	133.91	(260.12)	19.98
Receipts from sale of equity of HFCs	0.00	0.00	0.00	0.00	0.06
NET CASH GENERATED FROM INVESTING ACTIVITIES AFTER EXTRAORDINARY ITEMS (B)	(71.20)	67.40	133.91	(260.12)	20.04
C) CASH FLOW FROM FINANCING ACTIVITIES					
Net income under Staff Benevolent Fund	0.99	0.64	0.39	0.17	@
Increase / (Decrease) in Bonds & Debentures	818.76	2,726.28	1,415.04	4,769.59	(2,117.08)
Increase / (Decrease) in Subordinated Debts	0.00	0.00	0.00	0.00	(400.00)
Increase / (Decrease) in Deposits	4018.64	2,969.79	1,651.06	2,127.63	2,247.88
Increase/(Decrease) in Borrowings	1918.76	(744.98)	(398.87)	(4,443.48)	34.81
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	6757.15	4,951.73	2,667.62	2,453.91	(234.39)
Net increase in cash and cash equivalents (A+B+C)	18.34	(1.39)	13.01	(681.30)	395.15
Cash and cash equivalents at the beginning of the year	19.90	21.29	8.28	689.58	294.43
Cash and cash equivalents at the end of the year	38.24	19.90	21.29	8.28	689.58
38 (b) Schedule to Cash & Cash Equivalents					

Particulars	FOR THE YEAR ENDED JUNE 30				
	2012-13	2011-12	2010-11	2009-10	2008-09
	Cash in hand	@	0.00	0.00	0.00
Balances with Reserve Bank of India	0.02	0.07	0.04	0.20	0.09
Balance with banks-Current Account	38.22	19.83	21.25	8.08	16.49
Investment in Mutual Funds	0.00	0.00	0.00	0.00	673.00
Collateralized Borrowing and Lending Operations	0.00	0.00	0.00	0.00	0.00
Cash realised on forward exchange contract	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent before exchange rate adjustments	38.24	19.90	21.29	8.28	689.58
Effect of exchange rate changes-unrealised gains	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent after exchange rate adjustments	38.24	19.90	21.29	8.28	689.58

@ Amount less than ₹ 0.50 lakh

CAPITAL

4 6 1	Particulars	30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
		(i) Capital to Risk Assets Ratio (CRAR)	16.59%	19.82%	20.64%	19.59%
(ii) Core CRAR	15.34%	18.57%	19.39%	18.34%	16.94%	
(iii) Supplementary CRAR	1.25%	1.25%	1.25%	1.25%	1.25%	
b	Amount of subordinated debt raised and outstanding as Tier II Capital:					
		30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
		Nil	Nil	Nil	Nil	Nil
c.	Risk Weighted Assets:					
	Particulars	30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
	(i) On balance sheet items	21375.77	16966.31	14256.37	13,512.63	1298 6.95
	(ii) Off balance sheet items	55.33	14.74	27.25	36.86	86.36
d	Share-holding pattern as on the date of the Balance Sheet:					

46.2 Asset Quality and Credit Concentration:		30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
e.	Percentage of Net NPAs to Net Loans and Advances :	0.45%	0.01%	Nil	Nil	Nil

f. Amount and percentage of Net NPAs under the prescribed asset classification categories										
Particulars	30.06.2013		30.06.2012		30.06.2011		30.06.2010		30.06.2009	
	Amt.	%age	Amt.	%age	Amt.	%age	Amt.	%age	Amt.	%age
Sub-Standard	153.53	98.35	3.03	100.0	0	0	0	0	0	0
Doubtful	2.57	1.65	0	0	0	0	0	0	0	0
Loss	0.00	0.00	0	0	0	0	0	0	0	0
Total	156.10	100.00	3.03	100.00	0	0	0	0	0	0

g. Amount of provisions made during the year:						
Particulars	30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009	
- Standard Assets	22.87	23.79	9.5	0	0	
- Bad Debts u/s 36(1)(viiia) of the IT Act, 1961	36.00	29.00	20.5	22	18.1	
- Non Performing Assets	27.42	0.53	0	0	0	
Provision for Diminution in the fair value of Restructured account		(0.02)	0.09	0	0	
- Investments	0.41	1.39	0.41	0.31	6.77	
- Wealth Tax	0.11	0.12	0.13	0.07	0.06	
- Income Tax	212.20	174.4	129	136	114.59	
- Deferred Tax	1.88	17.48	-9.49	5.79	0.03	

h. Movement in net NPAs:						
Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	
Opening balance	3.03	0	0	0	0	
Additions during the year	153.07	3.03	0	0	0	
Reductions during the year	0.00	0	0	0	0	
Closing balance	156.10	3.03	0	0	0	

i. Credit exposure as percentage to capital funds and as percentage to Total Assets:											
Particulars	30.06.2013		30.06.2012	30.06.2011		30.06.2010	30.06.2009				
	% age to Capital Fund	% age to total assets	% age to Capital Fund	% age to total assets	% age to Capital Fund	% age to total assets	% age to Capital Fund	% age to total assets	% age to Capital Fund	% age to total assets	
- The largest single borrower	71.64%	6.58%	75.01%	8.06%	62.48%	7.15%	67.05%	7.82%	66.19%	7.90%	

- The largest borrower group	153.04%	14.05%	102.69%	11.03%	82.66%	9.46%	85.68%	10.00%	77.35%	9.23%	
- The 10 largest single borrowers	526.39%	48.33%	490.05%	52.65%	467.63%	53.49%	452.35%	52.78%	431.90%	51.56%	
- The 10 largest borrower groups \$	574.68%	52.76%	440.76%	47.35%	106.51%	12.18%	234.60%	27.38%	202.10%	24.13%	
\$ NHB has less than 10 Borrower Groups											

j. Credit exposure to the five largest industrial sector as percentage to total loan assets:						
	30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009	
	NA	NA	NA	NA	NA	
46.3 Liquidity:						
k. Maturity Pattern of rupee assets and liabilities						
l. Maturity Pattern of foreign currency assets and liabilities						
2012-13						
Items	Less than or equal to 1 year	More than a year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years	
Rupee Assets	15,788.90	11,192.42	6,769.86	2,364.11	2,151.92	
Foreign Currency Assets	34.80	76.86	87.74	100.21	154.59	
Total	15,823.70	11,269.29	6,857.60	2,464.32	2,306.51	
Rupee Liabilities	14,683.62	5,912.38	4,756.35	8,141.50	4,576.51	
Foreign Currency Liabilities	55.95	151.11	119.06	106.02	218.91	
Total	14,739.57	6,063.50	4,875.41	8,247.52	4,795.42	

2011-12						
Items	Less than or equal to 1 year	More than a year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years	Total
Rupee Assets	12,002.70	12,732.10	3,599.09	1,577.99	963.98	30,875.86
Foreign Currency Assets	30.51	67.39	76.9	87.8	193.24	455.84
Total	12,033.21	12,799.49	3,675.99	1,665.79	1,157.22	31,331.70
Rupee Liabilities	10,239.33	5,757.94	4,632.59	6,267.91	3,877.36	30,775.13
Foreign Currency Liabilities	35.22	90.86	84.48	94.03	251.98	556.57
Total	10,274.55	5,848.80	4,717.07	6,361.94	4,129.34	31,331.70

2010-11						
Items	Less than or equal to 1 year	More than a year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years	Total
Rupee Assets	9,905.20	11,182.62	2,773.11	1,153.15	377.35	25,391.43
Foreign Currency Assets	22.97	50.71	57.85	66.04	191.77	389.34
Total	9,928.17	11,233.33	2,830.96	1,219.19	569.12	25,780.77
Rupee Liabilities	10,745.32	3,090.11	2,443.62	4,966.03	4,140.17	25,385.25
Foreign Currency Liabilities	26.92	58.1	64.42	71.61	174.47	395.52
Total	10,772.24	3,148.21	2,508.04	5,037.64	4,314.64	25,780.77

2009-10						
Items	Less than or equal to 1 year	More than a year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years	Total
Rupee Assets	10,139.25	7,488.63	3,069.96	1,033.22	313.77	22,044.83
Foreign Currency Assets	22.35	49.34	56.28	64.22	234.7	426.89
Total	10,161.60	7,537.97	3,126.24	1,097.44	548.47	22,471.72
Rupee Liabilities	8,199.94	4,294.66	665.87	3,932.91	1,690.48	18,783.86
Foreign Currency Liabilities	23.28	50.72	56.88	63.89	206.15	400.92
Total	8,223.22	4,345.38	722.75	3,996.80	1,896.63	19,184.78

2008-09						
Items	Less than or equal to 1 year	More than a year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years	Total
Rupee Assets	8,322.28	10,281.43	3,805.63	1,040.31	417.66	23,867.31
Foreign Currency Assets	66.02	68.67	79.91	83.4	311.04	609.04
Total	8,388.30	10,350.10	3,885.54	1,123.71	728.7	24,476.35
Rupee Liabilities	9,002.78	4,552.17	851.65	2,870.76	4,837.07	22,114.43
Foreign Currency Liabilities	72.97	99.01	71.73	74.74	216.15	534.6
Total	9,075.75	4,651.18	923.38	2,945.50	5,053.22	22,649.03

46.4	Operating results:					
	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
m.	Interest Income as a percentage to average Working Funds	8.53%	8.62%	7.74%	7.27%	8.25%
n.	Non-interest income as a percentage to average Working Funds	0.05%	0.04%	0.04%	0.17%	0.21%
o.	Operating profit as a percentage to average Working Fund	2.15%	2.09%	1.72%	2.14%	1.80%
p.	Return on average Assets	1.28%	1.35%	1.11%	1.35%	1.20%
q.	Net Profit per employee (₹ in crores)	4.84%	4.07%	3.21%	3.15%	2.62%
	Interest Income includes Dividend on Investments					

46.5	Movement in the provisions:					
	I. Provisions for Non Performing Assets (Loan Assets)					
	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
	Opening balance as at the beginning of the financial year	0.53	10.00	10.00	10.00	10.00
Ad d:	Provisions made during the year	27.42	0.53	0.00	0.00	0.00
Le ss:	Write off, write back of excess provision	0.00	10.00	0.00	0.00	0.00
	Closing balance at the close of the year	27.95	0.53	10.00	10.00	10.00
	II. Provisions for Depreciation in Investments					
	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
	Opening Balance at the beginning of the financial year	0.53	0.53	0.53	7.12	0.53
Ad d:	i) Provisions made during the year	0.00	1.5	0	0	6.59
	ii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	0.00	1.5	0	0	0
Le ss:	i) Write off during the year	0.00	1.5	0	0	0
	ii) Transfer, if any, to Investment Fluctuation Reserve Account	0.00	1.5	0	6.59	0
	Closing balance at the close of the financial year	0.53	0.53	0.53	0.53	7.12

46.6	Restructured Accounts:					
	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09

	a) Total Amount of loan assets	182.11	2.56	1.06	1.18	Nil
	b) Sub-standard/doubtful assets	182.11	2.56	0	Nil	Nil

46.7						
	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
	a) No. of Accounts	0	0	0	0	0
	b) Aggregative value (Net of provisions) of Accounts sold to SC/RC	0.00	0	0	0	0
	c) Aggregate consideration	0.00	0	0	0	0
	d) Additional consideration realized in respect of Accounts transferred in earlier years	0.00	0	0	0	0
	e) Aggregate gain / loss over net book value	0.00	0	0	0	0

46.8	Forward Rate Agreements and Interest Rate Swaps:					
	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
	a) Notional principal of swap agreements	0.00	200	500	900	1100
	b) Nature and terms of the swaps	Fixed to Floating Hedge Interest Rate Swap	Fixed to Floating Hedge Interest Rate Swap	Fixed to Floating Hedge Interest Rate Swap	Fixed to Floating Hedge Interest Rate Swap	Fixed to Floating Hedge Interest Rate Swap
	c) Quantification of losses which would be incurred if the counter parties failed to fulfil their obligations under the agreements	0.00	3.06	3.55	48.34	78.16
	d) Collateral required by the entity upon entering into swaps	NA	NA	NA	NA	NA
	e) Concentration of credit risk arising from the swaps	0.00	3.06	3.55	48.34	78.16
	f) The "Fair" value of total swaps book	0.00	-2.06	0.59	39.34	67.16

46.9	Interest Rate Derivatives:	30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
		Nil	Nil	Nil	Nil	Nil

46.10 **Investments in Non Government Debt Securities:**
A. *Issuer Categories in respect of investments made*

2012-13						
Sr. No.	Issuer	Amount	Amount of			
			investments made through private placement	' below investment grade' Securities held	'unrated' Securities held	'unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0	0	0	0	0
2	FIs	0	0	0	0	0
3	Banks	45	45	0	0	0
4	Private Corporates	0	0	0	0	0
5	Subsidiaries/Joint Ventures	0	0	0	0	0
6	Others	20.28	0	0	20.28	20.28
7	Provisions held towards depreciation	0	0	0	0	0
	Total	65.28	45	0	20.28	20.28

2011-12						
Sr. No.	Issuer	Amount	Amount of			
			investments made through private placement	' below investment grade' Securities held	'unrated' Securities held	'unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0	0	0	0	0
2	FIs	0	0	0	0	0
3	Banks	45	45	0	0	0
4	Private Corporates	0	0	0	0	0
5	Subsidiaries/Joint Ventures	0	0	0	0	0

6	Others	28.48	0	0	28.48	28.48
7	Provisions held towards depreciation	0	0	0	0	0
	Total	73.48	45	0	28.48	28.48

2010-11						
Sr. No.	Issuer	Amount	Amount of			
			investments made through private placement	' below investment grade' Securities held	'unrated' Securities held	'unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0	0	0	0	0
2	FIs	0	0	0	0	0
3	Banks	45	45	0	0	0
4	Private Corporates	0	0	0	0	0
5	Subsidiaries/Joint Ventures	0	0	0	0	0
6	Others	0.03	0.03	0	0	0.03
7	Provisions held towards depreciation	0	0	0	0	0
	Total	45.03	45.03	0	0	0.03

2009-10						
Sr. No.	Issuer	Amount	Amount of			
			investments made through private placement	' below investment grade' Securities held	'unrated' Securities held	'unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0	0	0	0	0
2	FIs	0	0	0	0	0
3	Banks	45	45	0	0	0
4	Private Corporates	0	0	0	0	0
5	Subsidiaries/Joint Ventures	0	0	0	0	0
6	Others	0.15	0.15	0	0	0.15
7	Provisions held towards depreciation	0	0	0	0	0
	Total	45.15	45.15	0	0	0.15

2008-09						
Sr. No.	Issuer	Amount	Amount of			
			investments made through private placement	' below investment grade' Securities held	'unrated' Securities held	'unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0	0	0	0	0
2	FIs	0	0	0	0	0
3	Banks	45	45	0	0	0
4	Private Corporates	0	0	0	0	0
5	Subsidiaries/Joint Ventures	0	0	0	0	0
6	Others	673.32	0.32	0	0	0.32
7	Provisions held towards depreciation	0	0	0	0	0
	Total	718.32	45.32	0	0	0.32

B. Non performing investments						
Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	
Opening balance	0.53	0.53	0.53	0.53	0.53	
Additions during the year	0.00	0	0	0	0	
Reductions during the year	0.00	0	0	0	0	
Closing balance	0.53	0.53	0.53	0.53	0.53	
Total Provisions held	0.53	0.53	0.53	0.53	0.53	

46.11	Consolidated Financial Statements:	NHB has no subsidiary
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46.12	Disclosure on Risk Exposures in Derivatives:					
	<i>a) Qualitative Disclosure</i>					
	<ul style="list-style-type: none"> The Bank has in-place derivative policy approved by the board which permits use of derivative products in line with business goals of the Bank. The policy has delegated powers to enter into swaps only at very senior level. Counter party exposure limits are within the overall limits set for each counter party. The credit equivalent of swaps are computed as per current exposure method as prescribed by RBI The Bank has the necessary infrastructure where the functions are well defined i.e Front Office, Back Office & Mid Office. The position of the swaps is continuously monitored. ALCO reviews the position on a weekly basis; the valuations of the outstanding positions are monitored on a monthly basis. Further, the Board is apprised of the position on a quarterly basis including the valuation of the swaps. The Bank uses financial derivative transactions predominantly for hedging its assets/liabilities and for reducing cost. The Bank currently deals only in plain vanilla over-the-counter (OTC) interest rate and currency derivatives, for managing interest rate risks. The Bank shall use such bench marks where pricing is transparent and that are permitted by RBI. The interest exchanged on the swaps is accounted on an accrual basis. 					
	<i>b) Quantitative Disclosure</i>					

Sl. No.	Particulars	Currency Derivatives					Interest Rate Derivatives				
		2012-13	2011-12	2010-11	2009-10	2008-09	2012-13	2011-12	2010-11	2009-10	2008-09
1	<i>Derivatives (Notional Principal Amount)</i>										
	a) For hedging	0	0	0	0	0	0	200	500	900	1,100.00
	b) For trading	0	0	0	0	0	0	0	0	0	0
2	<i>Marked to Market Position</i>										
	a) Asset (+)	0	0	0	0	0	0	0	0.59	39.34	67.16
	b) Liabilities (-)	0	0	0	0	0	0	-2.06	0	0	0
3	<i>Credit Exposure</i>	0	0	0	0	0	0	3.06	3.55	48.34	78.16
4	<i>Likely impact of one percentage change in interest rate (100*PV01)</i>										
	a) on hedging derivatives	0	0	0	0	0	0	1.93	1.74	12.03	25
	b) on trading derivatives	0	0	0	0	0	0	0	0	0	0
5	<i>Maximum and Minimum of 100*PV01 observed during the year</i>										
	a) on hedging										
	- Maximum	0	0	0	0	0	0	0	12.03	16.48	29.78
	- Minimum	0	0	0	0	0	0	0	1.74	12.03	25
	b) on trading										
	- Maximum	0	0	0	0	0	0	0	0	0	0
	- Minimum	0	0	0	0	0	0	0	0	0	0

46.13	Exposures where the FI had exceeded the prudential exposure limits during the year:					
		30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
		Nil	Nil	Nil	Nil	Nil
46.14	Corporate Debt Restructuring:					
		30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
		Nil	Nil	Nil	Nil	Nil
46.15	Concentration of Deposits, Advances, Exposures and NPAs					
		2012-13	2011-12	2010-11	2009-10	2008-09
	1. Concentration of deposits (public)					
	Total Deposits of twenty largest depositors	53.95	47.98	61.69	Nil	NA
	Percentage of Deposits of twenty largest depositors to Total Deposits	22.76%	21.99%	24.81%	Nil	NA
	2. Concentration of Advances					
	Total Advances to twenty largest borrowers	29250.93	23,518.74	19,549.60	17,183.14	NA
	Percentage of Advances to twenty largest borrowers to Total Advances	84.42%	82.47%	86.57%	86.62%	NA

3. Concentration of Exposures					
Total Exposure to twenty largest borrowers /customers	29,282.60	24,038.97	20,704.42	17,214.26	NA
Percentage of Exposure to twenty largest borrowers/customers to total Exposure on borrowers/customers	83.07%	80.16%	83.83%	86.47%	NA
4. Concentration of NPAs					
Total Exposure to top four NPA Accounts	183.55	3.56	Nil	Nil	NA
46.16 Sector-wise NPAs					
Sl. No	Sector	2012-13	2011-12	2010-11	2009-10
1	Agriculture & Allied activities	Nil	Nil	Nil	Nil
2	Industry (Micro & Small, Medium & Large)	Nil	Nil	Nil	Nil
3	Services	Nil	Nil	Nil	Nil
4	Personnel Loan	Nil	Nil	Nil	Nil

46.17	Movement of NPAs					
	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
	Gross NPAs (Opening Balance)	3.56	0	Nil	Nil	NA
	Additions (Fresh NPAs) during the year	180.62	3.62	Nil	Nil	NA
	Sub-total (A)	184.18	3.62	Nil	Nil	NA
	Less:			Nil	Nil	NA
	(i) Upgradations	0	0	Nil	Nil	NA
	(ii) Recoveries (excluding recoveries made from upgraded accounts)	0.13	0.06	Nil	Nil	NA
	(iii) Write-offs	0	0	Nil	Nil	NA
	Sub-total (B)	0.13	0.06	Nil	Nil	NA
	Gross NPAs (Closing Balance) (A - B)	184.05	3.56	Nil	Nil	NA
46.18	Overseas Assets, NPAs and Revenue					
	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
	Total Assets	Nil	Nil	Nil	Nil	NA
	Total NPAs	Nil	Nil	Nil	Nil	NA
	Total Revenue	Nil	Nil	Nil	Nil	NA
46.19	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)					
	Name of SPV sponsor	2012-13	2011-12	2010-11	2009-10	2008-09
	Domestic	Nil	Nil	Nil	Nil	NA
	Overseas	Nil	Nil	Nil	Nil	NA
46.20	Sale of Investments held under Held to Maturity (HTM) Category	30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
		Nil	Nil	NA	NA	NA

Key Ratios

Description	Jun-13	Jun-12	Jun-11	Jun-10	Jun-09
Debt Equity* Ratio (times) (Debt/ Net Worth)	9.32	8.50	7.89	7.72	7.55
Interest Coverage Ratio (times) (PBIT/ Interest Expenditure)	1.30	1.29	1.27	1.40	1.28
Return on Net Worth (%) (PAT/ Net Worth)	12.50	12.27	10.07	11.28	10.64

Description	Jun-13	Jun-12	Jun-11	Jun-10	Jun-09
Net Worth	3599.34	3153.76	2770.22	2485.32	2215
Debt	33559.25	26803.1	21852.01	19184.77	16731.04
Interest Expenditure	2220.91	1850.06	1489.5	1051.68	1272.9
Profit before Interest & Tax (PBIT)	2885.03	2392.32	1888.7	1473.79	1623.26
Profit After Tax (PAT)	449.94	387.1	278.93	280.25	235.62

Statement of Capitalization

Description	Jun-13	Jun-12	Jun-11	Jun-10	Jun-09
Debt					
Short Term Borrowing	6565.28	3738.36	4641.76	5032.60	8478.78
Long Term Borrowing	26993.97	23064.74	17210.25	14152.17	8252.26
TOTAL-Debt	33559.25	26803.10	21852.01	19184.77	16731.04
Net Worth	3599.34	3,153.76	2,770.22	2,485.32	2,215.00
Long Term Debt to Equity Ratio [Long Term Debt/ Net Worth]	7.50	7.31	6.21	5.69	3.73
Debt to Equity Ratio [Term Debt/ Net Worth]	9.32	8.50	7.89	7.72	7.55

ANNEXURE B

DETAILS OF TOP TEN DEBENTURE HOLDERS

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F07017 per debenture:

7.19% NHB Tax Free Bond 2022 Series I		
ISIN	Name of Bondholders	Amount
INE557F07017	VIJAYA BANK	300000000
INE557F07017	SYNDICATE BANK	250000000
INE557F07017	PUNJAB NATIONAL BANK	250000000
INE557F07017	UNION BANK OF INDIA	100000000
INE557F07017	CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LTD	100000000
INE557F07017	CANARA BANK-MUMBAI	100000000
INE557F07017	STATE BANK OF MYSORE	100000000
INE557F07017	IDBI BANK LIMITED – TBO	50000000
INE557F07017	DEWAN HOUSING FINANCE CORPORATION LIMITED	10000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – I NE557F07025 per debenture:

7.17% NHB Tax Free Bond 2023 Series II		
ISIN	Name of Bondholders	Amount
INE557F07025	SRIDHAR RAMAMURTHY	1000000000
INE557F07025	CENTRAL BANK OF INDIA	100000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F07033 per debenture:

6.87% NHB Tax Free Bond 2023 Series III		
ISIN	Name of Bondholders	Amount
INE557F07033	ICICI BANK LTD	500000000
INE557F07033	STATE BANK OF INDIA	500000000
INE557F07033	SUNDARAM BNP PARIBAS HOME FINANCE LIMITED	250000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F07058 per debenture:

6.89%NHB Tax Free Bonds Series IV		
ISIN	Name of Bondholders	Amount
INE557F07058	Union Bank of India	250000000
INE557F07058	ANDHRA BANK	250000000
INE557F07058	VIJAYA BANK	150000000
INE557F07058	AXIS BANK LIMITED	100000000
INE557F07058	SUNDARAM BNP PARIBAS HOME FINANCE LIMITED	49000000
INE557F07058	STATE BANK OF HYDERABAD	30000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08DQ5 per debenture:

8.50%NHB Bonds 2013		
ISIN	Name of Bondholders	Amount
INE557F08DQ5	HOUSING DEVELOPMENT FINANCE CORPORATION LTD -PROVIDENT FUND	10000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08DR3 per debenture:

9.18%NHB Bonds 2016		
ISIN	Name of Bondholders	Amount
INE557F08DR3	LIFE INSURANCE CORPORATION OF INDIA	5000000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08DW3 per debenture:

9.62% NHB Bonds 2014		
ISIN	Name of Bondholders	Amount
INE557F08DW3	SBI ULTRA SHORT TERM DEBT FUND	1350000000
INE557F08DW3	HSBC BANK (MAURITIUS) LIMITED	850000000
INE557F08DW3	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	650000000
INE557F08DW3	Max Life Insurance Company Limited A/c - ULIF00125/06/04LIFEGROWTH104 - Growth Fund	478000000
INE557F08DW3	WIPRO LIMITED	450000000
INE557F08DW3	PUNJAB NATIONAL BANK	250000000
INE557F08DW3	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	250000000
INE557F08DW3	BANK OF AMERICA SINGAPORE LIMITED	200000000
INE557F08DW3	VIJAYA BANK	150000000
INE557F08DW3	BHARTI AXA GENERAL INSURANCE CO. LTD	100000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08EB5 per debenture:

9.40%NHB Bonds 2015		
ISIN	Name of Bondholders	Amount
INE557F08EB5	LIFE INSURANCE CORPORATION OF INDIA	1000000000
INE557F08EB5	PROVIDENT FUND OF TATA STEEL LIMITED	750000000
INE557F08EB5	ICICI SECURITIES PRIMARY DEALERSHIP LIMITED	650000000
INE557F08EB5	SBI SHORT TERM DEBT FUND	550000000
INE557F08EB5	HDFC TRUSTEE COMPANY LTD A/C HDFC SHORT TERM OPPORTUNITIES FUND	500000000
INE557F08EB5	COAL MINES PROVIDENT FUND ORGANISATION	500000000
INE557F08EB5	TEMPLETON INDIA CORPORATE BOND OPPORTUNITIES FUND (TICBO)	400000000
INE557F08EB5	NATIONAL INSURANCE COMPANY LTD	300000000
INE557F08EB5	HDFC TRUSTEE COMPANY LIMITED A/C HDFC CASH MANAGEMENT FUND TREASURY ADVANTAGE PLAN	250000000
INE557F08EB5	HDFC TRUSTEE COMPANY LTD A/C HDFC MEDIUM TERM OPPORTUNITIES FUND	250000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08ED1 per debenture:

9.37%NHB Bonds 2015		
ISIN	Name of Bondholders	Amount
INE557F08ED1	CBT EPF-05-A-DM	1700000000
INE557F08ED1	CBT EPF-05-C-DM	1512000000
INE557F08ED1	CBT EPF-05-B-DM	1000000000
INE557F08ED1	CBT EPF-11-C-DM	743000000
INE557F08ED1	CBT EPF-11-D-DM	706000000
INE557F08ED1	CBT EPF-05-D-DM	694000000
INE557F08ED1	LIC OF INDIA MARKET PLUS 1 NON UNIT FUND	600000000
INE557F08ED1	CREDIT SUISSE AG	500000000
INE557F08ED1	TATA CONSULTANCY SERVICES LIMITED	400000000
INE557F08ED1	CBT EPF-11-B-DM	400000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08EH2 per debenture:

9.50%NHB Bonds 2015		
ISIN	Name of Bondholders	Amount
INE557F08EH2	RELIANCE INDUSTRIES LIMITED	1500000000
INE557F08EH2	FIRSTRAND BANK LIMITED	250000000
INE557F08EH2	BANK OF AMERICA SINGAPORE LIMITED	250000000
INE557F08EH2	THE ORIENTAL INSURANCE COMPANY LIMITED	200000000
INE557F08EH2	HDFC TRUSTEE COMPANY LIMITED A/C HDFC CASH MANAGEMENT FUND TREASURY ADVANTAGE PLAN	150000000
INE557F08EH2	ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED	150000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08EK6 per debenture:

9.05%NHB Bonds 2015		
ISIN	Name of Bondholders	Amount
INE557F08EK6	LARSEN AND TOUBRO LIMITED	1000000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08EL4 per debenture:

8.78%NHB Bonds 2015		
ISIN	Name of Bondholders	Amount
INE557F08EL4	NOMURA SINGAPORE LIMITED A/C NOMURA INVESTMENTS (SINGAPORE) PTE. LTD.	2000000000
INE557F08EL4	CREDIT SUISEE (SINGAPORE) LIMITED	1000000000
INE557F08EL4	DB INTERNATIONAL (ASIA) LTD	1000000000
INE557F08EL4	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE DYNAMIC BOND FUND	750000000
INE557F08EL4	FIRSTRAND BANK LIMITED	250000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08EN0 per debenture:

8.63%NHB Bonds 2016		
ISIN	Name of Bondholders	Amount
INE557F08EN0	DBS BANK LIMITED	2500000000
INE557F08EN0	Union Bank of India	1000000000
INE557F08EN0	RELIANCE INDUSTRIES LIMITED	1000000000
INE557F08EN0	NOMURA SINGAPORE LIMITED A/C NOMURA INVESTMENTS (SINGAPORE) PTE. LTD.	500000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08EO8 per debenture:

8.59% NHB Bonds 2016		
ISIN	Name of Bondholders	Amount
INE557F08EO8	Union Bank of India	3250000000
INE557F08EO8	THE ROYAL BANK OF SCOTLAND ASIA MERCHANT BANK (SINGAPORE) LIMITED	500000000
INE557F08EO8	MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	350000000
INE557F08EO8	PUNJAB NATIONAL BANK	250000000
INE557F08EO8	DENA BANK	250000000
INE557F08EO8	THE NEW INDIA ASSURANCE COMPANY LIMITED	250000000
INE557F08EO8	BNP PARIBAS	150000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08EM2 per debenture:

8.95%NHB Bonds 2015		
ISIN	Name of Bondholders	BONDS
INE557F08EM2	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE SHORT TERM FUND	2550000000
INE557F08EM2	NOMURA SINGAPORE LIMITED A/C NOMURA INVESTMENTS (SINGAPORE) PTE. LTD.	1900000000
INE557F08EM2	CREDIT SUISSE AG SINGAPORE BRANCH	1000000000
INE557F08EM2	THE HONGKONG AND SHANGHAI BANKING CORP.LTD.	800000000
INE557F08EM2	LARSEN AND TOUBRO LIMITED	750000000
INE557F08EM2	CITICORP INVESTMENT BANK (SINGAPORE) LIMITED	500000000
INE557F08EM2	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE SAVINGS FUND	500000000
INE557F08EM2	BANK OF AMERICA SINGAPORE LIMITED	400000000
INE557F08EM2	SUNDARAM MUTUAL FUND A/C SUNDARAM MONTHLY INCOME PLAN	300000000
INE557F08EM2	HDFC TRUSTEE COMPANY LIMITED A/C HDFC CASH MANAGEMENT FUND TREASURY ADVANTAGE PLAN	250000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08EP5 per debenture:

8.45% NHB Bonds 2016		
ISIN	Name of Bondholders	Amount
INE557F08EP5	RELIANCE CAPITAL TRUSTEE CO LTD A/C RELIANCE MEDIUM TERM FUND	2100000000
INE557F08EP5	IDFC SUPER SAVER INCOME FUND- SHORT TERM	2000000000
INE557F08EP5	IDFC SUPER SAVER INCOME FUND- MEDIUM TERM FUND	1500000000
INE557F08EP5	HDFC BANK LTD	1000000000
INE557F08EP5	RELIGARE INVESCO ACTIVE INCOME FUND	750000000
INE557F08EP5	ICICI SECURITIES PRIMARY DEALERSHIP LIMITED	700000000
INE557F08EP5	IDFC LIMITED	700000000
INE557F08EP5	HDFC TRUSTEE COMPANY LIMITED A/C HDFC CASH MANAGEMENT FUND TREASURY ADVANTAGE PLAN	500000000
INE557F08EP5	CBT EPF-11-B-DM	250000000
INE557F08EP5	CBT EPF-05-B-DM	250000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08EQ3 per debenture:

8.25% NHB Bonds 2016		
ISIN	Name of Bondholders	Amount
INE557F08EQ3	Union Bank of India	1500000000
INE557F08EQ3	MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	1000000000
INE557F08EQ3	NOMURA SINGAPORE LIMITED A/C NOMURA INVESTMENTS (SINGAPORE) PTE. LTD.	750000000
INE557F08EQ3	NOMURA CAPITAL (INDIA) PRIVATE LIMITED	500000000
INE557F08EQ3	BNP PARIBAS	250000000
INE557F08EQ3	QIEF MANAGEMENT LLC A/C Q ACPI INDIA FIXED INCOME FUND LIMITED	250000000
INE557F08EQ3	DENA BANK	100000000
INE557F08EQ3	MAHARASHTRA STATE ELECTRICITY BOARDS CONTRIBUTORY PROVIDENT FUND	57000000
INE557F08EQ3	SIMPLEX EMPLOYEES PROVIDENT FUND	30000000
INE557F08EQ3	SIEMENS INDIA LTD INDIAN STAFF PROVIDENT FUND	20000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08ER1 per debenture:

8.12% NHB Bonds 2016		
ISIN	Name of Bondholders	Amount
INE557F08ER1	AXIS BANK LIMITED	500000000
INE557F08ER1	ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	500000000
INE557F08ER1	HDFC TRUSTEE CO LTD A/C HDFC CAPITAL PROTECTION ORIENTED FUND SERIES I	450000000
INE557F08ER1	DSP BLACKROCK INDIA INVESTMENT FUND	350000000
INE557F08ER1	RELIANCE CAPITAL TRUSTEE CO LTD -A/C RELIANCEDYNAMIC BOND FUND	310000000
INE557F08ER1	DARASHAW & COMPANY PVT LTD	300000000
INE557F08ER1	SBI LIFE INSURANCE CO.LTD	250000000
INE557F08ER1	HDFC TRUSTEE COMPANY LTD A/C HDFC MEDIUM TERM OPPORTUNITIES FUND	250000000
INE557F08ER1	HDFC TRUSTEE CO LTD A/C HDFC FMP 1143D JULY 2013 (1)	250000000
INE557F08ER1	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE FIXED HORIZON FUND XXIV SERIES 2	200000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08ES9 per debenture:

10.24% NHB Bonds 2016		
ISIN	Name of Bondholders	Amount
INE557F08ES9	DB INTERNATIONAL (ASIA) LTD	4000000000
INE557F08ES9	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE SHORT TERM FUND	1960000000
INE557F08ES9	CREDIT SUISSE (SINGAPORE) LIMITED	1000000000
INE557F08ES9	ENTERPRISE INDIA FUND	540000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F08ET7 per debenture:

10.14% NHB Bonds 2016		
ISIN	Name of Bondholders	Amount
INE557F08ET7	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE SHORT TERM FUND	3000000000
INE557F08ET7	RELIANCE CAPITAL TRUSTEE CO LTD -A/C RELIANCEFLOATING RATE FUND- SHORT TERM PLAN	1350000000
INE557F08ET7	Barclays Bank PLC	1000000000
INE557F08ET7	THE HONGKONG AND SHANGHAI BANKING CORP.LTD.	750000000
INE557F08ET7	DSP MERRILL LYNCH CAPITAL LIMITED	500000000
INE557F08ET7	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT DEBT SHORT TERM PLAN	350000000
INE557F08ET7	HDFC TRUSTEE CO LTD- HDFC MULTIPLE YIELD FUND- PLAN 2005	250000000
INE557F08ET7	DENA BANK	150000000
INE557F08ET7	SUNDARAM MUTUAL FUND A/C SUNDARAM BOND SAVER	150000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F09146 per debenture:

SS PS BOND 1997-98		
ISIN	Name of Bondholders	Amount
INE557F09146	BANK OF INDIA	600000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F09179 per debenture:

SS PS BOND 1998-99		
ISIN	Name of Bondholders	Amount
INE557F09179	BANK OF INDIA	892000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F09203 per debenture:

SS PS BOND 1999-00		
ISIN	Name of Bondholders	Amount
INE557F09203	CANARA BANK-MUMBAI	1304000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F09278 per debenture:

SS PS BOND 2001-02		
ISIN	Name of Bondholders	Amount
INE557F09278	EXPORT- IMPORT BANK OF INDIA	390000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F09286 per debenture:

SS PS BOND 2001-02		
ISIN	Name of Bondholders	Amount
INE557F09286	EXPORT- IMPORT BANK OF INDIA	391000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F09302 per debenture:

9.40%NHB Bonds 2013		
ISIN	Name of Bondholders	Amount
INE557F09302	CBT EPF-11-D-DM	1310000000
INE557F09302	CBT EPF-05-B-DM	900000000
INE557F09302	BANK OF AMERICA SINGAPORE LIMITED	300000000
INE557F09302	ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	250000000
INE557F09302	CBT EPF-25-C-DM	190000000
INE557F09302	BAJAJ AUTO LIMITED	150000000
INE557F09302	ICICI PRUDENTIAL CAPITAL PROTECTION ORIENTED FUND II SERIES VI - 24 MONTHS PLAN	120000000
INE557F09302	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	100000000
INE557F09302	BAJAJ HOLDINGS AND INVESTMENT LTD	100000000
INE557F09302	CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LTD	50000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F09310 per debenture:

ZCB SUMERU Bond 2018		
ISIN	Name of Bondholders	Amount
INE557F09310	SHREE CEMENT LTD	3277110000
INE557F09310	ITC LIMITED	1037850000
INE557F09310	TATA AIA LIFE INSURANCE CO LIMITED-LIFE FUND	450000000
INE557F09310	AREEZ P KHAMBATTA	362260000
INE557F09310	TATA AIA LIFE INSURANCE CO LTD-APEX RETURN LOCK IN FUND-ULIF 032 18/02/09 ARL 110	300000000
INE557F09310	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	210000000
INE557F09310	ING VYSYA LIFE INSURANCE COMPANY LIMITED - POOL ACCOUNT	200000000
INE557F09310	RASILABEN SEVANTILAL SHAH	150000000
INE557F09310	SHANTI BHUSHAN	150000000
INE557F09310	RASNA PRIVATE LIMITED	107000000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F09336 per debenture:

ZCB SUMERU Bond 2019		
ISIN	Name of Bondholders	Amount
INE557F09336	HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED	1500000000
INE557F09336	SHREE CEMENT LTD	837600000
INE557F09336	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	500000000
INE557F09336	NAYANTARA INVESTMENTS PRIVATE LIMITED	21550000
INE557F09336	SPELLBOUND TRADING PRIVATE LIMITED	21550000
INE557F09336	PARASAKTHI TRADING COMPANY PRIVATE LIMITED	21550000
INE557F09336	RITI HOLDINGS AND TRADING PRIVATE LIMITED	21550000
INE557F09336	RAGINI SYNTHETICS TRADING PRIVATE LIMITED	21550000
INE557F09336	NINA B. KOTHARI	10750000
INE557F09336	NAYANTARA B KOTHARI	10750000

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F07041 per debenture:

6.82% NHB Tax Free Bonds 2012-2013		
ISIN	Name of Bondholders	Amount
INE557F07041	CANARA BANK-MUMBAI	500000000.00
INE557F07041	PUNJAB NATIONAL BANK	500000000.00
INE557F07041	STATE BANK OF INDIA	250000000.00
INE557F07041	INDIABULLS HOUSING FINANCE LIMITED	250000000.00
INE557F07041	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	100000000.00
INE557F07041	YES BANK LIMITED	50000000.00
INE557F07041	INDIAN OVERSEAS BANK	50000000.00
INE557F07041	DEWAN HOUSING FINANCE CORPORATION LIMITED	50000000.00
INE557F07041	ASHOK BHATIA	25000000.00
INE557F07041	HOMAI JAMSHEDJI KALWACHWALLA	6000000.00

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F07066 per debenture:

8.01% NHB Tax Free Bonds 2023 Series V		
ISIN	Name of Bondholders	Amount
INE557F07066	CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED	70000000.00
INE557F07066	DEWAN HOUSING FINANCE CORPORATION LIMITED	50000000.00
INE557F07066	JANATA SAH. BNK LTD PUNE	50000000.00

List of top ten holders of secured non-convertible debentures as on September 30, 2013 ISIN – INE557F07074 per debenture:

8.46% NHB Tax Free Bonds 2028 Series –V		
ISIN	Name of Bondholders	Amount
INE557F07074	IDBI BANK LIMITED - TBO	2900000000.00
INE557F07074	L AND T INFRASTRUCTURE FINANCE COMPANY LIMITED	848000000.00
INE557F07074	ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	800000000.00
INE557F07074	YES BANK LIMITED	750000000.00
INE557F07074	MANOJ H MODI	600000000.00
INE557F07074	TARAN ENTERPRISES LLP	424000000.00
INE557F07074	ABHAYAPRADA ENTERPRISES LLP	424000000.00
INE557F07074	SHRIPAL ENTERPRISES LLP	424000000.00
INE557F07074	TRILOKESH COMMERCIALS LLP	424000000.00
INE557F07074	THE RATNAKAR BANK LTD	250000000.00

ANNEXURE C

STOCK MARKET DATA FOR OUR DEBENTURES

THE STOCK MARKET DATA FOR THE NON-CONVERTIBLE DEBENTURES ISSUED BY NHB LISTED ON THE BSE AND NSE ARE SET FORTH BELOW. STOCK MARKET DATA FOR EACH CLASS OF ISSUED DEBENTURES HAS BEEN GIVEN SEPARATELY FOR EACH OF THE SAID STOCK EXCHANGES BELOW. THE NON-CONVERTIBLE DEBENTURES FOR WHICH DATA IS NOT STATED BELOW HAVE NOT BEEN TRADED ON THE RESPECTIVE STOCK EXCHANGE(S) FOR THE PERIOD CONCERNED.

I. *The stock market data for the non-convertible debentures/ bonds recorded on NSE during the last three years and the high and low prices are as follows:*

A. **10.14%NHB Bonds** (ISIN - INE557F08ET7), redeemable at par on September 23, 2016

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.5942	October 24, 2013	100.3592	September 30, 2013
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

B. **8.12%NHB Bonds** (ISIN - INE557F08ER1), redeemable at par on June 20, 2016

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100	July 9, 2013	94.7705	September 2 and Aug 30, 2013
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

C. **6.40%NHB Bonds** (ISIN - INE557F09435), redeemable at par on January 27, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.7358	January 5, 2011	99.3108	December 7, 2010

Source: NSE

* These bonds has been redeemed vide put option exercised on March 27, 2011

D. **ZCB NHB Bonds** (ISIN - INE557F08DN2), redeemable at par on August 10, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 1, 2012 to October 31, 2013	-	-	-	-
November 1, 2011 to October 31, 2012	-	-	-	-
November 1, 2010 to October 31, 2011	85.6663	July 7, 2011	83.0939	March 14, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on August 11, 2011

E. **6.25%NHB Bonds** (ISIN - INE557F09468), redeemable at par on March 26, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.3675	March 8, 2011	99.111	January 11, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on April 26, 2011

F. **8.59%NHB Bonds** (ISIN - INE557F08EO8), redeemable at par on April 10, 2016

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.2517	May 3, 2013	98.9116	October 3, 2013
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

G. **7.10%NHB Bonds** (ISIN - INE557F09443), redeemable at par on March 8, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.6975	May 20, 2011	98.9656	January 27, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on July 8, 2011

H. **6.75%NHB Bonds** (ISIN - INE557F09393), redeemable at par on December 21, 2012*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	99.4833	October 1, 2012	97.6789	February 13, 2012
December 1, 2010 to November 30, 2011	99.7235	August 17, 2011	98.1551	February 24 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on September 21, 2011

I. **9.43%NHB Bonds** (ISIN - INE557F08EC3), redeemable at par on January 16, 2015*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	99.9153	January 23, 2013	99.7325	March 25, 2013
December 1, 2011 to November 30, 2012	100	January 20 & 24, 2012	100	January 20 & 24, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

* These bonds has been redeemed vide call option exercised on April 16, 2013

J. **6.90%NHB Bonds** (ISIN - INE557F09369), redeemed on October 30, 2012

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.6562	September 26, 2011	98.0042	February 11, 2011

Source: NSE

K. **8.95%NHB Bonds** (ISIN - INE557F08EM2), redeemable at par on December 24, 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.3857	January 10, 2013	98.3065	August 30, 2013
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

L. **6.30%NHB Bonds** (ISIN - INE557F09450), redeemable at par on March 22, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.424	March 9, 2011	99.424	March 9, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on April 22, 2011

M. **ZCB NHB Bond** (ISIN - INE557F08EF6), redeemable at par on February 13, 2015*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	87.4093	August 29, 2013	85.3662	May 8 and May 9, 2013
December 1, 2011 to November 30, 2012	76.6891	March 26, 2012	76.2324	February 22, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

* These bonds has been redeemed vide put option exercised on September 30, 2013

N. **6.77%NHB Bonds** (ISIN - INE557F09419), redeemable at par on January 11, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.2817	October 19, 2011	97.6787	March 9, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on January 1, 2012

O. **9.05%NHB Bonds** (ISIN - INE557F08DT9), redeemable at par on July 27, 2014*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	99.9556	July 5, 2012	99.2022	February 28, 2012
December 1, 2010 to November 30, 2011	99.7186	August 2, 2011	99.6747	August 18, 2011

Source: NSE

* These bonds has been redeemed vide call option exercised on July 27, 2012

P. **6.42%NHB Bonds** (ISIN - INE557F09385), redeemable at par on November 27, 2012*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.4192	October 24, 2011	97.5674	March 11, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on December 27, 2011

Q. **9.05%NHB Bonds** (ISIN - INE557F08EK6), redeemable at par on August 24, 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.0345	May 23, 2013	98.6807	November 13, 2013
December 1, 2011 to November 30, 2012	100.0283	September 7, 2012	100	August 29 & 30, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

R. **8.50%NHB Bonds** (ISIN - INE557F08DQ5), redeemable at par on November 24, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	99.9172	October 23, 2012	98.8950	February 28, 2012
December 1, 2010 to November 30, 2011	98.9676	November 21, 2011	98.25	March 16, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on November 26, 2012

S. **9.37% NHB Bonds** (ISIN - INE557F08DY9), redeemable at par on December 13, 2014*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.1384	December 17, 2012	99.8503	February 27, 2013
December 1, 2011 to November 30, 2012	100.1947	November 8, 2012	99.4425	March 21, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

* These bonds has been redeemed vide call option exercised on May 13, 2013

T. **9.40% NHB Bonds** (ISIN - INE557F08EB5), redeemable at par on January 10, 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	101.3476	January 14, 2013	99.6374	November 19, 2013
December 1, 2011 to November 30, 2012	101.3626	October 23, 2012	99.5585	March 21, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

U. **6.90% NHB Bonds** (ISIN - INE557F09351), redeemed on September 1, 2012

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 1, 2012 to October 31, 2013	-	-	-	-
November 1, 2011 to October 31, 2012	-	-	-	-
November 1, 2010 to October 31, 2011	99.7543	July 26, 2011	98.44	December 7, 2010

Source: NSE

V. **8.78% NHB Bonds** (ISIN - INE557F08EL4), redeemable at par on-December 7, 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 1, 2012 to October 31, 2013	100	December 18, 2012	99.4374	February 13, 2013
November 1, 2011 to October 31, 2012	-	-	-	-
November 1, 2010 to October 31, 2011	-	-	-	-

Source: NSE

W. 9.37% NHB Bonds (ISIN - INE557F08ED1), redeemable at par on January 20, 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	101.2987	April 17, 2013	97.6700	Sept 5 & 6, 2013
December 1, 2011 to November 30, 2012	101.3335	Oct 23, 2012	99.4936	March 13, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

X. 9.75% NHB Bonds (ISIN - INE557F08DS1), redeemable at par on June 14, 2014*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.1453	December 17, 2012	100.0667	May 10 and Jan 30, 2013
December 1, 2011 to November 30, 2012	100.4011	August 30, 2012	99.0000	June 19, 2012
December 1, 2010 to November 30, 2011	100.0841	November 18, 2011	100	June 20, 21 and 22, 2011

Source: NSE

* These bonds has been redeemed vide call option exercised on June 14, 2013

Y. 9.50% NHB Bonds (ISIN - INE557F08EH2), redeemable at par on June 05, 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	101.1139	May 6, 2013	99.0952	July 29, 2013
December 1, 2011 to November 30, 2012	100.9903	November 22, 2012	100.4453	September 18, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

Z. 9.61% NHB Bonds (ISIN - INE557F08EI0), redeemable at par on June 12, 2015*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.3505	May 27, 2013	99.641	July 31, 2013
December 1, 2011 to November 30, 2012	100	June 15, 19, 25 & 26, 2012	100	June 15, 19, 25 & 26, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

* These bonds has been redeemed vide put option exercised on September 12, 2013

AA. 8.65% NHB Bonds (ISIN - INE557F09328), redeemed on January 1, 2012

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.7934	November 18, 2011	99.5259	July 22, 2011

Source: NSE

BB. 9.40% NHB Bonds (ISIN - INE557F09302), redeemable at par on December 17, 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.5261	January 21, 2013	100.5261	January 21, 2013
December 1, 2011 to November 30, 2012	99.5939	March 2, 2012	99.5939	March 2, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

CC. 6.75% NHB Bonds (ISIN - INE557F09344), redeemable at par on June 25, 2012*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.6957	January 11, 2011	99.6957	January 11, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on March 25, 2011

DD. 9.09% NHB Bonds (ISIN - INE557F08EJ8), redeemable at par on July 27, 2015*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.0219	July 11 & 12, 2013	99.7727	February 1, 2013
December 1, 2011 to November 30, 2012	100	August 2, 13 and 29, 2012	100	August 2, 13 and 29, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

* These bonds has been redeemed vide call option exercised on July 28, 2013

EE. 6.21% NHB Bonds (ISIN - INE557F09427), redeemable at par on January 19, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.5789	December 21, 2010	99.5789	December 21, 2010

Source: NSE

* These bonds has been redeemed vide put option exercised on February 2, 2011

FF. 8.63% NHB Bonds (ISIN - INE557F08EN0), redeemable at par on January 8, 2016

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100	February 5, 2013	99.7735	October 30, 2013
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

GG. 9.20% NHB Bonds (ISIN - INE557F08DU7), redeemable at par on August 26, 2014*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	99.9758	July 26, 2012	98.9454	March 27, 2012
December 1, 2010 to November 30, 2011	100	September 6, 2011	100	September 6, 2011

Source: NSE

* These bonds has been redeemed vide call option exercised on August 27, 2012

HH. 9.50% NHB Bonds (ISIN - INE557F08DV5), redeemable at par on October 21, 2014*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	100.0174	September 4, 2012	99.9246	August 2, 2012
December 1, 2010 to November 30, 2011	100.02	November 1, 2011	99.945	November 2, 2011

Source: NSE

* These bonds has been redeemed vide call option exercised on November 5, 2012

II. 9.65% NHB Bonds (ISIN - INE557F08EE9), redeemable at par on February 6, 2015*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.0752	January 28, 2013	100.0114	February 18, 2013
December 1, 2011 to November 30, 2012	100.03	February 10 and 15, 2012	99.602	March 21, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

* These bonds has been redeemed vide call option exercised on March 6, 2013

JJ. ZCB SUMERU (ISIN - INE557F09336), redeemable at par on March 31, 2019

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	55.1024	March 2, 2012	54.6545	Feb 10, 2012
December 1, 2010 to November 30, 2011	53.0944	11-Nov, 2011	50.665	March 25, 2011

Source: NSE

KK. ZCB SUMERU (ISIN - INE557F09310), redeemable at par on December 24, 2018

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	59.9	Feb 10, 2012	56.4311	March 21, 2012
December 1, 2010 to November 30, 2011	53.7549	06-SEP, 2011	53.6100	Dec 7, 2010

Source: NSE

LL. 7.19% NHB Tax Free Bonds Series I (ISIN - INE557F07017), redeemable at par on December 14, 2022

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	101.0754	May 2, 2013	101.0754	May 2, 2013
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

MM. 8.45% NHB Bonds (ISIN - INE557F08EP5), redeemable at par on April 25, 2016

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.3271	May 8, 2013	100.3271	May 8, 2013
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

NN. 6.55% NHB Bonds (ISIN - INE557F09377), redeemed on November 20, 2012

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.6632	October 13, 2011	97.4871	February 24, 2011

Source: NSE

OO. 6.75% NHB Bonds (ISIN - INE557F09401), redeemed on January 6, 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	99.8455	December 13, 2012	99.8455	December 13, 2012
December 1, 2011 to November 30, 2012	97.5333	February 27, 2012	97.5333	February 27, 2012
December 1, 2010 to November 30, 2011	99.6928	October 31, 2011	97.7566	February 10, 2011

Source: NSE

PP. 6.95% NHB Bonds (ISIN - INE557F09484), redeemable at par on May 24, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	99.729	6-Jul-12	98.4206	December 27, 2011
December 1, 2010 to November 30, 2011	97.877	26-Sep-11	94.8074	February 7, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on August 24, 2012

QQ. 7.00% NHB Bonds (ISIN - INE557F09500), redeemable at par on July 15, 2013*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.7098	June 14, 2011	98.57	January 20, 2011

Source: NSE

* These bonds has been redeemed vide put option exercised on July 18, 2011

RR. 7.04% NHB Bonds (ISIN - INE557F09476), redeemed on May 14, 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	98.3358	April 20, 2012	97.5614	December 1, 2011
December 1, 2010 to November 30, 2011	97.4994	November 21, 2011	96.1374	March 25, 2011

Source: NSE

SS. 7.55% NHB Bonds (ISIN - INE557F09492), redeemed on July 12, 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	99.92	June 26, 2013	99.0677	December 17, 2012
December 1, 2011 to November 30, 2012	98.6129	July 25, 2012	97.1289	March 5, 2012
December 1, 2010 to November 30, 2011	97.0865	September 5, 2011	95.7182	June 7, 2011

Source: NSE

TT. 7.85% NHB Bonds (ISIN - INE557F08DP7), redeemed on September 13, 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	99.8099	August 10, 2011	97.1363	November 23, 2011

Source: NSE

UU. 8.20% NHB Bonds (ISIN - INE557F08DO0), redeemed on August 30, 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	99.8485	May 28, 2013	99.3347	December 17, 2012
December 1, 2011 to November 30, 2012	99.311	September 11 & 12, 2012	97.9494	December 23, 2011
December 1, 2010 to November 30, 2011	98.6272	December 8, 2010	96.9033	May 4 & May 5, 2011

Source: NSE

VV. 8.25% NHB Bonds (ISIN - INE557F08EQ3), redeemable at par on May 8, 2016

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.08	May 20, 2013	99.0735	26-Nov-13
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

WW. 9.34% NHB Bonds (ISIN - INE557F08DZ6), redeemable at par on December 22, 2014*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	100.061	November 1, 2012	100.035	January 5, 2012
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

* These bonds has been redeemed vide call option exercised on January 22, 2013

XX. 9.49% NHB Bonds (ISIN - INE557F08DX1), redeemable at par on December 7, 2014*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	-	-	-	-
December 1, 2011 to November 30, 2012	100.0145	November 22 & 23, 2012	100	December 13, 2011
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

* These bonds has been redeemed vide call option exercised on January 7, 2013

YY. 9.62% NHB Bonds (ISIN - INE557F08DW3), redeemable at par on November 4, 2014

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	100.5949	January 7, 2013	99.3	August 30, 2013
December 1, 2011 to November 30, 2012	100.8835	November 19, 2012	99.7678	April 30, 2012
December 1, 2010 to November 30, 2011	99.9615	November 21, 2011	99.9615	November 21, 2011

Source: NSE

ZZ. 10.24% NHB Bonds (ISIN - INE557F08ES9), redeemable at par on September 11, 2016

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	99.982	September 17, 2013	99.982	September 17, 2013
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

AAA. 6.82% NHB Tax Free Bonds 2012-2013 (ISIN – INE557F07041), redeemable at par on March 26, 2023

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
December 1, 2012 to November 30, 2013	9900	May 14, 2013	9900	May 14, 2013
December 1, 2011 to November 30, 2012	-	-	-	-
December 1, 2010 to November 30, 2011	-	-	-	-

Source: NSE

2. The monthly high and low prices of debentures traded on NSE during the last six months are as follows:**A. 10.14% NHB Bonds (ISIN - INE557F08ET7), redeemable at par on September 23, 2016**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*	-	-	-	-
October 2013	100.59	October 24, 2013	100.59	October 24, 2013
September 2013	100.36	September 30, 2013	100.36	September 30, 2013
August 2013*	-	-	-	-
July 2013*	-	-	-	-
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

B. 8.12% NHB Bonds (ISIN - INE557F08ER1), redeemable at par on June 20, 2016

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013	97.591	November 6, 2013	97.591	November 6, 2013
October 2013	97.42	October 7, 2013	97.42	October 7, 2013
September 2013	96.34	September 10, 2013	94.77	September 2, 2013
August 2013	96.49	August 8, 2013	94.78	August 30, 2013
July 2013	100.00	July 30, 2013	99.01	July 4, 2013
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

C. 8.59% NHB Bonds (ISIN - INE557F08EO8), redeemable at par on April 10, 2016

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013	99.236	November 26, 2013	99.236	November 26, 2013
October 2013	99.41	October 4, 2013	98.91	October 3, 2013
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013	100.02	July 8, 2013	100.01	July 5, 2013
June 2013	100.00	June 25, 2013	100.00	June 13, 2013

Source: NSE

* No trades in the period

D. 8.95% NHB Bonds (ISIN - INE557F08EM2), redeemable at par on December 24, 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*	-	-	-	-
October 2013	99.76	October 28, 2013	99.60	October 4, 2013
September 2013	99.29	September 19, 2013	98.35	September 2, 2013
August 2013	98.79	August 8, 2013	98.04	August 30, 2013
July 2013*	--	--	--	--
June 2013*	--	--	--	--

Source: NSE

* No trades in the period

E. ZCB NHB Bond (ISIN - INE557F08EF6), redeemable at par on February 13, 2015**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013**	-	-	-	-
October 2013**	-	-	-	-
September 2013*	-	-	-	-
August 2013	87.41	August 29, 2013	87.00	August 8, 2013
July 2013*	-	-	-	-
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

** These bonds has been redeemed vide put option exercised on September 30, 2013

F. 9.05% NHB Bonds (ISIN - INE557F08EK6), redeemable at par on August 24, 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013	99.3085	November 27, 2013	98.6807	November 13, 2013
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013	99.82	August 1, 2013	99.82	August 1, 2013
July 2013	100.06	July 3, 2013	99.73	July 25, 2013
June 2013	99.97	June 10, 2013	99.97	June 10, 2013

Source: NSE

* No trades in the period

G. 9.40% NHB Bonds (ISIN - INE557F08EB5), redeemable at par on January 10, 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013	99.7383	14-Nov-13	99.6374	19-Nov-13
October 2013	100.06	October 21, 2013	100.06	October 21, 2013
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013	101.16	July 5, 2013	99.85	July 19, 2013
June 2013	101.12	June 28, 2013	101.12	June 28, 2013

Source: NSE

* No trades in the period

H. 8.78% NHB Bonds (ISIN - INE557F08EL4), redeemable at par on December 7, 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013	99.747	November 18, 2013	99.747	November 18, 2013
October 2013	99.77	October 30, 2013	99.61	October 7, 2013
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013*	-	-	-	-
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

I. 9.37% NHB Bonds (ISIN - INE557F08ED1), redeemable at par on January 20, 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*	-	-	-	-
October 2013	100.05	October 25, 2013	100.05	October 25, 2013
September 2013	98.78	September 10, 2013	97.67	September 5 and September 6, 2013
August 2013	97.86	August 30, 2013	97.86	August 30, 2013
July 2013*	-	-	-	-
June 2013	101.05	June 28, 2013	101.05	June 28, 2013

Source: NSE

* No trades in the period

J. 9.75% NHB Bonds (ISIN - INE557F08DS1), redeemable at par on June 14, 2014**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*	-	-	-	-
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013*	-	-	-	-
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

** These bonds has been redeemed vide call option exercised on June 14, 2013

K. 9.50% NHB Bonds (ISIN - INE557F08EH2), redeemable at par on June 05, 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*	-	-	-	-
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013	99.10	July 29, 2013	99.10	July 29, 2013
June 2013	101.08	June 7, 2013	101.08	June 7, 2013

Source: NSE

* No trades in the period

L. 9.61% NHB Bonds (ISIN - INE557F08EI0), redeemable at par on June 12, 2015**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*	-	-	-	-
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013	99.81	August 26, 2013	99.70	August 2, 2013
July 2013	99.64	July 31, 2013	99.64	July 31, 2013
June 2013	100.33	June 3, 2013	100.11	June 3, 2013

Source: NSE

* No trades in the period

** These bonds has been redeemed vide put option exercised on September 12, 2013

M. 9.09% NHB Bonds (ISIN - INE557F08EJ8), redeemable at par on July 27, 2015**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*	-	-	-	-
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013	100.02	July 11, 2013 and July 12, 2013	100.02	July 11, 2013 and July 12, 2013
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

** These bonds has been redeemed vide call option exercised on July 28, 2013

N. 8.63% NHB Bonds (ISIN - INE557F08EN0), redeemable at par on January 8, 2016

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013	99.81	November 5, 2013	99.81	November 5, 2013
October 2013	99.77	October 30, 2013	99.77	October 30, 2013
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013*	-	-	-	-
June 2013	99.89	June 24, 2013	99.89	June 24, 2013

Source: NSE

* No trades in the period

O. 7.19% NHB Tax Free Bonds Series I (ISIN - INE557F07017), redeemable at par on- December 14, 2022

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013	-	-	-	-
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013*	-	-	-	-
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

P. 8.45% NHB Bonds (ISIN - INE557F08EP5), redeemable at par on April 25, 2016

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*	-	-	-	-
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013*	-	-	-	-
June 2013*	99.96	June 25, 2013	99.96	June 25, 2013

Source: NSE

* No trades in the period

Q. 8.20% NHB Bonds (ISIN - INE557F08DO0), redeemed on August 30, 2013

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*				
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013*	-	-	-	-
June 2013	99.84	June 10, 2013	99.84	June 10, 2013

Source: NSE

* No trades in the period

R. 8.25% NHB Bonds (ISIN - INE557F08EQ3), redeemable at par on May 8, 2016

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013	99.1267	November 27, 2013	99.0735	November 26, 2013
October 2013	99.16	October 15, 2013	99.10	October 22, 2013
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013	9.74	July 5, 2013	99.64	July 3, 2013
June 2013	99.70	June 27, 2013	99.68	June 26, 2013

Source: NSE

* No trades in the period

S. 9.62% NHB Bonds (ISIN - INE557F08DW3), redeemable at par on November 4, 2014

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*				
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013	99.51	August 8, 2013	99.30	August 30, 2013
July 2013*	-	-	-	-
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

T. 10.24% NHB Bonds (ISIN - INE557F08ES9), redeemable at par on September 11, 2016

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*				
October 2013*	-	-	-	-
September 2013	99.98	September 17, 2013	99.98	September 17, 2013
August 2013*				
July 2013*	-	-	-	-
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

U. 6.82% NHB Tax Free Bonds 2012-2013 (ISIN – INE557F07041), redeemable at par on March 26, 2023

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
November 2013*				
October 2013*	-	-	-	-
September 2013*	-	-	-	-
August 2013*	-	-	-	-
July 2013*	-	-	-	-
June 2013*	-	-	-	-

Source: NSE

* No trades in the period

ANNEXURE D
CREDIT RATING AND RATIONALE



Celebrating Two Decades of Analytical Excellence

CREDIT ANALYSIS & RESEARCH LTD.

13th Floor, E-1 Block, Videocon Tower
Jhandewalan Extension, New Delhi-110055
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Website : www.careratings.com

Mr. R.V. Verma,
Chairman & MD
National Housing Bank
India Habitat Center, - 5th Floor,
Lodhi Road,
New Delhi – 110 003

December 10, 2013

Confidential

Dear Sir,

Credit rating for Market Borrowing Programme of Rs. 6,745 crore

Please refer to our letter dated November 11, 2013 and your request for revalidation of the rating assigned to the Market Borrowing Programme of National Housing Bank of Rs. 6,745 crore.

2. It has been decided to reaffirm the rating of '**CARE AAA**' [**Triple A**] to the Market Borrowing Programme of National Housing Bank, aggregating to Rs. 6,745 crore.
3. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Our rating symbols for various ratings for long term instruments and explanatory notes thereon are annexed.
4. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** from the date of this letter.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.
6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE. CARE shall also be entitled to publicize / disseminate such suspension / withdrawal / revision in the

assigned rating in any manner considered appropriate by it, without any reference to you.

8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Jasmeen".

Jasmeen Kaur
[Assistant General Manager]

Encl : As above

A handwritten signature in blue ink, appearing to read "Jaspal".

Jaspal Kaur
[Deputy Manager]

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, 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. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

Annexure

Rating Symbols and Definitions for Long /Medium Term Debt Instruments

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.



Celebrating Two Decades of Analytical Excellence

CREDIT ANALYSIS & RESEARCH LTD.

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Website : www.careratings.com

Mr. R.V. Verma
Chairman & MD
National Housing Bank
India Habitat Center, 5th Floor
Lodhi Road
New Delhi – 110 003

November 11, 2013

Confidential

Dear Sir,

Credit rating for Market Borrowing Programme of Rs. 6,745 crore

On a review of recent developments including operational and financial performance of your company for FY13, our Rating Committee has reaffirmed the rating of 'CARE AAA' [Triple A] to the Market Borrowing Programme of the company aggregating Rs. 6,745 crore.

2. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
3. Our rating symbols for various medium and long term instruments are annexed. The rationale for the rating will be communicated to you separately.
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension /

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withdrawal / revision in the assigned rating in any manner considered appropriate by it, without reference to you.

6. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
7. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



Jasmeen Kaur
Assistant General Manager

Encl : As above



Jaspal Kaur
Deputy Manager

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, 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. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

Annexure

Rating Symbols and Definitions for Long /Medium Term Debt Instruments

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.



Celebrating Two Decades of Analytical Excellence

Mr. R.V. Verma,
Chairman & MD
National Housing Bank
India Habitat Center, - 5th Floor,
Lodhi Road,
New Delhi – 110 003

CREDIT ANALYSIS & RESEARCH LTD.

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Fax : + 91 11 45333238
Website : www.careratings.com

October 28, 2013

Confidential

Dear Sir,

Credit rating for proposed issue of tax-free bonds aggregating Rs. 2,100 crore (as part of the Market Borrowing Programme of Rs. 6,745 crore)

Please refer to our letter dated December 07, 2012 and your request for revalidation of the rating assigned to the Proposed Market Borrowing Programme of National Housing Bank of Rs. 6,745 crore.

2. Our Rating Committee has reaffirmed the rating of 'CARE AAA' [Triple A] to the proposed market borrowing programme of the company, aggregating to Rs. 6,745 crore.
3. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Our rating symbols for various ratings for long term instruments and explanatory notes thereon are annexed.
4. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.
6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE. CARE shall also

A handwritten signature in blue ink, appearing to be 'R.V. Verma'.

A handwritten signature in blue ink, appearing to be 'R.V. Verma'.

be entitled to publicize / disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without any reference to you.

8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Jyotsna Gadgil".

Jyotsna Gadgil
[Joint General Manager]

Encl : As above

A handwritten signature in blue ink, appearing to read "Jaspal Kaur".

Jaspal Kaur
[Deputy Manager]

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, 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. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

Annexure

A. Rating Symbols and Definitions for Long /Medium Term Debt Instruments

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.



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CREDIT ANALYSIS & RESEARCH LTD.

B-47, 3rd Floor, Inner Circle
Connaught Place, New Delhi-110001
Tel. : + 91 11 45333200, 23716199
Fax : + 91 11 45333238
Website : www.careratings.com

Mr. R.V. Verma
Chairman and MD
National Housing Bank
India Habitat Centre, 5th Floor
Lodhi Road
New Delhi – 110 003

Dear Sir,

November 13, 2013

Credit rating of Market Borrowing Programme of Rs. 6,745 crore and Deposits under Rural Housing Fund (RHF) and Urban Housing Fund (UHF) of Rs. 12,000 crore

Please refer to our letters dated November 11, 2013 and November 12, 2013 on the above subject.

2. The rationale for the ratings is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our monthly journal, 'CAREVIEW'.
3. A write-up (brief rationale) on the above ratings is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - II**.
4. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by November 15, 2013 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,


Jasmeen Kaur
Assistant General Manager
Encl: As above

Annexure-I
Rationale
National Housing Bank

Rating

Instrument	Amount (Rs. crore)	Ratings¹	Remarks
Market Borrowing Programme	6,745	CARE AAA (Triple A)	Reaffirmed
Deposits under Rural Housing Fund (RHF) and Urban Housing Fund (UHF)	12,000*	CARE AAA (Triple A)	Assigned
Total	18,745		

* Rs. 10,000 crore under Rural Housing Fund and Rs. 2,000 crore under Urban Housing Fund

Rating Rationale

The rating continues to factor the status of National Housing Bank (NHB) as the apex financial institution for housing sector and regulator for the housing finance companies. The rating also factors in NHB's strong parentage (wholly-owned subsidiary of Reserve Bank of India), healthy asset quality, comfortable capitalization levels, healthy profitability and spreads, consistent growth in business and diversified resource profile.

The continuing strategic importance of NHB for Government of India by virtue of its role in the development of housing finance sector in India and ability to maintain profitability and improve asset quality would be the key rating sensitivities.

Background

National Housing Bank (NHB) was established on July 9, 1988 under an Act of the Parliament, The National Housing Bank Act, 1987. NHB is chartered to function as a principal agency to promote Housing Finance Institutions (HFCs) and also to provide financial and other support to such institutions. NHB is wholly-owned by the Reserve Bank of India (RBI) and is notified as a Public Financial Institution (PFI) under section 4A of the Companies Act, 1956.

Credit Risk Assessment

Strong parentage of RBI and support from Government of India

NHB is a wholly owned subsidiary of RBI and performs supervisory and refinancing role for the housing finance sector under the guidance of RBI. The board of directors of NHB includes senior professionals nominated by the RBI and the central government.

The Government of India has also been supporting NHB to raise external borrowings by guaranteeing the loans. As on June 30, 2013 external borrowings amounting to Rs. 651 crore have been guaranteed by the Government of India (comprising 1.94% of the total borrowings).

Role as the apex financial institution and regulator for housing finance sector in India

NHB is chartered to function as a principal agency to promote housing finance and housing finance institutions, and also to provide financial and other support to such institutions in India. NHB's statutory functions provide for developing a healthy housing finance sector through refinance of housing loans and also supervision of the sector. NHB provides refinance to various Primary Lending Institutions (PLIs) in respect of the retail housing loans extended by them. The PLIs include scheduled commercial banks, scheduled cooperative banks, housing finance companies, apex co-operative housing finance societies and agriculture and rural development banks. NHB has been refinancing broadly under three schemes namely; Regular Refinance Scheme, Rural Housing Fund (RHF) for refinancing rural housing finance extended to people falling under the weaker section category and Golden Jubilee Rural Housing Finance Scheme. Under its project financing window, NHB lends directly to Public Agencies such as State Level Housing Boards and Area Development Authorities for large scale integrated housing projects and slum redevelopment projects.

Healthy asset quality

NHB follows stringent internal criteria for sanctions in order to maintain its asset quality and recovery performance. However during FY13, accounts aggregating to Rs. 180.62 crore slipped into NPA category. This mainly includes one big account amounting to Rs. 179.60 crore. Against the loan, the company has mortgaged property valued at Rs. 302 crore (approx.) to NHB. Although, Gross NPA ratio and net NPA ratio increased to 0.53% and 0.45%, respectively as on June 30, 2013 (as compared to 0.01% and 0.01% as on June 30, 2012), asset quality still remained at comfortable levels.

Comfortable Capitalisation levels

RBI prudential guidelines pertaining to capital adequacy are not applicable to NHB. NHB reported healthy capitalisation levels with total CAR at 16.59% as on June 30, 2013 (19.82% as on June 30, 2012). Core CAR stood at 15.34% (18.57% as on June 30, 2012).

Moderate Liquidity Position

As on June 30, 2013 NHB reported negative cumulative mismatch of -10% in the time bucket of "29 days to 3 months", however the same remains within the RBI approved limit of -15%. This mismatch is because of bonds with put/ call option (Rs. 1,588 crore) and CPs (Rs. 1,050 crore) expiring during this time bucket with fewer inflows on account of refinance portfolio.

Healthy profitability and spreads

During FY13, total income of NHB has shown a healthy growth of 21.62% to Rs. 3,030 crore mainly on account of increased interest income from refinancing portfolio. Interest spread has also improved from 1.18% in FY12 to 1.34% in FY13 on account of lower cost of borrowings during the year. Average cost of borrowings reduced from 7.60% during FY12 to 7.36% during FY13 as a result of a decreasing interest rate trend during the year. Net Interest Margin also improved from 2.20% for the period ending June 30, 2012 to 2.25% for the period ending June

30, 2013. However, core spread reduced from 1.85% during FY12 to 1.56% during FY13 on account of reduction in yield on advances during the year. During FY13, PAT registered an increase of 16.23% and stood at Rs. 450 crore (Rs. 387 crore for FY12).

Diversified resource profile

The bank has a well-diversified resource profile, since it can mobilize funds at cost effective rates from various sources such as tax-free bonds, international agencies like Asian Development Bank and Kreditanstalt für Wiederaufbau (KfW), domestic financial institutions, long-term bonds and commercial paper. As on June 30, 2013 borrowings from outside India aggregating to Rs. 651 crore are guaranteed by Government of India.

Additionally, the bank also has a significant access to deposits from banks which fail to meet their priority sector targets. As on June 30, 2013, deposits under the Rural Housing Fund form 38% (Rs. 12,778 crore) of the total borrowings and are at concessional interest rates (at a discount from base rates of the banks). During FY14, NHB has raised resources amounting to Rs. 10,525.47 crore till date from various sources such as commercial papers, term loans, bonds & debentures, public deposits, deposits under RHF and UHF and KfW Germany.

Prospects

Going forward, continuing strategic importance of NHB for Government of India by virtue of its role in the development of housing finance sector in India and its ability to maintain profitability and improve asset quality would be the key rating drivers.

Financial Performance

(Rs. crore)

As on/ For the Year Ended June 30,	2011 (12M, A)	2012 (12M, A)	2013 (12M, A)
Interest Income	1,938	2,478	3,007
Interest Expenses	1,490	1,850	2,221
Non Interest Income	9	14	23
Total Income	1,947	2,492	3,030
Operating Expenses (Incl. Depreciation)	28	44	59

As on/ For the Year Ended June 30,	2011 (12M, A)	2012 (12M, A)	2013 (12M, A)
Provisions (excl tax)	31	53	86
PAT	279	387	450
Deposits	6,029	8,997	13,015
Tangible Net worth	2,802	3,189	3,640
Advances	22,543	28,490	34,603
Investments	803	807	957
Total Assets	25,781	31,332	38,721
Key Ratios (%)			
Interest Income/Average Interest Earning Assets	8.09	8.79	8.70
Interest Expenses / Average Interest Bearing Liabilities	7.26	7.60	7.36
Interest Spread	0.83	1.18	1.34
Net Interest Margin (NIM)	1.85	2.20	2.25
Operational Expenses / Average Total Assets	0.12	0.14	0.17
Operational Expenses / Total Income	1.44	1.77	1.95
Yield on Advances	8.96	9.45	8.92
Core Spread	1.70	1.85	1.56
Treasury Income/PBT	1.42	1.52	1.82
ROTA	1.15	1.36	1.28
RONW	10.48	12.92	13.18
Capital Adequacy Ratio	20.64	19.82	16.59
Tier I Capital Adequacy Ratio	19.39	18.57	15.34
Net NPA to Net Advances	0.00	0.01	0.45
Net NPA to Tangible Net worth	0.00	0.10	4.29
Gross NPA to Gross Advances	0.00	0.01	0.53

Note: Ratios have been computed based on average of annual opening and closing balances
NIM has been calculated as net interest income/ average annual total assets

Disclaimer

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Annexure II

Brief Rationale

CARE reaffirms ‘CARE AAA’ rating assigned to the Market Borrowing Programme of National Housing Bank and assigns ‘CARE AAA’ rating to its deposits under Rural Housing Fund (RHF) and Urban Housing Fund (UHF)

Rating

Instrument	Amount (Rs. crore)	Ratings¹	Remarks
Market Borrowing Programme	6,745	CARE AAA (Triple A)	Reaffirmed
Deposits under Rural Housing Fund (RHF) and Urban Housing Fund (UHF)	12,000*	CARE AAA (Triple A)	Assigned
Total	18,745		

* Rs. 10,000 crore under Rural Housing Fund and Rs. 2,000 crore under Urban Housing Fund

Rating Rationale

The rating continues to factor the status of National Housing Bank (NHB) as the apex financial institution for housing sector and regulator for the housing finance companies. The rating also factors in NHB’s strong parentage (wholly-owned subsidiary of Reserve Bank of India), healthy asset quality, comfortable capitalization levels, healthy profitability and spreads, consistent growth in business and diversified resource profile.

The continuing strategic importance of NHB for Government of India by virtue of its role in the development of housing finance sector in India and ability to maintain profitability and improve asset quality would be the key rating sensitivities.

Background

National Housing Bank (NHB) was established on July 9, 1988 under an Act of the Parliament, The National Housing Bank Act, 1987. NHB is chartered to function as a principal agency to promote Housing Finance Institutions (HFCs) and also to provide financial and other support to

such institutions. NHB is wholly-owned by the Reserve Bank of India (RBI) and is notified as a Public Financial Institution (PFI) under section 4A of the Companies Act, 1956.

During FY13 (refers to the period July 1, 2012 to June 30, 2013), NHB recorded PAT of Rs. 450 crore (Rs. 387 crore in FY12) on total income of Rs. 3,030 crore (Rs. 2,492 crore in FY12). NHB's capital adequacy has been healthy and stood at 16.59% as on June 30, 2013.

Analyst Contact

Name: Jasmeen Kaur
Tel: 011-45333245
Mobile: 9810401324
Email: jasmeen.kaur@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

CONFIDENTIAL

Ref. no.: VR/FSR/NHB/2013-14/1607

December 10, 2013

Mr. R. S. Garg
Executive Director
National Housing Bank
Core, 5-A, 3rd Floor
India Habitat Centre
Lodhi Road
New Delhi - 110 003



Dear Mr. Garg,

Re: CRISIL Rating for the Rs. 100.0 billion Non-Convertible Debenture Issue of National Housing Bank

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please refer to our rating letter dated October 29, 2013 bearing ref no SN/FSR/NHB/2013-14/1405

CRISIL has, after due consideration, assigned a "CRISIL AAA/Stable" (pronounced "CRISIL triple A with stable outlook") rating for the captioned Debt Programme. Instruments with this rating are considered to have the **highest** degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.


Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular¹ on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

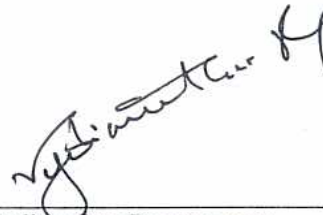
Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Rajat Bahl
Director – Financial Sector Ratings



Vydianathan Ramaswamy
Associate Director – Financial Sector Ratings

¹ Please refer to SEBI circular (bearing reference number: CIR/IMD/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.

CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crisil.com or at (+91 22) 3342 3001 – 09.

CRISIL Limited

October 29, 2013

Mr. R. S. Garg
Executive Director
National Housing Bank
Core, 5-A, 3rd Floor
India Habitat Centre
Lodhi Road
New Delhi - 110 003



Dear Mr. Garg,

Re: CRISIL Rating for the Rs. 100.0 billion Non-Convertible Debenture Issue of National Housing Bank

We refer to your request for a rating for the captioned Debt Programme.

CRISIL has, after due consideration, assigned a "CRISIL AAA/Stable" (pronounced "CRISIL triple A with stable outlook") rating for the captioned Debt Programme. Instruments with this rating are considered to have the **highest** degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Manoj Damle
Director – Ratings

Subha Sri Narayanan
Manager – Financial Sector Ratings



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CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crisil.com or at (+91 22) 3342 3001 – 09.



Details Of the Rs. 100.0 billion Non-Convertible Debenture Issue of National Housing Bank

	<i>1st tranche</i>		<i>2nd tranche</i>		<i>3rd tranche</i>	
<i>Instrument Series:</i>						
<i>Amount Placed:</i>						
<i>Maturity Period:</i>						
<i>Put or Call Options (if any):</i>						
<i>Coupon Rate:</i>						
<i>Interest Payment Dates:</i>						
<i>Principal Repayment Details:</i>	Date	Amount	Date	Amount	Date	Amount
<i>Investors:</i>						
<i>Trustees:</i>						

In case there is an offer document for the captioned Debt programme, please send us a copy of it.

Rating Rationale

October 29, 2013
Mumbai

National Housing Bank

'CRISIL AAA/Stable' assigned to NCD issue

Total Bank Loan Facilities Rated	Rs.80 Billion
Long-Term Rating	CRISIL AAA/Stable (Reaffirmed)
Short-Term Rating	CRISIL A1+ (Reaffirmed)

(Refer to Annexure 1 for details on facilities)

Rs.100 Billion Non-Convertible Debentures	CRISIL AAA/Stable (Assigned)
Rs.20 Billion Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
Bonds aggregating Rs.70 Billion	CRISIL AAA/Stable (Reaffirmed)
Long-Term Borrowing Programme aggregating Rs.140 Billion	CRISIL AAA/Stable (Reaffirmed)
Rs.10 Billion Fixed Deposit Programme	FAAA/Stable (Reaffirmed)

CRISIL has assigned its 'CRISIL AAA/Stable' rating to National Housing Bank's (NHB's) non-convertible debenture of Rs.100 billion; the ratings on NHB's other debt instruments, fixed deposit programmes and bank facilities have been reaffirmed at 'CRISIL AAA/FAAA/Stable/CRISIL A1+'.

CRISIL's ratings on NHB's debt programmes and bank facilities continue to reflect the support that NHB receives from the Government of India (GoI), on account of the key public policy role that the institution plays in India's housing finance sector. The ratings are also underpinned by NHB's robust asset quality, and healthy capitalisation. These rating strengths are partially offset by NHB's average core earnings profile, given its developmental role in the housing finance sector.

NHB extends short- and long-term credit to licensed housing finance companies (HFCs), scheduled banks, and other primary lending institutions. NHB implements GoI's policies on housing finance, and plays a significant public policy role in providing refinance to the sector. NHB is also the regulator for HFCs. NHB is currently wholly-owned by the Reserve Bank of India (RBI); however, the RBI's holding is to be transferred to GoI as per pronouncements in the Union Budget 2009-10 (refers to fiscal year, April 1 to March 31). The RBI is likely to take over the function of regulating and licensing HFCs from NHB. Nevertheless, NHB will continue to play a developmental and supervisory role in the housing finance sector. NHB's asset quality remains robust, with low net non-performing assets (NPAs) of 0.45 per cent as on June 30, 2013. It primarily lends to banks and HFCs with strong creditworthiness. NHB also has a large capital base; its healthy capitalisation is supported by a high Tier-I capital ratio of 15.34 per cent of its risk-weighted assets as on June 30, 2013.

CRISIL Complexity Levels are assigned to various types of financial instruments. The CRISIL Complexity Levels are available on www.crisil.com/complexity-levels. Investors are advised to refer to the CRISIL Complexity Levels for instruments that they desire to invest in. Investors may also call the Customer Service Helpdesk with queries on specific instruments.

However, NHB's core earnings profile is average, marked by low interest spreads, as the institution has been lending at competitive rates, and is increasingly inclined towards borrowing at market rates. Nevertheless, NHB's core profitability, measured by its net profitability margin (NPM¹; after credit costs), improved to 1.0 per cent in 2012-13 (refers to financial year, July 1 to June 30), from 0.9 per cent in 2011-12. The improvement was primarily driven by enhanced interest spreads of 1.3 per cent in 2012-13 from 1.2 per cent the previous year, supported by a decline in borrowing costs (yearly average) to 7.4 per cent in 2012-13, from 7.6 per cent in 2011-12.

Outlook: Stable

CRISIL believes that NHB will continue to receive strong funding and operational support from GoI because of the public policy and supervisory role played by the institution in India's housing finance sector. The asset protection mechanism available to NHB is likely to continue, and the institution is expected to maintain its comfortable capitalisation over the medium term. The outlook may be revised in case of any diminution in the strategic importance of NHB to GoI, translating into a decline in support extended to the institution by GoI.

About the Institution

NHB, the apex institution in the housing finance sector, extends refinance support to HFCs, scheduled banks, regional rural banks, state apex cooperative housing finance societies, state cooperative agriculture and rural development banks. Additionally, NHB manages the Rural Housing Fund (RHF); commercial banks deposit the shortfall in their priority sector advances to the fund. NHB will also manage Urban Housing Fund (as per Union Budget 2013-14) of Rs.20 billion; the scheme of which has been finalized. Moreover, NHB is the regulator for HFCs and can extend guarantee support to the bonds issued by the HFCs. NHB also advises various state governments, in formulating state housing policies.

Established in 1988 under the National Housing Bank Act 1987, NHB began operations with an initial capital of Rs.1 billion. Over the years, the RBI has infused capital into the institution; as on June 30, 2013, NHB had a capital base of Rs.4.5 billion. As on June 30, 2013, its outstanding loans under refinance support were Rs.343 billion vis-à-vis Rs.280 billion the previous year. NHB reported a profit after tax (PAT) of Rs.4.5 billion on a total income of Rs.30.0 billion for 2012-13, and a PAT of Rs.3.9 billion on a total income of Rs.24.7 billion for 2011-12.

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs. Billion)	Rating	Facility	Amount (Rs. Billion)	Rating
Long-Term Bank Facility	46.88	CRISIL AAA/ Stable	Long-Term Bank Facility	46.88	CRISIL AAA/ Stable
Proposed Long-Term Bank Facility	8.12	CRISIL AAA/ Stable	Proposed Long-Term Bank Facility	8.12	CRISIL AAA/ Stable
Short-Term Bank Facility	20.90	CRISIL A1+	Short-Term Bank Facility	20.90	CRISIL A1+
Proposed Short-Term Bank Facility	4.10	CRISIL A1+	Proposed Short-Term Bank Facility	4.10	CRISIL A1+
Total	80.00		Total	80.00	

¹ CRISIL uses NPM as its measure of core profitability. NPM is defined as (Yield on Funds deployed) – (Average borrowing costs) – (Operating expense ratio) + (Fee income levels)

Media Contacts	Analytical Contacts	Customer Service Helpdesk
<p>Tanuja Abhinandan Communications and Brand Management CRISIL Limited Tel: +91-22- 3342 1818 Mobile: +91- 98192 48980 Email:tanuja.abhinandan@crisil.com</p> <p>Jyoti Parmar Communications and Brand Management CRISIL Limited Tel: +91-22- 3342 1835 E-mail: jyoti.parmar@crisil.com</p>	<p>Pawan Agrawal Senior Director – CRISIL Ratings Tel: +91-22-3342 3301 Email: pawan.agrawal@crisil.com</p> <p>Rajat Bahl Director – CRISIL Ratings Tel: +91-22- 3342 8274 Email: rajat.bahl@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free number: 1800 267 1301 Email:CRISILratingdesk@crisil.com</p>

Note:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution of its rationales for consideration or otherwise through any media including websites, portals etc.

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Ref: D/RAT/N4/2013-14/5

Date: December 10, 2013

Mr. Radhey Shyam Garg
General Manager
National Housing Bank
Core 5-A, 3rd Floor, Indian Habitat Center
Lodhi Road
New Delhi – 100 003

Dear Sir,

Re: ICRA Rating for Rs. 10,000 crore Long-term Borrowing Programme

This is with reference to your email dated December 10, 2013, for re-validating your rating for the Long-term Borrowing Programme of Rs.10,000 crore.

We confirm that the “[ICRA]AAA” rating (pronounced ICRA triple A) with a **Stable outlook**, assigned to the captioned Borrowing programme of your company and last communicated to you vide our letter dated October 25, 2013 stands. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letter Ref: D/RAT/N4/2013-14/4 dated October 25, 2013.

With kind regards,
For ICRA Limited


Vibha Batra
Senior Vice President


Puneet Maheshwari
Senior Analyst



Ref: D/RAT/N4/2013-14/4

Date: October 25, 2013

Mr. Radhey Shyam Garg
General Manager
National Housing Bank
Core 5-A, 3rd Floor, Indian Habitat Center
Lodhi Road
New Delhi – 100 003

Dear Sir,

Re: ICRA Rating for Rs. 10,000 crore Long-term Borrowing Programme

Please refer to your Rating Requisition dated October 21, 2013 and the subsequent Rating Agreement of October 21, 2013 for carrying out the rating of the aforesaid Borrowing Programme. The Rating Committee of ICRA, after due consideration, has assigned a “[ICRA]AAA” (pronounced ICRA Triple A) rating with a ‘Stable’ outlook to the captioned Borrowing Programme. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

In any of your publicity material or other document wherever you are using the above rating, it should be stated as ‘[ICRA]AAA (Stable)’. We would appreciate if you can sign on the duplicate copy of this letter and send it to us within 7 days from the date of this letter as a token of your acceptance and use of the assigned rating. The rationale for assigning the above rating will be sent to you on receipt of your confirmation about the use of the rating, as above. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

1/15/13

Puneet



ICRA reserves the right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds to be issued by you. If the Borrowing Programme rated, as above, is not issued by you within a period of 3 months from the date of this letter communicating the rating, the same would stand withdrawn unless revalidated before the expiry of 3 months.


You are required to forthwith inform us about any default or delay in repayment of interest and/or principal amount of the instrument rated, as above, or any other debt instruments / borrowings. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/debts of the company with any lender (s) / investor (s).

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

With kind regards,

Yours sincerely,
for ICRA Limited


Vibha Batra
Senior Vice President


Puneet Maheshwari
Senior Analyst



National Housing Bank

	Amount	Rating
	In Rs crore	October 2013
Long-term Borrowing Programme	Rs. 10,000 crore	[ICRA]AAA (Stable) (Assigned)

ICRA has assigned rating of [ICRA]AAA (pronounced ICRA triple A) with 'Stable' outlook to the Rs 10,000 crore Long-term Borrowing Programme of National Housing Bank (NHB)[†]. ICRA also has [ICRA]A1+ (pronounced ICRA A one plus) rating outstanding for Rs 5,000 crore Commercial Paper / Short Term Debt Programme of NHB.

The highest-credit-quality rating takes into account NHB's strong parentage, pivotal role in the housing finance industry, its stable earnings owing to access to low cost Rural Housing Funds Deposits (RHF deposits), Tax-free bonds and superior asset quality, adequate capitalization levels considering its asset profile and comfortable liquidity position arising out of strong financial flexibility and access to long tenure funds. ICRA takes note of relatively liberal concentration norms and consequent higher credit concentration of NHB vis-à-vis banks (top 10 borrowers of NHB accounted for around 48% of total assets and 526% of capital funds as on June 30, 2013) though relatively better credit profile of top borrowers mitigates the risk to some extent. Further, ICRA has also taken note of expected change in the ownership pattern of NHB wherein Government of India (GoI) would take over RBI's existing 100% ownership. Furthermore, it is envisaged that NHB's role as regulator for HFCs would be transferred to RBI. In ICRA's view the change in ownership is unlikely to result in any material change in the possibility of support from the parent in case of need and hence is unlikely to impact the credit ratings.

Over last few years, NHB's competitive positioning improved with increased access to low cost funds in the form of Rural Housing Funds Deposits (RHF deposits), Tax-free bonds and also with NHB's ability to raise funds at competitive cost through capital market instruments, bank borrowings and others. As on Jun-2013, RHF deposits and tax-free bonds accounted for around 40% of NHB's total borrowings, the proportion of these low cost avenues is likely to increase further. Further, as a result of NHB's enhanced competitive positioning (competitive lending rates), demand for NHB refinancing increased and as a result NHB's credit portfolio grew at relatively higher pace of 26% in 2011-12 and 22% in 2012-13 to Rs 34,631 crore as on Jun-2013. As for portfolio mix, around 99% of NHB's loan book is towards refinancing and only 1% is for direct project financing. Within refinancing, NHB provides funding to Commercial Banks (49% of total refinancing book), Housing Finance Companies (48% of total refinancing book), Regional Rural Banks (RRBs), Urban Cooperative Banks and others. The vulnerability of NHB's refinancing loan book is low given relatively better credit profile of its borrowers and secured nature of lending as these loans are secured by underlying individual housing loans. However, the vulnerability of refinancing loans provided to RRBs and Cooperative banks as well as of direct project financing is relatively high, although the proportion of these loans in NHB's total portfolio is limited (4%); a significant increase in exposure to these segments could increase NHB's portfolio vulnerability. On an overall basis, NHB's Gross NPA% increased from 0.01% as on June 30, 2012 to 0.53% as June 30, 2013 on account of one large project exposure slipping into NPA category. NHB's gearing has increased over last two years as balance sheet growth (24% in 2012-13 and 22% in 2011-12) was far in excess of internal capital generation (around 12% over last two years). NHB's capitalisation (CRAR of 16.59% as on June-2013) is adequate in relation to risk profile of its portfolio. Further, its ability to get capital, in case of need, is relatively high in light of its strategic importance to the Government of India (GoI).

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

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RATING • RESEARCH • INFORMATION



As for profitability, NHB has reported stable profitability driven by moderate NIMs, good asset quality, and lower operating expenses despite very limited non-fund based income. Going forward, ICRA believes that NHB will continue to play a critical role in development of housing finance market while maintaining stable earnings.

About the Company

National Housing Bank (NHB) was established on July 9, 1988 under an Act of the Parliament viz., the National Housing Bank Act, 1987 (the Act) to function as a principal agency to promote Housing Finance Institutions and to provide financial and other support to such institutions. NHB, a wholly owned subsidiary of RBI, is also the regulator and supervisor for Housing Finance Companies. NHB has been contributing towards the development of the sector through its initiatives on residential mortgage backed securitisation programme and various training programmes. NHB reported a net profit of Rs. 450 crore over an asset base of Rs. 38,721 crore for the year 2012-13, as compared with a net profit of Rs. 387 crore over an asset base of Rs. 31,332 crore for the year 2011-12. NHB reported gross NPA% of 0.53% and net NPA% of 0.45% as on June 30, 2013. NHB's capital adequacy was 16.59% as on June 30, 2013.

October 2013

For further details please contact:

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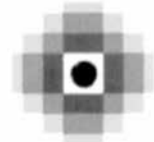
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5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar,Pune-411 090

Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

ANNEXURE E

CONSENT FROM THE BOND TRUSTEE



ITCL

IL&FS Trust Company Limited

Ref. No.: 2120

Date: November 12, 2013

National Housing Bank (NHB)
Core 5-A, 3rd Floor
India Habitat Centre, Lodhi Road
New Delhi- 110 003

Kind Attn: Mr. K Chakravarthy, DGM

Dear Sir,

PUBLIC ISSUE BY NATIONAL HOUSING BANK (HEREINAFTER REFERRED TO AS "NHB") OF TAX FREE BONDS IN THE NATURE OF SECURED REDEEMABLE NON CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ [5,000] (HEREINAFTER REFERRED TO AS "BONDS") EACH HAVING TAX BENEFITS UNDER SECTION 10 (15) (iv) (h) OF THE INCOME TAX ACT, 1961 AS AMENDED ("BONDS") AN AMOUNT AGGREGATING UP TO RS. 2,100 CRORES ("SHELF LIMIT")

We, **IL&FS Trust Company Limited**, do hereby give our consent to act as the Bond Trustee for the issue of the Bonds and to our name and details being inserted as "Bond Trustee to the Issue/ Trustee to the Issue" in the draft shelf prospectus (hereinafter referred to as "**Draft Shelf Prospectus**") to be filed with BSE Limited and/or National Stock Exchange of India (hereinafter referred to as "**Relevant Stock Exchanges**") for the purpose of receiving public comments and Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), and the shelf prospectus (hereinafter referred to as "**Shelf Prospectus**") and the tranche prospectus (hereinafter referred to as "**Tranche Prospectus**") which the NHB intends to file with the SEBI, and Relevant Stock Exchanges, in respect of the proposed Issue and all related documents, advertisements, and subsequent communications sent to the holders of Bonds pursuant to the Issue, including in road show presentations and such other manner

We hereby authorize you to deliver this letter of consent to the Relevant Stock Exchanges, SEBI and / or any other statutory/regulatory authority, as may be required under applicable law.

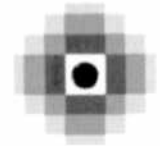
The following details with respect to us may be disclosed:

Name : IL&FS Trust Company Limited

Address The IL&FS Financial Centre, Plot C – 22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

Regd. Office : IL&FS Financial Centre, Plot No. C – 22, G Block, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, INDIA
Bangalore Office : IL&FS Trust Company Ltd., AL-Latheef, 1st Floor, No. 2 Union Street, Off Infantry Road, Bangalore – 560001, INDIA
New Delhi Office : IL&FS Trust Company Ltd., A-268, 1st Floor, Bhishm Pitahamah Marg, Defence Colony, New Delhi – 110024, INDIA
Kolkata Office : IL&FS Trust Company Ltd., IL&FS Constantia, 3rd Floor, 11 Dr. U. N. Bramachari Street, Kolkata – 700017, INDIA

www.itclindia.com



ITCL

IL&FS Trust Company Limited

Tel: 022 – 2659 3333
Fax: 022 – 2653 3297
E-mail: vivek.choudhary@ilfsindia.com
Investor Grievance e-mail: investorgrievancesitel@ilfsindia.com
Website: www.itclindia.com
Contact Person: Mr. Vivek Choudhary
SEBI Registration Number: IND000000452

We certify that we have not been prohibited/ debarred by SEBI to act as an intermediary in capital market issues. We further confirm that no enquiry/investigation is being conducted by SEBI on us.

We confirm that we are registered with the SEBI and that such registration is valid as on date of this letter, the brief details of which are as follows:

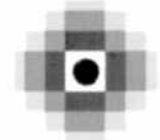
Registration Number	IND000000452
Date of expiry of registration	Permanent
Renewal of registration / if applied for renewal, date of application	Not Applicable
Period up to which registration/ renewal fees has been paid	Not Applicable
Any communication from SEBI, prohibiting us from acting as an intermediary in capital market issues	Nil
Any enquiry/investigation being conducted by SEBI	Nil

Copy of our SEBI registration certificate is attached hereto as **Annexure A**

We also agree to keep strictly confidential, until such time the proposed Issue is publicly announced by NHB in the form of a press release, (i) the nature and scope of the Issue; and (ii) our knowledge of the proposed Issue of NHB

Regd. Office : IL&FS Financial Centre, Plot No. C - 22, G Block, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 400051, INDIA
Bangalore Office : IL&FS Trust Company Ltd., AL-Latheef, 1st Floor, No. 2 Union Street, Off Infantry Road, Bangalore - 560001, INDIA
New Delhi Office : IL&FS Trust Company Ltd., A-268, 1st Floor, Bhisim Pitahamah Marg, Defence Colony, New Delhi - 110024, INDIA
Kolkata Office : IL&FS Trust Company Ltd., IL&FS Constantia, 3rd Floor, 11 Dr. U. N. Bramachari Street, Kolkata - 700017, INDIA

www.itclindia.com



ITCL

IL&FS Trust Company Limited

We shall immediately intimate NHB and the Lead Managers to the Issue in writing of any changes, additions or deletions in respect of the aforesaid details till the date when the Bonds offered, issued and allotted pursuant to the Issue, are listed and admitted for trading on the Relevant Stock Exchanges. In absence of any such communication from us, the above information should be taken as updated information until the listing and commencement of trading of the Bonds on the Relevant Stock Exchanges.

Yours faithfully,
For IL&FS Trust Company Limited

Authorised Signatory
Name : Ms Daisy Fernandes
Designation: AVP – Legal

Encl: SEBI registration certificate

Regd. Office : IL&FS Financial Centre, Plot No. C – 22, G Block, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 400051, INDIA
Bangalore Office : IL&FS Trust Company Ltd., AL-Latheef, 1st Floor, No. 2 Union Street, Off Infantry Road, Bangalore - 560001, INDIA
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Kolkata Office : IL&FS Trust Company Ltd., IL&FS Constantia, 3rd Floor, 11 Dr. U. N. Bramachari Street, Kolkata - 700017, INDIA

www.itclindia.com

डिबेंचर न्यासी

प्रारूप अ
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनियम बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA
(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000243

(विनियम 8)

(Regulation 8)

Regulation 8A

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

PERMANENT REGISTRATION

- 1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,
1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

**IL & FS TRUST COMPANY LTD.
THE IL & FS FINANCIAL CENTRE
PLOT NO.C22, G-BLOCK
BANDRA KURLA COMPLEX
BANDRA (EAST)
MUMBAI 400 051**

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट

है।

2) Registration Code for the debenture trustee is

IND000000452

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र

से

तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from

to

3) This Certificate of Registration shall be valid for permanent unless suspended or cancelled by the Board.

स्थान Place : MUMBAI

दिनांक Date : OCTOBER 22, 2012



आदेश से
भारतीय प्रतिभूति और विनियम बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

RUCHI CHOJER

प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory