



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. 10,000 EACH IN THE NATURE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES, HAVING BENEFITS UNDER SECTION 10(15)(iv)(b) OF THE INCOME TAX ACT, 1961, AS AMENDED ("BONDS") AN AMOUNT AGGREGATING UP TO RS. 3,750 CRORE ("ISSUE")*

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. 46/2012.F.No.178/60/2012-(ITA.1) dated November 6, 2012 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, 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 is allowed to raise funds through private placement route in one or more tranches not exceeding Rs. 1250 Crore i.e. up to 25 percent of the allocated limit of Rs. 5,000 Crore for raising funds through Tax Free Bonds during Fiscal 2012-13 ending on March 31, 2013. NHB shall ensure that the funds raised through the public issue route and private placement route shall together not exceed Rs. 5,000 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 before making an investment in the 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 Draft 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 Draft 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 Draft 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 Issue.

CREDIT RATING

CRISIL Limited ("CRISIL") has, by its letter no SN/FSR/NHB/2012-13/1891 dated February 5, 2013 and letter no. AK/FSR/NHB/2012-13/1973 dated February 20, 2013, assigned a rating of "CRISIL AAA/Stable" to the Bonds. Instruments with this rating are considered to have a highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited ("CARE") has, by its letter dated January 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. 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 C - Credit Rating".

PUBLIC COMMENTS

This Draft Prospectus has been filed with the National Stock Exchange of India Limited ("NSE"), the Designated Stock Exchange pursuant to the provisions of the SEBI Debt Regulations. This Draft Prospectus is open for public comments for seven Working Days (i.e. until 5 p.m.) from the date of filing of this Draft Prospectus with the Designated Stock Exchange (the date of filing being [●]).

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 approvals vide its letter dated [●].

TO THE ISSUE



KOTAK MAHINDRA CAPITAL COMPANY LIMITED
1st Floor, Bakhtawar, 229 Nariman Point
Mumbai 400 021, India
Tel: +91 22 6634 1100
Fax: +91 22 2284 7517
Email : nhbtaxfree@kotak.com
Website: www.investmentbank.kotak.com
Investor Grievance ID:
kmcaddressal@kotak.com
Contact Person : Mr. Ganesh Rane
Compliance Officer: Mr. Ajay Vaidya
SEBI Registration Number: INM000008704



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
E-mail: nhbtaxfree@axiscap.in
Investor Grievance Email:
complaints@axiscap.in
Website: www.enam.com
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration No.: INM000012029



ICICI SECURITIES LIMITED
ICICI Centre, H.T. Parekh Marg,
Churchgate, Mumbai 400 020, India
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
Email
:nhb.taxfreebonds@icicisecurities.com
Website: www.icicisecurities.com
Investor Grievance ID:
customercare@icicisecurities.com
Contact Person: Mr. Manvendra Tiwari/ Mr.
Amit Joshi
Compliance Officer: Mr. Subir Saha
SEBI Registration Number: INM000011179



SBI CAPITAL MARKETS LIMITED
202, Maker Tower E, Cuffe Parade
Mumbai 400 005, India
Tel: +91 22 2217 8300
Fax +91 22 2218 8332
Email : TaxFreeNHB2013@sbicaps.com
Website: www.sbicaps.com
Investor Grievance ID:
investor.relations@sbicaps.com
Contact Person : Mr. Neeladrinath Sarangi/
Ms. Sylvia Mendonca
Compliance Officer: Mr. Bhaskar Chakraborty
SEBI Registration Number: INM000003531

DEBENTURE 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: vineet.kumar@iflindia.com;
Investor Grievance Email: investor.grievance@iflindia.com
Website: www.itclindia.com;
Contact Person: Mr. Vineet Kumar
SEBI Registration No.: IND000000452

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
Website: http://karisma.karvy.com
Investor Grievance ID: einward.ris@karvy.com
Contact Person : Mr. M. Murali Krishna
SEBI Registration Number: INR000000221

ISSUE PROGRAMME**

ISSUE OPENS ON: [●]

ISSUE CLOSES ON: [●]

** The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure subject to the Issue being open for a minimum of three Working Days or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors or a duly constituted committee thereof, or the 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 the day of such early date of closure or the Issue Closing Date, as applicable, through advertisement/s in at least one leading national daily newspaper.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

The Draft 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"	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	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 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 respective Prospectus
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 under the Issue through ASBA or non-ASBA process in terms of the Prospectus
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 amount payable on application 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 mentioned in the Application Form made in ASBA mode
ASBA Applicant	Any applicant who applies for the Bonds through the ASBA Process.
Application Interest	Interest payable on application money, in a manner detailed in " <i>Terms of the Issue</i> " on page 116
Axis	Axis Capital Limited
Audited Financial Statements	Financial information of NHB from the reformatted audited financial statements of NHB for the financial years ended June 30, 2012, June 30, 2011, June 30, 2010, June 30, 2009 and June 30, 2008 on which the Auditor's have submitted a report. For details, see the section titled " <i>Annexure A- Financial Statements</i> " on page 190.
Bankers to the Issue/ Escrow Collection Bank	As specified in " <i>General Information</i> " on page 34
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 117
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 (in case of bonds held in physical form)
Bonds	Tax free bonds in the nature of secured redeemable non-convertible debentures of NHB of face value of Rs. 10,000/- 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 Prospectus.
Bond Trustee Agreement	Agreement dated February 20, 2013 entered into between the Bond Trustee and NHB
Bond Trustee / Trustee/ Debenture 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 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, Alternative Investment Fund registered with SEBI multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India

Category II (Domestic Corporates)	Companies within the meaning of section 3 of the Companies Act, Limited Liability Partnerships registered under the provisions of the LLP Act and bodies corporate 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. 10,00,000 in the Issue
Category IV (Retail Individual Investors)	Individual investors (including HUFs applying through their Kartas) who have applied for Bonds for an amount less than or equal to Rs. 10,00,000 in the Issue
Chairman and Managing Director	The Chairman and Managing Director of NHB appointed in terms of the NHB Act
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
Credit Rating Agencies	CRISIL and CARE
Bond Trust Deed	Trust Deed to be entered into between the Debenture Trustee and NHB
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 the Issue or such date as may be determined by the Board of Directors and notified to the Stock Exchanges. All benefits relating to the Bonds including interest on Bonds 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	Such 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 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) to the Public Issue Account or the Refund Account, as appropriate, following which the Board shall Allot the Bonds to successful Applicants, provided that Application Amounts received will be kept in the Escrow Account(s) up to this date and NHB will have access to such funds only after creation of adequate security for the Bonds
Designated Stock Exchange	NSE
Draft Prospectus	This draft prospectus dated February 21, 2013 filed by NHB with the Designated Stock Exchange and shall be open for public comments, in accordance with the SEBI Debt Regulations
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s), in whose favour Applicants will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement to be entered into by 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 on the terms and conditions thereof
Escrow Collection Bank(s)	Banks which are clearing members and registered with SEBI with whom the Escrow Account will be opened, in this case being State Bank of India, ICICI Bank Limited, HDFC Bank Limited, Kotak Mahindra Bank Limited, Axis Bank Limited, Yes Bank Limited, Indusind Bank Limited and IDBI Bank Limited.
Isec	ICICI Securities Limited
Interest Payment Date/ Coupon Payment Date	The date, which is the day falling one year from the Deemed Date of Allotment, in case of the first coupon payment and the same date every year, until the Redemption Date for subsequent interest payments
Issue	Public issue of the tax free bonds in the nature of secured redeemable non-convertible debentures of NHB of face value of Rs.10,000/- each, having benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by NHB pursuant to the Prospectus, for an amount up to Rs. 3,750 Crore.* <i>*In terms of the Notification, NHB is allowed to raise funds through private placement route in one or more tranches not exceeding Rs. 1250 Crore i.e. up to 25 percent of the allocated limit for raising funds through Tax Free Bonds during Fiscal 2012-13 ending on March 31, 2013, in terms of the Notification. NHB shall ensure that the Bonds issued through public issue and private placement route shall together not exceed Rs. 5,000 Crore.</i>
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which a prospective investor may submit their Application Forms, being a minimum of three Working Days
Issue Closing Date	Issue closing date, as specified in the Draft Prospectus, for the Issue or such other date as may be decided by the Board of Directors or Chairman and Managing Director
Issue Opening Date	Issue opening date, as specified in the Draft Prospectus, for the Issue, or such other date as may be decided by the Board of Directors or Chairman and Managing Director
Kotak	Kotak Mahindra Capital Company Limited
Lead Broker(s)	[●]
Lead Broker MoU	Memorandum of Understanding dated February 22, 2013, between NHB and the Lead Brokers
Lead Managers	Kotak, Axis, Isec, SBICAP
Lead Managers MoU	The memorandum of understanding entered into on February 22, 2013, between NHB and the Lead Managers.
Limited Review Financial Statements	The unaudited financial results of NHB for the 6 (six) months ended December 31, 2012 on which the Auditor's have prepared a limited review report. For details, see the section titled " Annexure A – Financial Statements " on page 190.
Market Lot	One Bond
Notification	Notification No. 46/2012.F.No.178/60/2012-(ITA.1) dated November 6, 2012 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, GoI

OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60 percent by NRIs including overseas trusts, in which not less than 60 percent 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
Prospectus	The 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 Issue
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 Amount is due and payable.
Redemption Date/ Maturity Date	10 years from the Deemed Date of Allotment
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
Refund Bank	HDFC Bank Limited
Register of Bondholders	The register of Bondholders maintained by NHB at its head office (or such other place as permitted by law) containing the particulars of the legal owners of the Bonds issued by NHB held in physical form and as detailed in " <i>Terms of the Issue - Rights of Bondholders</i> " on page 123
Registrar Agreement	Agreement dated February 19, 2013 entered into 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
RHF Scheme	Rural Housing Fund Scheme
SBICAP	SBI Capital Markets Limited
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 . 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 .
Specified Cities	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 Lead Broker and sub-brokers, as may be decided by NHB and disclosed in the Prospectus
Trading Lot	One Bond
Trading Member	Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by the relevant Stock Exchanges from time to time
TRS	Transaction Registration Slip
Tripartite Agreements	Tripartite agreement to be entered into 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, Interest Payment Date and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881
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
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	Companies Act, 1956
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 Derivative Association of India
Financial Year/ Fiscal/ FY	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
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)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSSF	National Small Savings Fund
p.a.	<i>Per annum</i>
PAN	Permanent Account Number
PAT	Profit After Tax
PFI	Public Financial Institution, as defined under Section 4A of the Companies Act
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
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
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 153, 45 and 98, respectively, and "*Annexure A –Financial Information*" on page 190, 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 the Draft Prospectus to "**India**" are to the Republic of India and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in the Draft Prospectus is derived from our Audited Financial Statements and our Limited Review Financial Statements. In the Draft 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 years ended June 30, 2008, June 30, 2009 were conducted by D. Singh & Co., Chartered Accountants, and for the years ended June 30, 2010, June 30, 2011 and June 30, 2012 were conducted by Aiyar & Co., Chartered Accountants, and Limited Review Financial Statements were conducted by the V.K. Verma & Co., Chartered Accountants, the Statutory Auditors.

The current 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 the Draft 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 the Draft Prospectus should accordingly be limited.

Currency and Unit of Presentation

In the Draft 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 the Draft 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 the Draft 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 the Draft 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 December 31, 2012, June 30, 2012, June 30 2011, June 30 2010, June 30 2009 and June 30 2008 are provided below:

Currency	Exchange rate into Rs. at December 31, 2012	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	Exchange rate into Rs. at June 30, 2008
1US\$	54.7773	56.3090	44.7200	46.6000	47.8700	42.9500
1€	72.2605	70.9080	64.7900	56.9400	67.6900	67.8100

Source: RBI Reference Rates

* 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 the Draft 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 the Draft 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 the Draft Prospectus, including under "**Risk Factors**" on page 9.

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 57 and 107, respectively. The forward-looking statements contained in the Draft 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

Prospective investors should carefully consider all the information in the Draft Prospectus, including the risks and uncertainties described below, and in the sections titled "**Business**" on page 57 and "**Annexure A - Financial Information**" on page 190, 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 Audited Financial Statements and Limited Review 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, 2012 our Gross and Net NPAs stood at Rs. 3.56 Crore and Rs. 3.03 Crore respectively. Further, as of December 31, 2012 our Gross NPAs and Net NPAs were Rs. 4.53 Crore and Rs. 3.75 Crore, respectively. The percentage of Net NPA to Net Advances as on June 30, 2012 and December 31, 2012 stood at 0.01 percent and 0.01 percent respectively. 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 percent 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 percent 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 December 31, 2012, we have outstanding external borrowings of Rs. 500.41 Crore (exchanged rate used 1US\$ = Rs. 54.9950, 1€ = Rs. 72.5125) 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. 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 94 of this Draft 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.

As of December 31, 2012, refinance assets of Rs. 24,298.81 Crore or 75.03 percent of the refinance assets were in the nature of fixed rate loans. Out of which, loans amounting to Rs.16,404.80 Crore or 50.66 percent 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 results of operations 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 apex 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 56 in 2011-2012. The growth in the housing finance market can be seen from the fact that institutional funding in housing grew from a mere Rs. 1,071 Crore in 1982-1983 to the level of mortgages outstanding of Rs. 5,29,000 Crore in 2010-2011. NHB's ÇAGR over the last five years is 15.9 percent. 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 the implementation of our expansion plans in a timely manner and there can be no assurance that any expansion plans, if implemented, will be successful.


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.*

We have 94 employees as on December 31, 2012. 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. 28,491.0 Crore (Gross) as of June 30, 2012, loans and advances amounting Rs.6,613.9 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. Balance loans and advances amounting to Rs. 21,877.1 Crore were unsecured of which Rs.7,262.9 Crore were covered under negative lien.

Of the total outstanding loans and advances of Rs. 32,775.77 Crore (Gross) as of December 31, 2012, loans and advances amounting Rs.7,458.58 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. Balance loans and advances amounting to Rs.25,317.19 Crore were unsecured of which Rs.8,878.34 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 June 30, 2012 and December 31, 2012 we had total borrowing outstanding of Rs. 26,803.10 Crore and Rs. 30,710.57 Crore respectively. The gross incremental borrowing during the period was Rs. 53,768.04 Crore and net incremental borrowing was Rs. 14,035.59 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. 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 94.

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 94.

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 CARE. For details, see the section titled "*Business- Credit Ratings*" on page 72. 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 financial results for the six months ended December 31, 2012 have been subjected to limited review by our statutory auditors, and the audited results for the same period may be materially different from the present results.*

In terms of the SEBI Debt Regulations and the Debt Listing Agreement entered into between us and the Indian stock exchanges where our debt securities are currently listed, we prepare half-yearly financial results subject to limited review by our statutory auditors in the format specified in the Debt Listing Agreement. Accordingly, we have, pursuant to a letter from SEBI bearing reference no. IMD/DOF-1/SP/RA/OW/3728/2013 dated February 12, 2013, disclosed in this Draft Prospectus, the Limited Review Financial Information. However, we cannot assure you that our actual audited results for the same period will not be materially different from the Limited Review Financial Information.

14. *Our business may be adversely affected by future regulatory changes.*

NHB is the apex 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 98. 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.

15. ***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 June 30, 2012, Rs. 9,531.78 Crore or 35.56 percent of our total borrowing outstanding was due for repayment within one year. Further, as of December 31, 2012, Rs. 13,713.28 Crore or 44.65 percent of our total indebtedness 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.

16. ***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. Recently, we have entered in partnership with Genworth, ADB and IFC for setting up a mortgage guarantee company viz. India Mortgage Guarantee Corporation Pvt. Ltd. in June 2012 for offering mortgage guarantees against borrower defaults on housing loans from mortgage lenders, which will help to expand access to housing in India.

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 71 and "***Annexure A –Financial Statements***" on page 190.

17. ***We have high loan concentrations with our top ten borrowers contributing to 59.90 percent of our total refinance loans outstanding as on December 31, 2012 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, 2012, aggregate loans to our ten largest borrowers amounted to Rs. 16,646.50 Crore, representing approximately 58.27 percent of our total refinance loans outstanding as of such date. Our single largest borrower on such date had an outstanding balance of Rs. 2,520.72 Crore, representing 8.82 percent of our total refinance loans outstanding as of such date.

Further, as of December 31, 2012, aggregate loans to our ten largest borrowers amounted to Rs. 19,399.39 Crore, representing approximately 59.90 percent of our total refinance loans outstanding as of such date and our single largest borrower had an outstanding balance of Rs. 2568.54 Crore, representing 7.93 percent 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 condition.

18. ***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 banks/financial institutions 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 expand and may adversely affect our business.

19. ***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. Susheel Kumar (IAS), our government-nominee Director, is also on the board of directors on Hindustan Prefab Limited and Housing Urban Development Corporation Limited. For further information with respect to directorships of certain of our Directors, please see the section titled "***Management***" on page 75.

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.

20. ***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 2012 is Rs. 1850.07 Crore and comprised approximately 97.28 percent of our total expenditure (excluding tax and provisions for loan assets) for Fiscal 2012 and the average cost of borrowing, was 7.56 percent, for the six months period ended December 31, 2012. 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 GoI 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.

21. We are involved in certain legal proceedings, which, if determined against us, could adversely impact our business and financial condition.

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 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 03.01.1992. 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 24.02.1999. 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 percent per annum from 03.01.1992 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 Court directed Finance Minister to resolve the dispute. The same has been decided by the Finance Minister suggesting that no interference with the decision of the Special Court is called for. The Matter was placed before the Hon'ble Court where SBS has indicated that they will continue with the matter. The matter is currently pending.

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 08.06.2010 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 19.01.2002, 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 & 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 08.06.2010 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 1995 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 and Material Developments*" on page 101. 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.

22. 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. 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 70. Failure to prevent or mitigate fraud or breaches in security may adversely affect our reputation, business, prospects, results of operations and financial condition.

23. ***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 December 31, 2012, we had a CRAR of 16.83 percent. 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 percent 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.

24. ***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, 2012, were Rs. 65.19 Crore. The details are as follows:

(Rs. in Crore)

Details	2011-12
Guarantee given for Mortgage Backed Securitisation issue	10.05
Liability on account of Forward Exchange Contract	55.14
Total	65.19

For further details on contingent liabilities, see the section titled "*Annexure A- Financial Statements*" on page 190.

25. ***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. 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 tends to include 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. Hence, NHB being an "issuer" but not a "company", the requirement to maintain a DRR in compliance under section 117C of the Companies Act is not applicable to it. Further, creation of a DRR is a requirement of public issuances under Section 117C of the Companies Act. Issuer companies are required under this section to maintain a DRR out of their yearly profits by crediting 'adequate' amounts to the DRR. Hence, even in cases where a company is maintaining a DRR, in a certain year it may not credit any amount to the DRR if there are no profits in that year. 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.

26. ***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.

27. ***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 70.

28. ***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 the 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.

29. *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.

30. *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 to sell 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.

31. *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 Financial Years 2008, 2009, 2010, 2011 and 2012. For more information, see "**Annexure A - Financial Statements**" on page 190.

Significantly, in respect of their audit report for the financial statements for the year ended June 30, 2012, our Statutory Auditors have included the following remarks:

"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 Crore 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 Crore 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 Swagraha Corporation Limited aggregating to Rs.191.18 Crore 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 RBI or clarification for which reply is awaited."

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)*
 - (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. *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 Rs. 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 Crore 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)*

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 Crore 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 Crore-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 as on and for the year ended 30th June, 2009 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 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].*

There are qualifications in the auditor's report on financial statements as on and for the year ended 30th June, 2008 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 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].*

We cannot assure you that our auditors will not qualify their audit reports on the audited financial statements in the future. Any qualifications in the auditor's report in the future may impact our results of operations.

32. *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:

Particulars	(Rs. in Crore)		
	Fiscal 2012	Fiscal 2011	Fiscal 2010
Net cash used in operating activities	(5,020.52)	(2,788.52)	(2,875.09)
Net cash used in investing activities	67.40	133.91	(260.12)
Net cash used in financing activities	4,951.73	2,667.62	2,453.91
Net increase (decrease) in cash and cash equivalents	(1.39)	13.01	(681.30)

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

Particulars	Rs. in Crore
Fiscal 2009	843.41
Fiscal 2010	403.22
Fiscal 2011	388.55
Fiscal 2012	564.36

For further details, see the section titled "*Annexure A - Financial Statements*" on page 190.

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.

33. *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 which have enabled us to reduce our effective tax rate. In the Financial Year 2008, 2009, 2010, 2011 and 2012 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.

34. *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.

35. *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.

36. *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, 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.

During the Fiscal Year 2010-11 we have employed more than 20 persons as "support staff", without applying/ obtaining any such registration under the provisions of the aforesaid Act. If the relevant authorities claim that we have not complied with the provisions of the said Act, we may be subjected to penalties

37. *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.

38. *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 availing of funds by the borrowers. In respect of the project finance, only Rs. 63.72 Crore was disbursed in Fiscal Year 2011- 2012 against the budgeted/ targeted disbursement of Rs. 500 Crore, which constitute a meagre 12.74 percent 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.

39. *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

40. *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 46/2012 [F.NO.178/60/2012-(ITA.1)]/SO 2685(E) dated November 6, 2012 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 45.

41. *There has been no prior public market for the Bonds.*

The present Bonds have no established trading market and there can be no assurance that an active public market for these Bonds would develop or be sustained. Even if such market for the Bonds was to develop there is no obligation on us to maintain such market. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economy, our financial conditions and prospects and other factors that generally influence market prices. Such fluctuations may significantly affect the liquidity and market prices of Bonds which may trade at a discount to the price at which such Bonds were purchased/ issued.

42. ***There is no guarantee that the Bonds issued pursuant to the Issue will be listed on the Stock Exchanges 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.

43. ***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. In the past there has been a delay in payment of dues to our lenders/ creditors and 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 Debenture Trustee for the holders of the Bonds on the assets adequate to ensure 100 percent 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.

44. ***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 and CARE. CRISIL has, by its letter no SN/FSR/NHB/2012-13/1891 dated February 5, 2013 and letter no. AK/FSR/NHB/2012-13/1973 dated February 20, 2013, assigned a rating of "CRISIL AAA/Stable" to the Bonds. Instruments with this rating are considered to have a highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. CARE has, by its letter dated January 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. We cannot guarantee that this rating will not be downgraded/ revised/ modified. The ratings provided by CIRISL and CARE 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.

45. ***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.

46. ***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.

47. ***There may be a delay in making refunds to applicants.***

While best effort will be made to refund the monies to Applicants on account of (a) withdrawal applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the exchanges for listing of Bonds, (d) non allotment due to technical rejections or over subscriptions, however, we cannot assure that the said monies will be refunded to the Applicants in a timely manner.

EXTERNAL RISKS

48. ***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.

49. ***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.

50. *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 apex 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. 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.

51. *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.

52. *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.

53. *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.

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

Indian stock exchanges (including the NSE and the BSE) have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokers. 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 exchanges 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 exchanges and other regulatory bodies, which in some cases have had a negative effect on market sentiment.

55. *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.

SECTION III - INTRODUCTION TO 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 "*Terms of the Issue*" on page 116.

TERMS FOR THE BOND

Issuer	National Housing Bank
Issue of Bonds	Public issue of the tax free bonds in the nature of secured redeemable non-convertible debentures of NHB of face value of Rs.10,000/- each, having benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by NHB pursuant to the Prospectus., for an amount up to Rs. 3,750 Crore* <i>*In terms of the Notification, NHB is allowed to raise funds through private placement route in one or more tranches not exceeding Rs. 1250 Crore i.e. up to 25 percent of the allocated limit for raising funds through Tax Free Bonds during Fiscal 2012-13 ending on March 31, 2013, in terms of the Notification. NHB shall ensure that the Bonds issued through public issue and private placement route shall together not exceed Rs. 5,000 Crore.</i>
Face Value	Rs. 10,000/-
Issue Price	Rs. 10,000/-
Nature of Bonds	Secured
Mode of Issue	Public Issue.
Minimum Application	One Bond
Pay-In-Date	Application Date.
Eligible Investor	See the Section titled " <i>Issue Procedure- Who can apply</i> " on page 130.
Credit Rating	CRISIL Limited (" CRISIL ") has, by its letter no SN/FSR/NHB/2012-13/1891 dated February 5, 2013 and letter no. AK/FSR/NHB/2012-13/1973 dated February 20, 2013, assigned a rating of "CRISIL AAA/Stable" to the Bonds. Instruments with this rating are considered to have a highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited (" CARE ") has, by its letter dated January 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. For details, see " <i>Annexure C -Credit Rating</i> " at page 269.
Security	<i>Pari passu</i> floating first charge on receivables of NHB with an asset cover of one time of the total outstanding amount of Bonds, pursuant to the terms of the Bond Trust Deed. NHB reserves the right to create first <i>pari-passu</i> charge on present and future receivables for its present and future financial requirements or otherwise.
Security Cover	One time of the total outstanding Bonds.
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
Listing	NSE. For more information, see " <i>Terms of the Issue - Listing</i> " on page 125.
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. Registered/Speed Post For more information, see " <i>Terms of the Issue - Manner & Modes of Payment</i> " on page 121.
Issuance	In dematerialised form and physical form, at the option of the Applicant*
Trading	In dematerialised form only*
Market Lot / Trading Lot	One Bond
Deemed Date of Allotment	The Deemed Date of Allotment will be the date on which the Board of Directors or Chairman and Managing Director is deemed to have approved the Allotment of Bonds for the Issue or any such date as may be determined by the Board of Directors or Chairman and Managing Director. All benefits under the Bonds including payment of coupon rate (as specified in the Draft Prospectus) will accrue to the Bondholders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.
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.
Lead Managers	Kotak Mahindra Capital Company Limited, Axis Capital Limited, ICICI Securities Limited, SBI Capital Markets Limited.
Objects of the Issue and Utilisation of Proceeds	See " <i>Objects of the Issue</i> " on page 43.
Working Day Convention/ Day Count	A Working Day shall mean 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,

	<p>except with reference to Issue Period, Coupon Payment Date and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881</p> <p>Day Count Convention</p> <p>Actual/actual, i.e., coupon rate will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the coupon period (start date to end date) includes February 29, coupon rate will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.</p> <p>Effect of holidays on payments</p> <p>If the date of payment of coupon rate or principal or redemption or any date specified does not fall on a Working Day, the succeeding Working Day will be considered as the effective date. Coupon rate and principal or other amounts, if any, will be paid on the succeeding Working Day. In case the date of payment of coupon rate falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue. In case the date of redemption falls on a holiday, the payment will be made on the next Working Day along with interest for the period overdue.</p>														
Transaction Documents	<p>The Draft Prospectus read with any notices, corrigender, addendum thereto, the Bond Trust Deed and other security documents, if applicable, and various other 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: -</p> <table border="0"> <tr> <td>Bond Trust Deed</td> <td>Trust Agreement to be entered into between the Bond Trustee and NHB on or before the Designated Date.</td> </tr> <tr> <td>Bond Trustee Agreement</td> <td>Agreement dated February 20, 2013 between the Bond Trustee and NHB.</td> </tr> <tr> <td>Escrow Agreement</td> <td>Agreement dated [●] entered into by 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 on the terms and conditions thereof.</td> </tr> <tr> <td>Lead Managers MoU</td> <td>The memorandum of understanding entered into on February 22, 2013, between NHB and the Lead Managers.</td> </tr> <tr> <td>Lead Broker MoU</td> <td>Memorandum of Understanding dated [●].</td> </tr> <tr> <td>Registrar Agreement</td> <td>Agreement dated February 19, 2013 entered into 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 to be entered into 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.</td> </tr> </table>	Bond Trust Deed	Trust Agreement to be entered into between the Bond Trustee and NHB on or before the Designated Date.	Bond Trustee Agreement	Agreement dated February 20, 2013 between the Bond Trustee and NHB.	Escrow Agreement	Agreement dated [●] entered into by 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 on the terms and conditions thereof.	Lead Managers MoU	The memorandum of understanding entered into on February 22, 2013, between NHB and the Lead Managers.	Lead Broker MoU	Memorandum of Understanding dated [●].	Registrar Agreement	Agreement dated February 19, 2013 entered into 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 to be entered into 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.
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Tripartite Agreements	Tripartite agreement to be entered into 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.														
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 125.														
Event of Default	See " <i>Terms of the Issue</i> " on page 116.														
Cross Default	Not applicable														
Roles and Responsibilities of Bond Trustee	See " <i>Terms of the Issue- Bond Trustee</i> " on page 125.														
Discount at which Bond is issued and the effective yield as a result of such discount	Not applicable														
Tenor	Ten Years														
Issue Opening Date	[●]														
Issue Closing Date	<p>[●]</p> <p>The Issue shall open for subscription from 10 a.m. to 5 p.m. during the period indicated above with an option for early closure (subject to the Issue being open for a minimum of three Working Days) which may be extended up to 30 Working Days from the date of opening of the Issue, 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 Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper.</p>														

Default Interest Rate	NHB shall pay liquidated damages at a compounded rate of 2 percent 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
Interest on Application Money	See " Terms of the Issue-Interest on Application and Refund Money " on page 120.
Step up/ step down Coupon Rate	Additional coupon rate of 0.50 percent shall be paid to the original Allottees under Category IV portion. In case the Bonds held by the original Allottees under Category IV Portion are sold/ transferred (except in case of transfer of Bonds to legal heirs in the event of death of the original Allottees), the coupon rate shall stand revised to the coupon rate applicable for the Allottees falling under Category I, II & III Portions.
Maturity Date / Redemption Date	10 years from the Deemed Date of Allotment
Redemption Amount (T/Bond)	Repayment on the Face Value plus any interest that may have accrued at the Redemption Date.
Coupon Type	Fixed Coupon Rate
Coupon Payment Date	The date, which is the day falling one year from the Deemed Date of Allotment, in case of the first coupon payment and the same date every year, until the Redemption Date for subsequent interest payments
Frequency of Coupon Payment	Annual
Coupon Rate (%) p.a for Category I, II, III and IV	[●]%
Additional Coupon Rate(%) for Category IV**	0.50%
Aggregate Coupon Rate (%) for Category IV	[●]%
Annualised Yield(%) for Category I, II & III	[●]%
Annualised Yield(%) for Category IV	[●]%
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 SEBI 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 fulfil such request. However, trading in Bonds shall be compulsorily in dematerialized form.*

***In case the Bonds held by the original Allottees under Category IV Portion are sold/ transferred (except in case of transfer of Bonds to legal heirs in the event of death of the original Allottees), the coupon rate shall stand revised to the coupon rate applicable for the Allottees falling under Category I, II & III Portions*

IL&FS Trust Company Limited has by its letter dated February 20, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Issue.

SELECTED FINANCIAL INFORMATION

REFORMATED STATEMENT OF ASSETS AND LIABILITIES

(in Crores)

Sl. No.	Particulars	Schedule	AS AT JUNE 30				
			2012	2011	2010	2009	2008
LIABILITIES							
1.	Capital	I	450.00	450.00	450.00	450.00	450.00
2.	Reserves	II	2,739.46	2,351.72	2,072.41	1,791.99	1,557.83
3.	Profit and Loss Account	III	0.00	0.00	0.00	0.00	0.00
4.	Bonds and Debentures	IV	12,493.13	9,766.86	8,351.81	3,582.22	5,699.30
5.	Subordinated Debts		0.00	0.00	0.00	0.00	400.00
6.	Deposits	V	8,996.61	6,026.81	4,375.75	2,248.13	0.25
7.	Borrowings	VI	5,313.36	6,058.34	6,457.21	10,900.69	10,865.88
8.	Deferred Tax Liability (net)		74.32	91.79	82.30	76.51	77.29
9.	Current Liabilities and Provisions	VII	990.28	760.68	667.15	574.17	553.27
10.	Other Liabilities	VIII	272.49	272.49	272.49	272.49	272.49
11.	HLA deposits with banks and HFCs - as per contra		2.06	2.07	2.79	3.98	6.17
	TOTAL		31,331.71	25,780.76	22,731.91	19,900.18	19,882.48
ASSETS							
1.	Cash and Bank Balances	IX	1,683.91	2,117.60	1,789.02	1,498.30	1,089.63
2.	Investments	X	806.79	802.79	911.30	1,316.99	862.06
3.	Loans and Advances	XI	28,490.43	22,543.27	19,783.51	16,764.02	17,528.59
4.	Fixed Assets	XII	19.23	20.31	19.41	20.76	21.81
5.	Other Assets	XIII	329.29	294.72	225.88	296.13	374.22
6.	HLA deposits with banks and HFCs - as per contra		2.06	2.07	2.79	3.98	6.17
	TOTAL		31,331.71	25,780.76	22,731.91	19,900.18	19,882.48
	Contingent Liabilities	XIV	65.19	128.45	78.88	129.67	205.05
	Notes forming part of Accounts	XV					

REFORMATED STATEMENT OF PROFIT & LOSS ACCOUNT

(₹ in Crores)

Sl. No.	Particulars	FOR THE YEAR ENDED JUNE 30				
		2012	2011	2010	2009	2008
EXPENDITURE						
1.	Interest	1,850.07	1,489.50	1,051.68	1,279.42	1,264.78
2.	Staff Salaries, Allowances and Terminal Benefits	11.22	7.32	8.67	4.36	3.39
3.	Directors' and Committee Members Fees and Expenses	0.03	0.09	0.15	0.09	0.14
4.	Audit Fees	0.09	0.11	0.08	0.12	0.11
5.	Rent, Taxes, Electricity and Insurance	1.89	1.69	1.74	1.37	1.03
6.	Postage, Telegrams, Telex and Telephones	0.41	0.33	0.37	0.39	0.31
7.	Law Charges	0.12	0.08	1.82	0.03	0.09
8.	<i>Stationery, Printing, Advertisement, etc.</i>					
	(i) Stationery and Printing	0.23	0.34	0.47	0.53	0.57
	(ii) Advertisement	0.75	0.41	0.26	1.19	1.33
9.	Depreciation/Amortisation on Fixed Assets	2.85	2.76	2.20	2.62	2.90
10.	Brokerage, Guarantee Fee and Other Expenditure on Borrowings	4.83	3.09	16.61	8.78	3.61
11.	Stamp duty on Borrowings	5.70	3.11	6.32	3.32	0.59
12.	Travelling Expenses	1.38	1.30	0.97	1.48	1.27
13.	Other Expenditure	9.09	7.45	7.47	7.58	6.40
14.	Amount recoverable/Loans & Advances written off	0.00	0.14	0.00	0.00	17.24
15.	Loss/(Profit) on sale of Fixed Assets /demolition of Building	0.74	-0.06	-0.01	-0.02	@
16.	Depreciation/Amortisation on Investment	1.39	0.41	7.82	6.77	7.70
17.	Loss/(Gain) on revaluation of Forward Exchange Contracts	10.97	-1.61	-2.20	5.00	-1.16
18.	Provision for Non Performing Asset	0.53	0.00	0.00	0.00	0.00
19.	Provision for Standard Assets	23.79	9.50	0.00	0.00	0.00
20.	Provision for Bad and Doubtful Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	29.00	20.50	22.00	18.10	13.60
21.	Wealth Tax	0.12	0.13	0.07	0.06	0.09
22.	Deferred Tax	-17.48	9.49	5.79	0.03	1.23
23.	Income Tax	174.40	129.00	136.00	114.50	86.40
24.	Fringe Benefit Tax	0.00	0.00	0.00	0.15	0.19
25.	Balance of Profit carried down	387.10	278.93	280.25	235.62	169.70
	TOTAL	2,499.22	1,964.01	1,548.53	1,691.49	1,581.51
INCOME						
1	<i>Interest and Discount:</i>					

Sl. No.	Particulars	FOR THE YEAR ENDED JUNE 30				
		2012	2011	2010	2009	2008
	(i) Loans and Advances	2,239.67	1,770.31	1,338.20	1,493.19	1,383.46
	(ii) Bank Deposits	165.60	108.18	105.87	87.03	110.01
	(iii) Interest Income and Profit on Interest Rate Swaps	5.69	21.06	32.35	4.74	2.76
2.	Income from Investments	67.01	38.46	31.88	39.49	26.67
3.	Profit on Sale of Investments	1.07	0.00	1.89	1.65	7.89
4.	Profit on Purchase and Sale of Mutual Fund	7.22	5.93	9.11	29.04	21.71
5.	Discount on Forward Exchange Contract	0.97	0.83	0.51	0.32	0.04
6.	Other Income	1.25	2.98	22.89	9.81	3.61
7.	Gain/(Loss) on Revaluation of Foreign Deposits and Borrowings	6.80	-2.04	-1.92	5.46	3.11
8.	Provisions no longer required written back	0.81	0.04	0.98	13.68	22.25
9.	Excess provision for Employee Benefits written back	1.23	0.00	0.00	0.00	0.00
10.	Excess provision for Diminution in the Fair Value of Restructured Accounts written back	0.02	-0.09	0.00	0.00	0.00
11.	Excess provision for Tax written back (net)	1.88	18.35	0.00	0.00	0.00
12.	Excess provision on investment reversed	0.00	0.00	6.77	7.08	0.00
	TOTAL	2,499.22	1,964.01	1,548.53	1,691.49	1,581.51

@ Amount less than ₹ 0.50 lakh.

Cash flow Statement for the year ended June 30

(₹ in crore)

Particulars	FOR THE YEAR ENDED JUNE 30				
	2011-12	2010-11	2009-10	2008-09	2007-08
A) CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit as per Profit & Loss Account	387.10	278.93	280.24	235.62	169.70
Adjustments for:					
Provision for Tax	174.40	198.88	136.00	114.65	86.59
Income Tax-Earlier Years(written off)	0.00	(88.23)	0.00	0.00	0.00
Provision for Wealth Tax	0.12	0.13	0.07	0.06	0.09
Provision for Deferred Tax	0.00	9.49	5.79	0.03	1.23
Depreciation on fixed assets	2.85	2.76	2.20	2.62	2.91
Write offs(Loans & Advances)	0.00	0.15	0.00	0.00	17.24
Depreciation on investments & amortisation expense	1.39	0.41	0.31	6.77	7.70
Loss on shifting of securities	0.00	0.00	7.51	0.00	0.00
Provisions of diminution in the Fair value of Restructured Advances	0.00	0.09	0.00	0.00	0.00
Provision for Standards Assets	23.79	9.50	0.00	0.00	0.00
Provision for Non Performing Assets	0.53	0.00	0.00	0.00	0.00
Loss / (Gain) on revaluation of Forward Exchange Contracts (Notional)	11.21	(1.61)	(2.20)	(0.01)	3.05
Provision for Bad Debts u/s 36(1)(viii)(c) of Income Tax Act, 1961	29.00	20.50	22.00	18.10	13.60
Loss / (Profit) on sale of Fixed Assets	0.74	(0.06)	(0.01)	(0.02)	@
Loss /(Gain) on revaluation of Foreign Deposits & Borrowings	(5.00)	2.04	1.92	(5.46)	(3.11)
Provisions no longer required written back	(2.05)	(0.04)	(0.97)	(13.68)	(22.24)
Provision and Contingencies(written back)	0.00	0.00	(6.76)	0.00	0.00
Excess provision for Income Tax of earlier years written back	(1.88)	0.00	0.00	0.00	0.00
Deferred Tax Reversal	17.48	0.00	0.00	0.00	0.00
Excess Provisions of diminution in the Fair value of Restructured Advances written back	(0.02)	0.00	0.00	0.00	0.00
Income from Investments	(66.34)	(38.12)	(31.88)	(39.50)	(26.67)
Profit on purchase and sale of Mutual Funds	(7.22)	(5.93)	(9.11)	(29.04)	(21.71)
Profit on Sale of Investments	(1.07)	0.00	(1.84)	(1.61)	(7.63)
Dividend on Equity of Housing Finance Companies	(0.67)	(0.34)	(0.05)	(0.04)	(0.26)
Deferred Discount on Zero coupon Bonds	0.00	0.00	0.00	554.92	12.11
Operating Profit before working capital changes	564.36	388.55	403.22	843.41	232.60
Adjustments for Working Capital					
(Increase)/Decrease in Deposits with Banks	437.31	(317.60)	(300.95)	(456.58)	(110.82)
(Increase)/Decrease in Loans & Advances	(5,770.98)	(2,627.25)	(2,974.77)	828.23	1,931.55
(Increase)/Decrease in Other Assets	(47.25)	(51.31)	128.68	(96.99)	42.65
Increase/(Decrease) in Current Liabilities	(29.27)	(48.01)	(70.90)	(400.77)	(112.27)
Net cash from operating activities before taxes paid	(4,845.83)	(2,655.62)	(2,814.72)	717.30	1,983.71
Less : Income Taxes Paid	(174.69)	(132.90)	(60.37)	(107.80)	(75.82)
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	(5,020.52)	(2,788.52)	(2,875.09)	609.50	1,907.89
Extraordinary Items	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW FROM OPERATING ACTIVITIES AFTER EXTRAORDINARY ITEMS (A)	(5,020.52)	(2,788.52)	(2,875.09)	609.50	1,907.89
B) CASH FLOW FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS					
(Increase) / Decrease in Fixed Assets	(2.51)	(3.61)	(0.84)	(1.58)	(1.34)
(Increase)/Decrease in Investments	(5.39)	93.13	(302.15)	(48.80)	(459.33)
(Increase)/Decrease in Investments in PTCs	0.00	0.00	0.00	0.22	0.29
Income from Investments	66.34	38.12	31.87	39.50	26.67
Profit on purchase and sale of Mutual Funds	7.22	5.93	9.11	29.04	21.71
Profit on Sale of Investments	1.07	0.00	1.84	1.56	0.07
Dividend on Equity of Housing Finance Companies	0.67	0.34	0.05	0.04	0.26
NET CASH GENERATED FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	67.40	133.91	(260.12)	19.98	(411.67)
Receipts from sale of equity of HFCs	0.00	0.00	0.00	0.06	9.97
NET CASH GENERATED FROM INVESTING ACTIVITIES AFTER EXTRAORDINARY ITEMS (B)	67.40	133.91	(260.12)	20.04	(401.70)
C) CASH FLOW FROM FINANCING ACTIVITIES					
Net income under Staff Benevolent Fund	0.64	0.39	0.17	@	@
Increase / (Decrease) in Bonds & Debentures	2,726.28	1,415.04	4,769.59	(2,117.08)	(3,368.53)
Increase / (Decrease) in Subordinated Debts	0.00	0.00	0.00	(400.00)	0.00
Increase / (Decrease) in Deposits	2,969.79	1,651.06	2,127.63	2,247.88	0.25
Increase/(Decrease) in Borrowings	(744.98)	(398.87)	(4,443.48)	34.81	1,870.20
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	4,951.73	2,667.62	2,453.91	(234.39)	(1,498.08)
Net increase in cash and cash equivalents (A+B+C)	(1.39)	13.01	(681.30)	395.15	8.11
Cash and cash equivalents at the beginning of the year	21.29	8.28	689.58	294.43	287.49

Particulars	FOR THE YEAR ENDED JUNE 30				
	2011-12	2010-11	2009-10	2008-09	2007-08
Cash and cash equivalents at the end of the year	19.90	21.29	8.28	689.58	295.60
38 (b) Schedule to Cash & Cash Equivalents					
Particulars					
Cash in hand	0.00	0.00	0.00	@	@
Balances with Reserve Bank of India	0.07	0.04	0.20	0.09	0.13
Balance with banks-Current Account	19.83	21.25	8.08	16.49	64.36
Investment in Mutual Funds	0.00	0.00	0.00	673.00	211.50
Collateralized Borrowing and Lending Operations	0.00	0.00	0.00	0.00	18.45
Cash realised on forward exchange contract	0.00	0.00	0.00	0.00	4.27
Cash and cash equivalent before exchange rate adjustments	19.90	21.29	8.28	689.58	298.71
Effect of exchange rate changes-unrealised gains	0.00	0.00	0.00	0.00	(3.11)
Cash and cash equivalent after exchange rate adjustments	19.90	21.29	8.28	689.58	295.60

@ Amount less than ₹ 0.50 lakh

Limited Review Financials

Reviewed Financial Results for the half-year ended 31st December, 2012

(Rs. lakhs)

Particulars	6 months ended 31/12/2012	Corresponding 6 months ended 31/12/2011	Year to Date figures for current period ended 31/12/2012	Previous accounting year ended 30/06/2012
	Unaudited	Unaudited	Unaudited	Audited
	143,014.00		143,014.00	247,797.12
1. Interest Earned (a)+(b)+(c)+(d)		111,322.54		
	133,356.62		133,356.62	223,967.01
(a) Interest on advances		98,978.27		
(b) Income on Investments	3,438.56	3,388.76	3,438.56	6,700.95
				16,559.79
(c) Interest on bank deposits	6,139.38	8,649.72	6,139.38	9
(d) Others	79.44	305.79	79.44	569.37
2. Other Income	601.73	1,041.27	601.73	1,183.00
	143,615.73		143,615.73	248,980.12
3. Total Income (1+2)	73	112,363.81	73	12
	103,801.05		103,801.05	185,006.61
4. Interest Expended		82,320.23		
5. Operating Expense (i)+(ii)	2,044.60	2,179.24	2,044.60	4,414.94
(i) Payments to and provisions for employees	368.56	406.81	368.56	1,122.32
(ii) Other operating Expense (a)+(b)+(c)	1,676.04	1,772.43	1,676.04	3,292.62
(a) Brokerage, Guarantee Fee and Other Finance Charges	222.36	274.53	222.36	482.85
(b) Stamp duty on Borrowings	207.50	278.00	207.50	569.80
(c) Other expenditures	1,246.18	1,219.90	1,246.18	2,239.97
6. Total Expenditure excluding Provisions and Contingencies (4+5)	105,845.65	84,499.47	105,845.65	189,421.55
7. Operating Profit before Provisions and Contingencies (3-6)	37,770.08	27,864.34	37,770.08	59,558.57
8. Provisions other than Tax and Contingencies	3,574.29	2,624.86	3,574.29	5,330.72
9. Exceptional Items	-	-	-	-
10. Profit (+) / Loss (-) from Ordinary Activities before Tax (7-8-9)	34,195.79	25,239.48	34,195.79	54,227.85
	10,767.09		10,767.09	15,517.92
11. Tax Expense		8,498.48		
12. Net Profit (+)/Loss (-) from Ordinary Activities after Tax (10-11)	23,428.70	16,741.00	23,428.70	38,709.93
13. Extraordinary items (net of tax expense)	-	-	-	-
14. Net Profit (+)/Loss (-) for the period (12-13)	23,428.70	16,741.00	23,428.70	38,709.93
	45,000.00		45,000.00	45,000.00
15. Paid-up capital		45,000.00		
16. Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	273,946.45	235,172.54	273,946.45	273,946.45
17. Analytical Ratios:				
(i) Capital Adequacy Ratio	16.83%	19.08%	16.83%	19.82%
(ii) Earning Per Share (EPS)	NA	NA	NA	NA
18. NPA Ratios				
a) Amount of Gross NPA	453.14	102.02	453.14	356.09
b) Amount of Net NPA	375.44	86.71	375.44	302.68
c) % of Gross NPA	0.014%	0.004%	0.014%	0.012%
d) % of Net NPA	0.011%	0.003%	0.011%	0.011%
e) Return on Assets (Annualized)	1.40%	1.22%	1.40%	1.35%

Particulars	6 months ended 31/12/2012	Corresponding 6 months ended 31/12/2011	Year to Date figures for current period ended 31/12/2012	Previous accounting year ended 30/06/2012
	Unaudited	Unaudited	Unaudited	Audited

Notes:

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on January 28, 2013.
2. The above results have been subjected to Limited Review by the Statutory Auditors.
3. The financial results for the half-year ended December 31, 2012 have been arrived at, after considering provisions for Non-Performing Assets and Standard Assets on the basis of prudential norms issued by RBI.
4. Previous years figures have been regrouped / rearranged wherever necessary.

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 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 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 and the six months ended December 31, 2012.

	(Rs. in Crore)			
	June 30, 2010	June 30, 2011	June 30, 2012	December 31, 2012
Sanctions	12,715	14,293	23,460	15,781
Disbursements	8160	12035	14454	9516
Net Owned Funds	2485	2770	3154	3388
Net NPA’s	Nil	Nil	3.03	3.75
Reserve & Surplus	2072.41	2351.72	2739.46	2974
Gross Profit/PBT	422.11	399.20	542	342
Net Profit/PAT	280.25	278.93	387.10	234
Balance Sheet Size	22,732	25780.76	31331.71	35639
PAT Per Employee	3.15	3.21	4.07	2.49

STRENGTHS

We are the apex 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 equity 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. 387.10 Crore for June 30, 2012 and Rs. 234 Crore for the six months ended December 31, 2012. As on December 31, 2012, we had a net owned fund of Rs. 3388 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, 2012, we had non-performing assets aggregating to Rs. 3.03 Crore and as at December 31, 2012, we had non-performing assets aggregating to Rs. 3.75 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 December 31, 2012, NHB has a total strength of 94 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 (PFI) under section 4A of the Companies Act. Since its inception, NHB is wholly owned by the Reserve Bank of India.

Head Office

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 Fax No.: 011-24649037, 24646988, 24649041
 Website: www.nhb.org.in
 E-mail: taxfreebonds@nhb.org.in

Members of the Board of NHB (as on the date of the Draft Prospectus)

Name, Designation and Address	Date of Appointment (Director of NHB since)	Age in Years	Other Companies in which Directorship held (as on December 31st, 2012)
Shri R.V. Verma Chairman & Managing Director, National Housing Bank, Core 5-A, India Habitat Centre, Lodhi Road, New Delhi - 110 003 (Occupation: Service) (DIN No.: 03546341)	15-09-2010	57	(i) Central Registrar and Managing Director & CEO, Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) (ii) Chairman, India Mortgage Guarantee Corporation Pvt. Ltd. (iii) Member, Board of Trustees, Credit Risk Guarantee Fund Trust
Dr. Santosh Chandra Panda, Director, Delhi School of Economics, North Campus, University of Delhi Delhi – 110 007 (Occupation: Service) (DIN No.: Not Available)	14-06-2012	57	NIL
Dr. Neelima Risbud, Dean, School of Planning and Architecture, 4-Block-B, Indraprastha Estate, New Delhi – 110 002 (Occupation: Service) (DIN No.: Not Available)	14-06-2012	63	NIL
Shri H.R. Khan, Deputy Governor, Reserve Bank of India, Central office, Shaheed Bhagat Singh Marg, Mumbai - 400 001. (Occupation: Service) (DIN No.: Not Available)	08-08-2011	58	National Bank for Agriculture and Rural Development

<p>Shri G.M. Rao, Group Chairman, GMR Group, IBC Knowledge Park, Phase 2, 'D' Block, 4/1, 11th Floor, Bannerghatta Road, Bangalore – 560029</p> <p>(Occupation: Business) (DIN No.: 00574243)</p>	30-11-2011	63	<ul style="list-style-type: none"> i. GMR Infrastructure Limited ii. GMR Holdings Pvt. Limited iii. GMR Hyderabad International Airport Ltd. iv. GMR Varalakshmi Foundation v. Delhi Aerotropolis Pvt. Limited vi. GMR Hyderabad Aerotropolis Limited vii. Kakinada Refinery and Petrochemicals Pvt. Ltd. viii. Delhi International Airport Private Limited ix. GMR Airports Holding Ltd. x. AMG Healthcare Destination Pvt. Ltd. xi. LGMHavalimanilsetmeleri Ticaretve Turizm Anonim Sirketi xii. Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim ve Isletme A.S. (Sabiha Gokcen International Airport) xiii. GMR Male International Airport Private Ltd. xiv. GMR Infra Ventures LLP
<p>Shri Ajay Kumar Dutta,</p> <p>Secretary, Housing Department, Govt. Of West Bengal, Housing Department, New Secretariat Building 1, K.S. Roy Road. Kolkata-700001</p>	31-12-2012	54	NIL
<p>Shri Susheel Kumar, IAS,</p> <p>Joint Secretary to the Government of India, Ministry of Housing & Urban Poverty Alleviation, Nirman Bhawan, New Delhi - 110 001</p> <p>(Occupation: Service) (DIN No.: 00040657)</p>	01-05-2012	54	<ul style="list-style-type: none"> i. Hindustan Prefab Limit ii. Housing and Urban Development corporation Limited
<p>Shri Anurag Jain, IAS,</p> <p>Joint Secretary to the Government of India, Ministry of Finance, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi - 110 001</p> <p>(Occupation: Service) (DIN No.: 01779759)</p>	18-10-2011	47	<ul style="list-style-type: none"> i. Punjab National Bank ii. Small Industries Development Bank of India iii. Irrigation and Water Resources Finance Corporation iv. National Insurance Company Ltd.
<p>Ms. Vijaya Srivastava, IAS,</p> <p>Joint Secretary to the</p>	13-09-2012	54	Nil

Government of India, Rural Housing Wing, Department of Rural Development, Ministry of Rural Development, Krishi Bhawan, Dr. Rajendera Prasad Marg, New Delhi - 110 011 (Occupation: Service) (DIN No.: Not Available)			
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For further details on the Members of NHB, please refer to chapter "**Management**" on page 75 in this Draft Prospectus.

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- 26417832 (Direct)
Fax:+91-11-24617832
Email: kchakravathy@nhb.org.in

Compliance Officer

Mr. K. Chakravarthy
Deputy General Manger
National Housing Bank
3rd Floor, Core 5A
India Habitat Centre, Lodhi Road,
New Delhi -110003
Tel.: +91-11- 26417832 (Direct)
Fax:+91-11-246417832
Email: taxfreebonds@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 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

<p>Kotak Mahindra Capital Company Limited 1st Floor, Bakhtawar, 229 Nariman Point Mumbai 400 021, India Tel: +91 (22) 6634 1100 Fax: +91 (22) 2284 0492 Email : nhb.bonds@kotak.com Website: www.investmentbank.kotak.com Investor Grievance ID: kmccredressal@kotak.com Contact Person : Mr. Ganesh Rane Compliance Officer: Mr. Ajay Vaidya SEBI Registration Number: INM000008704</p>	<p>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 E-mail: nhbtaxfree@axiscap.in Investor Grievance Email: complaints@axiscap.in Website: www.enam.com Contact Person: Mr. Akash Aggarwal Compliance Officer: Mr. M. Natarajan SEBI Registration No.: INM000012029</p>
<p>ICICI Securities Limited ICICI Centre. H.T. Parekh Marg, Churchgate Mumbai 400 020, India Tel: +91 (22) 2288 2460 Fax: +91 (22) 2282 6580 Email : nhb.taxfreebonds@icicisecurities.com Website: www.icicisecurities.com Investor Grievance ID: customercare@icicisecurities.com Contact Person: Mr. Manvendra Tiwari/ Mr. Amit Joshi Compliance Officer: Mr. Subir Saha SEBI Registration Number: INM000011179</p>	<p>SBI Capital Markets Limited 202, Maker Tower E, Cuffe Parade, Mumbai 400 005, India Tel: +91 (22) 2217 8300 Fax +91 (22) 2218 8332 Email : TaxfreeNHB2013@sbicaps.com Website: www.sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Contact Person : Mr. Neeladrinath Sarangi/ Ms. Sylvia Mendonca Compliance Officer: Mr. Bhaskar Chakraborty SEBI Registration Number: INM000003531</p>

Lead Brokers

●

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: vineet.kumar@iflindia.com;
Investor Grievance Email: investorgrievanceitcl@iflindia.com
Website: www.itclindia.com;
Contact Person: Mr. Vineet Kumar;
SEBI Registration No.: IND000000452

IL&FS Trust Company Limited has by its letter dated February 20, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Draft Prospectus, the 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.

Registrar to the Issue

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

Statutory Auditors

M/s V.K. Verma & Co., Chartered Accountant,
C-37, Connaught Place, New Delhi-110001
Tel. No.: +91 (11) 23415811, Fax.: +91 (11) 23417925
Email: vkverma@vkvermaco.com
Website: www.vkvermaco.com
Registration number: 000386N

** V.K Verma & Co. was appointed as the Statutory Auditor of NHB in November 1, 2012 vide RBI Letter (Ref: DBS.ARS.No.5648/08:15:008/2012-13) dated November 1, 2012. Prior to that M/s Aiyar and Co., Chartered Accountants, 607, Akashdeep, 26 A Barakhamba Road, New Delhi – 110 001 were the statutory auditors of NHB.*

Escrow Collection Banks/ Bankers to the Issue

ICICI Bank Limited*

Capital Market Division,
Rajbahadur Mansion,
30, Mumbai Samachar Marg, Fort,
Mumbai 400 001
Tel.: +91 (22) 6631 0322
Fax: +91 (22) 6631 0350 / +91 (22) 2261 1138
Email: anil.gadoo@icicibank.com
Contact Person: Mr. Anil Gadoo
Website: www.icicibank.com
SEBI Registration Number: INBI00000004

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
Contact Person: Mr. Uday Dixit
Website: www.hdfcbank.com
SEBI Registration No. INBI000000063

Axis Bank Limited

148, Statesman House, Barakhamba Road,
New Delhi – 110 001.
Tel: +91 (11) 47425120/ 41521310
Fax: +91 (11) 43506565
Email: ashish.dhall@axisbank.com,
newdelhi.branchhead@axisbank.com
Contact Person: Mr. Ashish Dhall
Website: www.axisbank.com
SEBI Registration No.: INBI000000017

Yes Bank Limited

8th Floor, India Bulls Financial Centre,
Senapati Bapat Marg, Elphinstone (West),
Mumbai 400 013
Tel.: +91 (22) 3347 7251
Fax: +91 (22) 2497 4875
Email: dltbtservices@yesbank.in
Contact Person: Mr. Shankar Vichare/ Mr.
Avinash Pawar
Website: www.yesbank.in
SEBI Registration No. INBI000000935

Kotak Mahindra Bank Limited

Kotak Towers, Cash Management Services,
6th Floor, Zone 3, Building No. 21, Infinity Park,
Off Western Express Highway,
Goregaon Mulund Link Road, Malad (East),
Mumbai 400 097
Tel.: +91 (22) 6605 6959
Fax: +91 (22) 6646 6540
Email: prashant.sawant@kotak.com
Contact Person: Mr. Prashant Sawant
Website: www.kotak.com
SEBI Registration No. INBI000000927

IDBI Bank Limited

Unit No. 2, Corporate Park,
Sion Trombay Road, Chembur,
Mumbai 400 071
Tel.: +91 (22) 6690 8402
Fax: +91 (22) 2528 6173
Email: ipteam@idbi.co.in
Contact Person: Mr. V. Jayananthan (Head- CMS
Operations)
Website: www.idbibank.com
SEBI Registration No. INBI000000076

IndusInd Bank Limited

Cash Management Services, Solitaire Park No.
1001, Building No. 10, Ground Floor,
Guru Hargovindji Marg, Andheri (East)
Mumbai 400 093
Tel.: +91 (22) 6772 3901 to 3917
Fax: +91 (22) 6772 3998
Email: sanjay.vasarkar@indusind.com
Contact Person: Mr. Sanjay Vasarkar
Website: www.indusind.com
SEBI Registration No. INBI000000002

State Bank of India**

Capital Market Branch,
Videocon Heritage (Killick House),
Ground Floor, Charanjit Rai Marg
Mumbai 400 001
Tel.: +91 (22) 2209 4932 / 4927
Fax: +91 (22) 2209 4921 / 4922
Email: niib.11777@sbi.co.in, sbi11777@yahoo.co.in
Contact Person: Mr. Anil Sawant
Website: www.statebankofindia.com
SEBI Registration No. INBI000000038

* The SEBI registration of ICICI Bank Limited as a Banker to the Issue expired on October 31, 2012. ICICI Bank Limited has applied for renewal of its registration certificate on July 12, 2012 prior to the expiry of its registration. The approval of SEBI in this regard is awaited.

** The SEBI registration of State Bank of India as a Banker to the Issue expired on November 30, 2012. State Bank of India has applied for renewal of its registration certificate on October 13, 2012 prior to the expiry of its registration. The approval of SEBI in this regard is awaited.

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) 47154904/ 906
Fax: +91 (11) 24365907, 24368616, 24352566
Email: sbhscopecomplex@sbhyd.co.in,
sbhscopecomplex@gmail.com
Website: www.sbhyd.co.in
Contact Person: Ms. Bindu Acharya, Asst. General
Manager

ICICI Bank Limited

9A, Phelps Building, Connaught Place, New Delhi-
110001,
Tel: +91 (11) 43084008
Fax: +91 (11) 66310410
Email: bhavit.sharma@icicibank.com
Contact Person: Mr. Bhavit Sharma

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.ujjwal@hdfcbank.com
Contact Person: Mr. Uday Dixit
Website: www.hdfcbank.com
SEBI Registration No. INBI00000063

Credit Rating Agencies

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. Suman Chowdhury
SEBI Registration Number: IN/CRA/001/1999

Credit Analysis & Research Limited

4th Floor, Godrej Coliseum, Somiya Hospital Road,
Off Eastern Express Highway, Sion (East), Mumbai-
400 022, India
Tele: +91 22 6754 3456
Fax: +91 22 6754 3457
Email: jasmeen.kaur@careratings.com
Investor Grievance ID:
jasmeen.kaur@careratings.com
Website: www.careratings.com
Contact person: Ms. Jasmeen Kaur
SEBI Registration No.: IN/CRA/004/1999

Legal Advisor to the Issue

Dhir & Dhir Associates

Advocate & Solicitors
D-55, Defence Colony, New Delhi- 100 025
Tele: +91 (11) 42410000, Fax: +91 (11) 42410091

Credit Rating and Rationale

CRISIL Limited (“CRISIL”) has, by its letter no SN/FSR/NHB/2012-13/1891 dated February 5, 2013 and letter no. AK/FSR/NHB/2012-13/1973 dated February 20, 2013, assigned a rating of “CRISIL AAA/Stable” to the Bonds. Instruments with this rating are considered to have a highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited (“CARE”) has, by its letter dated January 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. Such instruments carry lowest credit risk. For more information, see "Annexure C - Credit Rating" at page 269.

Expert Opinion

Except the letter dated February 19, 2013 issued by the Credit Rating Agency, CARE, in respect of the credit rating of the Issue, and the report and statement of tax benefits dated February 19, 2013 issued by V.K Verma & Co., Statutory Auditors 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 a.m. to 5 p.m. during the period indicated above with an option for early closure (subject to the Issue being open for a minimum of three Working Days) which may be extended up to 30 Working Days from the date of opening of the Issue, 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 Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper. For more information, see "Issue Procedure" on page 129.*

CAPITAL STRUCTURE

Under the NHB Act, the authorized and paid-up capital of the NHB shall be Rs. 100 Crore and shall be subscribed by the RBI. It was also provided that, the GoI can increase the authorized capital to Rs. 500 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 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 Crore. The increased capital can be subscribed by 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 per cent of issued capital of the National Housing Bank. The authorized capital was increased to Rs. 450 Crore in the year 2002-03 and the increase in the capital of Rs. 100 Crore was also subscribed by RBI.

1. **Our share capital as on December 31, 2012 and as at the date of the Draft Prospectus is set forth below:**

Share Capital	[Rs. in Crore]
(A) Authorized Share Capital	450.00
(B) Issued, Subscribed and Paid-up Share Capital (Wholly subscribed by Reserve Bank of India)	450.00

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

There have been no changes in our authorised share 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 share capital held by the promoters as on 31.12.2012.**

Sr. No	Shareholder(s)	Share 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 share capital of National Housing Bank has been subscribed by Reserve Bank of India.

(b) **List of top ten holders of shares capital:**

Sr. No	Shareholder(s)	Share Capital (Rs.in Crore)	Percentage(%)
1.	Reserve Bank of India	450.00	100%

7. **Details of Top Ten Debenture Holders**

The Top 10 holders of non-convertible debentures, on a cumulative basis for all outstanding non-convertible debentures, as at February 8, 2013 is attached hereto as **Annexure B** at page 258.

8. **Gross Debt - equity ratio**

Debt Equity Ratio prior to the Issue*	9.06
Debt Equity Ratio after the Issue**	10.17

* As on December 31, 2012

** Assuming that the entire issue amount of Rs. 3,750 Crore will be subscribed and there is no change in our capital and other long/ short term debt.

9. **No part of Share Capital is pledged or otherwise encumbered.**
10. **NHB has not issued any Shares or debt securities (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 24.12.2008 at a discount price of Rs. 4360.19 per Bond of Face Value Rs. 10,000/- maturing on 24.12.2018.
 - b) NHB Zero Coupon Bonds (Sumeru) aggregating to 3,00,000. Bonds were issued on 31.3.2009 at an average discount price of Rs. 4212.445 per Bond of Face Value Rs. 10,000/- maturing on 31.03.2019
 - 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.
 - d) NHB Tax free Bonds in the nature of secured redeemable non convertible debentures aggregating to 1260 Bonds were issued on 14.12.2012 at a premium of Rs. 100/- per Bond of Face Value of Rs. 10,00,000/- maturing on 14.12.2022.
 - e) NHB Tax free Bonds in the nature of secured redeemable non convertible debentures aggregating to 1100 Bonds were issued on 01.01.2013 at a premium of Rs. 100/- per Bond of Face Value of Rs. 10,00,000/- maturing on 01.01.2023.
 - f) NHB Tax free Bonds in the nature of secured redeemable non convertible debentures aggregating to 1250 Bonds were issued on 06.02.2013 at a premium of Rs. 100/- per Bond of Face Value of Rs. 10,00,000/- maturing on 06.02.2023.
11. **NHB has not issued any Shares or debt securities on account of any acquisition, amalgamation, reorganisation or reconstruction in the last one year.**
12. **For information on outstanding borrowings of NHB as at 31.12.2012, see "*Description of Certain Indebtedness*" on page 94.**

OBJECTS OF THE ISSUE

Issue Proceeds

This is a public issue by NHB, of tax free bonds in the nature of secured, redeemable, non-convertible bonds of face value of Rs. 10,000/- each in the nature of debentures, having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, up to Rs. 3750 Crore. The Issue is being made under the SEBI Debt Regulations and pursuant to Notification No. 46/2012.F.No.178/60/2012-(ITA.1) dated November 6, 2012, 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.

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. For more information on NHB's business and associated risks, see "*Business*" and "*Risk Factors*" on pages 57 and 9, 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 area housing development.

We shall utilise the Issue proceeds only on execution of documents for creation of security as stated in this Draft Prospectus under "*Terms of the Issue*" on page 116 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 any committee thereof or Chairman and Managing Director, from time to time.

Issue Expenses

The following are the estimated Issue expenses, proposed to be met from the Issue proceeds, which shall be finalised at the time of filing of the Prospectus.

Particulars	Amount (in Crore)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries			
Lead Managers	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Debenture Trustee	[●]	[●]	[●]
SCSBs	[●]	[●]	[●]
Advertising and marketing	[●]	[●]	[●]
Selling and Brokerage commission	[●]	[●]	[●]
Other Miscellaneous Expenses	[●]	[●]	[●]

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 2013, 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 125 and 126.

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 46/2012 [F.No.178/60/2012-(ITA.1)] dated 6-11-2012 authorizes National Housing Bank to issue during the Financial year 2012-13, tax free, secured, redeemable, non- convertible bonds of rupee 10,000 each for the aggregate amount of Rs 2000 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 year.

(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 65 bps in case of Retail Institutional Investors and G-sec rate minus 115 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, except in case of transfer to legal heir in event of death of the original investor.

(vii) Issue Expenses & brokerage

i) in case of a public issue, total issue expense shall not exceed 0.50% of the issue size;

ii) in case of a private placement it shall not exceed 0.2% 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 payable 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 exchanges 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 from 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 purchases 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) then 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 February 19, 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 or rounded off for presentation in the Draft Prospectus.

Global Economy

The global economy has yet to shake off the fallout from the crisis of 2008-2009 and global growth prospects have weakened both in advanced economies and developing economies. It is observed that unlike 2010 and 2011, when growth in major emerging economies was strong during the slowdown, in 2012 growth in developing economies has also decreased. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)

Global growth prospects for 2012 have been revised from 2.0 percent down to 1.5 percent for advanced economies, and from 6.0 percent down to 5.6 percent for emerging market and developing economies. Fiscal consolidation, a weak financial system coupled with an accommodative monetary policy and prevailing uncertainty are the major factors resulting in slow growth in advanced economies. Slow growth and uncertainty in advanced economies are affecting emerging market and developing economies, through both trade and financial channels, adding to decelerated growth. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)

In the US, growth in the 3rd quarter of 2012 has picked up relative to the earlier quarter. In the UK, after three consecutive quarters of contraction, growth turned positive in 3rd quarter of 2012. The euro area continued to experience contraction in output in 2nd quarter, and recessionary headwinds have persisted in the 3rd quarter. Growth decelerated significantly in Japan. High unemployment relative to trend persisted in all major developed economies, although in September 2012, the US unemployment rate declined to below 8 per cent for the first time in four years. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)

As regards the other emerging markets which include – Brazil, Russia, China and South Africa – they have also slowed in the first half of 2012, with China decelerating further in Q3. According to the October 2012 Global Financial Stability Report of the IMF, risks to financial stability have increased since April 2012 as confidence in the global financial system remains fragile, notwithstanding greater monetary accommodation by central banks. Growth is estimated to have weakened appreciably in developing Asia, to less than 7 percent in the first half of 2012, owing to tightening in credit conditions, and weaker external demand. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)

Domestic Economy

The Indian economy had continued to outperform most emerging markets during 2010-2011, retaining its position as the second fastest growing economy, after China, amongst the G-20 countries. (Source: *Reserve Bank of India Macroeconomic and Monetary Developments in 2010-2011*) The GDP of India at constant (2004-2005) prices is estimated at Rs. 48.78 trillion for fiscal 2011, showing a growth rate of 8.5 percent over fiscal 2010. The Index of Industrial Production of manufacturing registered a growth rate of 8.1 percent during fiscal 2011. (Source: *Ministry of Statistics and Programme Implementation, Government of India, Press Note on Revised Estimates of Annual National Income, 2010-2011 and Quarterly Estimates of Gross Domestic Product, 2010-2011, dated May 31, 2011*) During the same period India's exports went up by 37.55 percent to USD 245.86 billion, demonstrating robust demand for Indian merchandise. (Source: *Press Note dated May 2, 2011, 'India's Foreign Trade: March 2011', Ministry of Commerce and Industry, Government of India*). However during 2011-12 the Indian Economy has shown sign of slow down. Gross Domestic Product (GDP) growth decelerated over four successive quarters from 9.2 per cent in Q4 of 2010-11 to 5.3 per cent in Q4 of 2011-12. Slowdown in industrial growth as well as deceleration in services sector activity pulled down the overall GDP growth to 6.5 per cent for 2011-12. (Source: *First Quarter Review of Monetary Policy 2012-13, Reserve Bank of India, July 31, 2012*). The latest growth estimates by the Central Statistical Office (CSO) has revealed that the GDP has grown by 5.5 percent in Q1

of 2012-13 as compared to 8 per cent during the same period last fiscal. (Source: Press Note on Estimates of Gross Domestic Product for the first quarter (April-June) of 2012-13, Dated 31st August 2012, Press Information Bureau, Government of India). In the April 2012 Policy Statement, the Reserve Bank had made a baseline projection of WPI inflation for March 2013 of 6.5 per cent. Keeping in view the recent trends in food inflation, trends in global commodity prices and the likely demand scenario, the baseline projection for WPI inflation for March 2013 is now raised from 6.5 per cent, as set out in the April Policy, to 7.0 per cent (Source: First Quarter Review of Monetary Policy 2012-13, Reserve Bank of India, July 31, 2012).

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 Sector in India, 2012, published by NHB).

Housing has a direct impact on the Steel and Cement, marble/ ceramic tiles, electrical wiring, PVC, Pipes, and various types of fittings industry, which make a significant contribution to the national economy. As per CSO estimates, housing sector contribution to GDP in the year 2003-2004 was 4.5 percent. (Source: Eleventh Five Year Plan).

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.

The housing sector has strong backward and forward linkages to over 250 ancillary industries which includes construction workers, builders, developers, suppliers, civil engineers, valuers, property consultants, furnishers, interior decorators, and plumbers – a virtually unending list. Housing ranks fourth in terms of the multiplier effect on the economy and third amongst 14 major industries in terms of total linkage effect. After agriculture, the housing and real estate industry is the second largest employment generator in India. The sector is labour intensive and, including indirect jobs, provides employment to around 33 million people. It is estimated that about 70 per cent of these are employed in the infrastructure segment and the remaining 30 per cent in the real estate segment. According to industry estimates, the industry is expected to generate additional employment of 47 million, with the total number of persons employed in the sector reaching 83 million persons by 2022. Housing and building activity levels have significant macroeconomic effects - directly in terms of the consumer price index and interest rates, and indirectly in terms of the 'wealth' effect on spending levels and multiplier effects from employment in the sector. (Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB)

Further, housing indirectly contributes to the social, physical and psychological well being. Poor housing conditions, including overcrowding and unhygienic infrastructure lead to ill health, increase in sickness and lack of productivity at work. An adequate quantity of houses can lead to increased productivity, better education, less illness, asset creation and social well being of the user.

Issues Concerning Housing in India

Housing shortage has always been a major problem over the years in our country since independence. Such shortage estimated as excess households over houses including houseless households, congestion (number of married couples requiring separate house), and replacement/ up-gradation of kutchas/ unserviceable kutchas and obsolescence/ replacement of old houses, etc. had grown over the decades.

The Working Group on Rural Housing for the Twelfth Five Year Plan (2007-12), has estimated the total housing shortage in rural areas at 48.81 million units at the end of 2012. It is also of major concern that 90 per cent of the rural housing shortage (approximately, 43.93 million units) are in respect of Below the Poverty Line (BPL) categories. The vulnerabilities to the rural housing sector are often thought to be limited to the delivery system for housing materials, services and finance. The sector, however, is deeply affected by infrastructure deficit – roads, electricity supply, drinking water and sanitation. The housing finance which played a key role in the urban housing revolution is rather conspicuous by its absence in the rural setting. To aggravate the situation further, there is a real paucity of common or non-agricultural land for meeting the housing needs of the poor; whatever little is available is pre-empted by the demands from other sectors. The lack of vibrancy in the market for village properties and the marked volatility in agricultural incomes combine to dampen the prospects of this sector. (Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB)

As per the latest Government estimates, the housing shortage in the urban areas is 18.78 million units. The situation is appalling with 99 per cent of the housing shortage pertaining to the Economically Weaker Section (EWS) and Low Income Group (LIG) categories. Out of this shortage, the congestion factor contributes to 12.67 million of households and need for fresh housing contributes to 16.29 Million units. Most of the housing shortage is for EWS and LIG Sections which does not seem to be getting translated into economic demand due to lower affordability by the poor. The ever increasing demand for housing and consequent development of slums drags down the productivity of the city and its potential contribution to economic growth. Table below exhibits the total demand of new housing in Slum and Non Slum areas. (Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB)

INVESTMENT ESTIMATES FOR AFFORDABLE HOUSING

	Slum areas	Non slum areas	Total	Unit Cost	Total Cost
Units	Million	Million	Million	Rs	Creore
Need for fresh housing units	10.61	5.68	16.29	3,50,000	5,70,150.00
Incremental housing to address congestion	4.78	7.89	12.27	60,000	76,020.00
Provision of infrastructure for new housing units	10.61	5.68	10.61	1,20,000	1,27,320.00
Up gradation of infrastructure in existing slums	10.85	0	10.85	70,000	75,950.00

Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB

Looking deeper into the extent of availability of basic amenities, the position is all the more disturbing. As per the Report of Housing Condition & Amenities in India (2009) by National Sample Survey Office (NSSO), 65 per cent of rural and 11 per cent of urban households do not have adequate sanitation facilities. 34 per cent of the rural and 4 per cent of the urban households did not have the facility of electricity. Only 18 per cent of the rural households had all the three facilities (drinking water within premises, sanitation & electricity) whereas in urban areas, all the three facilities were available to 68 per cent households. (Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB)

Dimensions of the Problem of Housing Shortage

The housing market in India is influenced by both demand and supply side constraints. The growing middle class, income levels of the people, cyclical conditions, urbanization are demand drivers which have impacted the housing sector. The major supply side constraints include the lack of availability of land, finance at reasonable rate, infrastructure, legal and regulatory framework and the limitations of the private and other stakeholders to provide low income housing.

Some of the dimensions, both supply and demand side of affordable housing are as outlined below:

- a) As per the provisional Census 2011, the population of India was 1.21 Billion compared to 1.02 Billion in 2001. For the first time since Independence, the absolute increase in population is more in the urban areas. The Rural – Urban distribution was 68.84 per cent and 31.16 per cent respectively. The level of urbanization increased from 27.81 percent in 2001 Census to 31.16 percent in 2011 Census and the proportion of rural population declined from 72.19 per cent to 68.84 per cent. There has been a spurt in growth of population in urban areas in the country, which could be due to migration, natural increase and inclusion of new areas under 'Urban'. (Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB)
- b) At 31.16 per cent as recorded in the provisional Census 2011, the urban population has been growing steadily and the number of people in urban cities and towns has gone up substantially. The absolute increase in urban population is more than in the rural areas. This has resulted in unplanned and induced rural urban migration. The number of homeless people, slums and squatters has gone up and the concept of low income/affordable housing for such segments has assumed great importance. (Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB)

- c) Amongst the supply side impediments, land bears particular importance. A major concern today is the inflated prices of land which in turn leads to lack of availability of land for housing, developmental and economic activities. Even when supply is increased from medium to long term, prices do not decline. Prices are normally downwardly rigid. Further, lack of clear titles and also proper legal regulations to develop land is increasing the pressure on the metros. While smaller cities and towns are fast emerging as centres of demand, the pressure on existing four metros remains enormous. A crucial factor behind this tendency is the barrier for major players in real estate in tapping the vast land potential in rural areas reinforced by poor enforcement of laws against encroachment of public lands as well as lack of clear titles to private lands causing an artificial scarcity of land in rural areas. Another major issue is absence of large scale digitization of land records and the easy access to such records for checking titles/encumbrances. The dynamics between rural and urban housing demand is also different with housing in rural India still largely for own use rather than for sale and resale. A possible reason for this, among other things, could be the problem of transferring ownership rights. As the pressure on the metros is increasing due to the population explosion, it is felt that the rural areas should increasingly come under the focus of real estate development. Accordingly, we would require a strong legal framework to prevent the bottlenecks. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)
- d) 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 especially from the unorganized work force have no or limited access to housing finance. This can be attributed to the reluctance of the formal housing finance providers to cater to these segments due to seasonal incomes, lack of collateral, lack of title deeds, no regular payments and high transaction costs. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)
- e) Housing constitutes a long term asset for a large segment of population in rural and urban areas. As debt markets are not very deep, access to long-term funding for housing finance institutions is difficult. Most banks use their short term funds from deposits and deploy these funds in long-term housing loans, thereby creating an asset liability mismatch. To tackle the interest rate risks, most assets and liabilities are on a floating rate basis. In India, there has been a long-standing demand to allow pension and provident funds to invest in housing finance. These funds are suppliers of long-term capital. They typically have a low risk tolerance but do crave for diversification. The mutuality of interest is strong between homeowners and long-term institutional investors. Going forward, to tide over the paucity of funds, it is imperative to develop the secondary mortgage market. Securitization ensures recycling of funds. While some countries in South Asia, have issued mortgage-backed securities, most transactions are sporadic and ad-hoc. Rigidities in the legal framework, high stamp duties and lack of uniformity in underwriting norms are recognized as some of the hindrances in the development of secondary mortgage market. Further, regulatory concerns for unbridled securitization and massive growth in home loan portfolio with very lax underwriting standards which caused considerable damage to the financial markets, particularly in the context of the advanced economies like the US, have to be kept in view. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)

Concept of Affordability and Affordable Housing

“Affordability” as a concept is very generic and could have different meanings for different people based on differences in income levels. Different countries have defined affordable housing to present the economic potential of an individual buying a house. In developed countries like the US and Canada, a commonly accepted guideline for affordable housing is that the cost of housing should not exceed 30 per cent of the gross income of the household. Affordable housing and low-cost housing are often interchangeably used but are quite different from each other. Low-cost housing is generally meant for the Economically Weaker Sections (EWS) categories and comprises bare minimum housing facilities while affordable housing is mostly meant for the Low Income Groups (LIG) and the Middle Income Groups (MIG). (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)

Revision of Income Ceilings for Economically Weaker Sections (EWS) and Low Income Groups (LIG).

The Ministry of Housing and Urban Poverty Alleviation (MoHUPA) vide their letter dated November 14, 2012 has advised that the income ceilings for Economically Weaker Sections (EWS) and Low Income Groups (LIG) have been revised as follows:

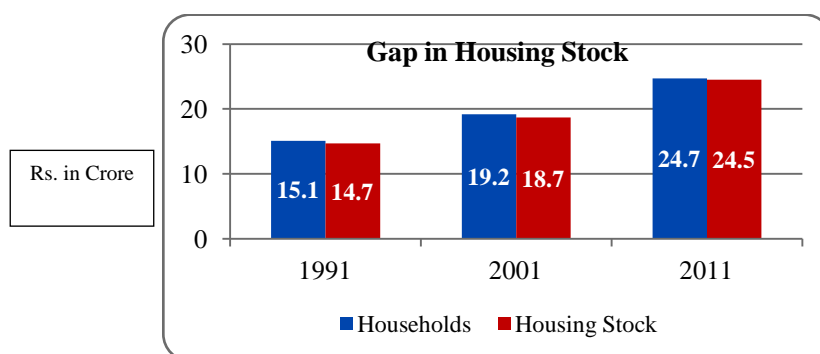
- (i) For Economically Weaker Sections (EWS) : - Rs. 1,00,000/- as household income per annum
- (ii) For Low Income Groups (LIG) : - Rs. 1,00,001 to Rs. 2,00,000 as household income per annum

(Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB)

HOUSING: CENSUS 2011

As per the Census 2011, the number of Households increased from 19.2 Crore households in 2001 to 24.7 Crore households in 2011. There has been considerable increase in the Housing Stock from 18.7 Crore in 2001 to 24.5 Crore in 2011, indicating a growth of 30.7 percent. Census 2011 also indicated that the gap between the households and housing stock has been contracting.

INCREMENT IN HOUSING STOCK



Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB

There has been a substantial improvement in the quality of housing stock. The country witnessed a decline of 16 per cent in households using Grass/Thatch/Bamboo/ Wood/ Mud/Tiles as material of roof. On the other hand, there has been a growth of 14 per cent in the proportion of households using metal/Asbestos sheets and Concrete as material of roof. Similarly there was a decline of 9 per cent in the households using Thatch/Bamboo/ Wood/ Mud/Tiles for construction of walls and an increase of 10 per cent in the households using Burnt Brick and Stone for construction of walls. The rural-urban gap has reduced from 44 per cent in 2001 to 37 per cent in 2011. (Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB)

Approximately 86.6 per cent of the households live in their own housing stock and 11.1 per cent on rental basis. The ownership pattern has remained almost constant in the last two decades, though the population has grown from 1.21 billion compared to 1.02 Billion in 2001. (Source: Report on Trend and Progress of Housing Sector in India, 2012, published by NHB)

Recent Housing Schemes Implemented By the GoI

The major policies/schemes implemented by the Central Government in housing are as outlined below:

- 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”. (Source: Report on Trend and Progress of Housing Sector in India, 2012, 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)** under the **SARFAESI Act, 2002**. This Registry has become operational with effect from March 31, 2011. The objective of setting up the Central Registry is to provide a database of security interest over property rights to secure loans and advances granted by banks and financial institutions. Availability of encumbrance status, inter alia, help in preventing frauds involving cases where loans are taken from different lenders against the same property by creating multiple mortgages by deposit of title deeds as well as fraudulent sale of property without disclosing the security interest over such property. (Source: *Report on Trend and Progress of Housing Sector 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 Sector in India, 2012, published by NHB*)
- The Indira AwasYojana (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 0.20 Crore additional houses per annum of which 0.07 Crore are targeted in urban areas and 0.13 Crore in rural areas. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)
- To improve the affordability of housing loans by EWS/LIG segments in urban areas, Ministry of Housing and Urban Poverty Alleviation (MHUPA), GoI introduced Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) 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 for loans up to Rs. 0.01 Crore extended to the 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. The Scheme envisages the appointment of State Level Nodal Agencies (SLNA) by various States to facilitate the identification and selection of eligible beneficiaries for its effective implementation. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)
- NHB and HUDCO are designated as the Central Nodal Agencies (CNA) for the implementation of the Scheme. NHB as Nodal Agency for the aforesaid Scheme had taken various measures to bring awareness through wider publicity, sensitization programmes and building co-ordination among the various agencies for facilitating effective implementation of ISHUP. Till date, NHB has entered into MoU with 33 primary lending institutions (27 banks including 5 Regional Rural Banks and 6 Housing Finance Companies) for implementation of the Scheme. (Source: *Report on Trend and Progress of Housing Sector in India, 2012, published by NHB*)
- As on March 31, 2012, NHB as nodal agency has disbursed subsidy claims of Rs. 7.26 Crore covering 8545 beneficiaries under ISHUP Scheme. The status of subsidy claims disbursed during the last three years 2009-12 is as follows:

STATUS OF SUBSIDY CLAIMS IN THE PAST 3 YEARS

	YEAR			TOTAL
	2009-10	2010-11	2011-12	
Amt. of NPV of interest subsidy disbursed (Amt. in Rs. in Crore)	0.37	3.41	3.48	7.26
No. of Beneficiaries	531	4611	3403	8545

From the above table, it can be seen that the amount of subsidy disbursed under the Scheme has increased from Rs. 0.37 Crore covering 531 beneficiaries during 2009-10 to Rs. 3.41 Crore covering 4611 beneficiaries during 2010-11 and further to Rs. 3.48 Crore during 2011-12 covering 3403 beneficiaries.

PPP are arrangements between government and private sector entities for the purpose of providing public infrastructure, community facilities and related services. PPP can be effectively used to address the stakeholders concerns and are characterized by the sharing of investment, risk, responsibility and reward between the various stakeholders i.e. the public sector and the private sector.

PPP has emerged as an efficient model for delivery of services in various sectors including infrastructure. The GoI through an enabling policy and regulatory environment is advocating Public Private Partnership for housing. In a Public Private Partnership, the strength of the Public Sector, that has ownership of land and capital and its regulatory and legal power combines with the initiative and resources of the private sector and its efficiency. Thus, the strength of both can be synergized to far greater effect and productivity. (Source: Report on Trend and Progress of Housing Sector in India, 2012, 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 have 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 Sector in India, 2012, published by NHB).

Announcements relating to Housing and Housing Finance in Union Budget - (2012-13)

- **External Commercial Borrowings (ECBs) allowed for low cost affordable housing projects.** As per National Housing and Habitat Policy 2007, the country requires about 24 million housing units during 2007-12 with an estimated investment of about Rs. 0.04 lakh Crore. The majority of the housing requirements are with the EWS/LIG segments. The domestic institutional financial sector and the budgetary allocations have limited capacities to meet such huge investment requirements. Besides, the current high interest rate scenario is also a limiting factor in deployment of institutional credit in housing thereby limiting the supply of housing at affordable rates. Therefore, the announcement of allowing access to the international markets through ECB route for raising funds will help the Construction Agencies to raise money in times of need. Availability of this source will add to the liquidity in the system for undertaking low cost housing projects.
- **Credit Guarantee Trust Fund will be set up to ensure better flow of institutional credit for housing loans.** This proposal will encourage lending by banks and housing finance institutions to EWS and LIG households as the proposed Guarantee Fund will enhance the confidence of the lending institutions in providing housing loans to these segments. The proposal will result in deepening the housing finance market for the lower income households and help in mitigating their housing requirements with increased flow of institutional credit.
- **Provisions under Rural Housing Fund have been enhanced from Rs.3000 Crore to Rs.4000 Crore.** This proposal will encourage the provision of Housing Finance to target groups in rural areas, a step towards mitigating the housing shortage in rural areas among the target groups.
- **The scheme of interest subvention of 1 per cent on housing loan up Rs.0.15 Crore where the cost of the house does not exceed Rs. 0.25 Crore has been extended for another year:** The proposal will have impact in improving the affordability levels and generating increased demand for housing loans particularly from low and medium income segments.
- **The limit of indirect finance under priority sector has been enhanced from Rs 0.05 Crore to Rs. 0.1 Crore.** This proposal will encourage the lending by Banks to HFCs as a result of which their portfolio of loan up to Rs. 0.10 Crore will increase significantly. As these loans will be recognized as priority sector loans in the books of banks, they will be able to increase their priority sector lending and meet their allocated target through indirect financing mechanism besides their own lending of housing loans up to Rs. 0.25 Crore. This may result in a significant increase in loans to lower and middle segment households as HFCs have a wider reach and impact.

- **Tax free bonds of Rs.60,000 Crore to be allowed for financing infrastructure projects in 2012-13 which includes Rs.5000 Crore for NHB and Rs.5000 Crore for HUDCO** For NHB, issuance of Tax Free Bonds will ensure availability of funds at lower rates which can be utilized for refinancing housing loans disbursed by Banks and HFCs at competitive rates. NHB can also invest these low cost funds in financing the Public Private Partnership Projects in affordable Housing segment.
- **Rate of withholding tax on interest payment on ECBs proposed to be reduced from 20 per cent to 5 per cent for 3 years for some sectors including affordable housing.** It will improve the availability of funds through ECB as reduction in withholding tax will encourage the foreign lenders to lend to the eligible entities as approved.
- **Investment linked deduction of capital expenditure incurred in the Affordable Housing businesses is proposed to be provided at the enhanced rate of 150 per cent, as against the current rate of 100 per cent – as a result of this fiscal incentive it will encourage the existing players in this segment to invest more in the Affordable Housing.**
- **Construction services relating to residential dwelling and low-cost mass housing up to an area of 60 sq. mtr. under the Scheme of Affordable Housing in Partnership have been exempted for Service Tax. The exemption for the monthly charges payable by a member to a housing society has been raised from Rs. 3,000 to Rs.5,000.** The proposal will exempt individuals/buyers from payment of service tax from on purchase of housing units up to an area of 60 sq.m. Under the Scheme of Affordable Housing in partnership. This step will encourage construction of affordable housing without any additional burden on the EWS/LIG borrowers. Similarly raising of monthly charges exemption limit from Rs. 3000 to Rs. 5000 will encourage housing co-operative societies to improve the quality of services in Affordable Housing in partnership.

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 and the six months ended December 31, 2012.

	(Rs. in Crore)			
	June 30, 2010	June 30, 2011	June 30, 2012	December 31, 2012
Sanctions	12,715.00	14,293.00	23,460.00	15,781.00
Disbursements	8160.00	12035.00	14454.00	9516.00
Net Owned Funds	2485.00	2770.00	3154.00	3388.00
Net NPA’s	Nil	Nil	3.03	3.75
Reserve & Surplus	2072.41	2351.72	2739.46	2974.00
Gross Profit/PBT	422.11	399.20	542.00	342.00
Net Profit/PAT	280.25	278.93	387.10	234.00
Balance Sheet Size	22,732.00	25780.76	31331.71	35639.00
PAT Per Employee	3.15	3.21	4.07	2.49

STRENGTHS

We are the apex 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 equity 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. 387.10 Crore for June 30, 2012 and Rs. 234 Crore for the six months ended December 31, 2012. As on December 31, 2012, we had a net owned fund of Rs. 3388 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, 2012, we had non-performing assets aggregating to Rs. 3.03 Crore and as at December 31, 2012, we had non-performing assets aggregating to Rs. 3.75 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 December 31, 2012, NHB has a total strength of 94 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, there are 56 HFCs registered with us, out of which 19 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 apex 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 disbursement in 2011-2012

During the year 2011-12, refinance disbursements aggregated to Rs.14,389.91 Crore. The details of disbursements during 2011-12 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	
	2010-11	2011-12
Housing Finance Companies	3,308.67	5,302.13
Scheduled Commercial Banks	8,112.00	8,851.42
Regional Rural Banks	134.12	143.04
Cooperative Sector	168.00	93.32
Total	11,722.79	14,389.91

The disbursements for all categories of institutions have increased compared to the previous year except the cooperative sector. The disbursements of Rs. 14389.91 Crore during the year 2011-12 represented the highest ever annual refinance disbursements showing an increase of nearly 23 per cent over the previous year's refinance disbursements.

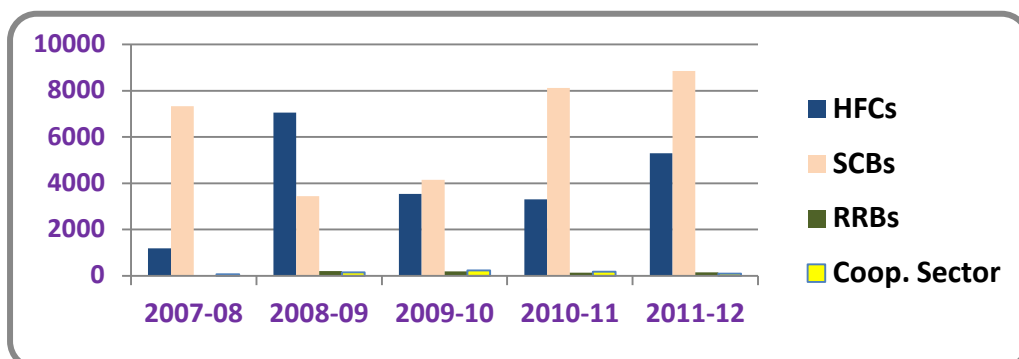
The percentage-wise breakup of disbursements between various categories of client institutions in 2011-12 is as under:

Percentage-Wise Breakup of Disbursements between Various Categories of PLIs in 2011-12

PLI Category	Disbursements	
	Amount (Rs. in Crore)	(%) of Total
HFCs	5,302.13	36.85
SCBs	8,851.42	61.51
RRBs	143.04	0.99
Coop. Sector	93.32	0.65
Total	14,389.91	100.00

As reflected above, banks availed approximately 2/3rd i.e. 62 per cent 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 2011-12

Period of Refinance	Amount (Rs. in Crore)	Percent of Total
Upto 1 year	0.00	0.00
1 year to 3 years	8,237.57	57.25
3 years to 5 years	1285.20	8.93
5 years to 7 years	3,682.31	25.59
7 years to 10 years	966.75	6.72
Over 10 years	218.08	1.52
Total	14,389.91	100.00

Out of the total refinance disbursed in 2011-12, nearly 34 percent represented long term refinance having repayment period of 5 years or above.

Interest Rate Wise Breakup of Bank's Refinance Disbursements during 2011-12

Type of Interest Rate	Amount (Rs. in Crore)	Percent of Total
Fixed Rate	12,457.97	86.57
Floating Rate	1,931.94	13.43
Total	14389.91	100.00

Loan Size Wise Breakup of Bank's Refinance Disbursements during 2011-12

Loan Size	Amount (Rs. in Crore)	Percentage of Total	Percentage cumulative
Upto Rs. 0.02 Crore	1,115.85	7.75	7.75
Rs. 0.02 Crore to Rs. 0.05 Crore	3,792.71	26.36	34.11
Rs. 0.05 Crore to Rs. 0.15 Crore	5,974.39	41.52	75.63
Rs. 0.15 Crore to Rs. 0.25 Crore	984.76	6.84	82.47
Over Rs 0.25 Crore	2,522.21	17.53	100.00
Total	14,389.91	100.00	

More than 82% of the total refinance disbursements in the year 2011-12 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 loans of less than Rs. 0.05 Crore comprise 34.11 per cent 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	24,828.41	86.92
Floating Rate	3,735.54	13.08
Total	2,8563.95	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 2007-08 to 2011-12 is given in Table below.

Bank's Annual Refinance Disbursements into Rural and Urban during The Five Year Period 2007-08 to 2011-12

(Rs.Crore)

Year	Total Disbursements	Rural				Urban	
		GJRHFS		RHF		Amount	of (%) Total
		Amount	(%) of Total	Amount	(%) of Total		
2007-08	8,586.89	3,856.19	44.91	-	-	4,730.70	55.09
2008-09	10,853.62	718.44	6.62	1,761.48	16.23	8,373.70	77.15
2009-10	8,107.76	1,680.00	20.72	2,015.82	24.86	4,411.94	54.42
2010-11	11,722.79	3,781.92	32.26	2,003.66	17.09	5,937.21	50.65
2011-12	14,389.91	2,604.51	18.10	3,003.03	20.87	8,782.37	61.03

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, 2009-10 and 2010-11 was Rs.2,000 Crore, and enhanced to Rs.3,000 Crore in 2011-12. An allocation of Rs.4,000 Crore has been made in the Union Budget for the financial year 2012-13 for Rural Housing Fund.

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

Refinance Disbursements under the Rural Housing Fund

(Rs. in Crore)

Year	HFCs	SCBs	RRBs	Coop. Sector	Total
2008-09	1,544.88	0.00	201.60	15.00	1,761.48
2009-10	1,794.86	0.00	184.96	36.00	2,015.82
2010-11	1,687.54	182.00	134.12	0.00	2,003.66
2011-12	2,125.25	721.42	143.04	13.32	3,003.03
Total	7,152.53	903.42	663.72	64.32	8783.99

Since its inception in 2008-09, the Rural Housing Fund was available for refinance to HFCs, RRBs and Co-operative Sector Institutions. Later in the year 2009-10, 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 2010-2011 and 2011-12, refinance disbursements of Rs. 903.42 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 year 2011-12, we have sanctioned Project Finance assistance for 6 projects amounting to Rs.314.30 Crore and disbursed Rs.63.72 Crore. The disbursements were made to Housing Micro Finance Institutions, Public Agencies, Welfare Housing Organizations and Public Private Partnerships.

Public Agency	Rs. 34.77 Crore
Micro Finance Institutions	Rs. 03.95 Crore
Public Private Partnership	Rs. 25.00 Crore
Total	Rs. 63.72 Crore

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

(Rs. in Crore)

Year	Sanctions	Disbursements
2007-2008	819.5	449.49
2008-2009	248.3	35.41
2009-2010	312.07	51.53
2010-2011	78.80	311.79
2011-2012	314.30	63.72

Housing Micro Finance Programme:

NHB's Housing Micro Finance (HMF) programme was 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 extended financial assistance to 31 microfinance institutions across 11 states to the tune of Rs. 97.42 Crore to finance the construction of 30,210 housing units. The beneficiaries include farmers, petty traders, artisans, dairy workers and other low income households.

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 2011-12, refinance disbursements aggregating Rs.128.96 Crore were made under this Scheme.

Performance of NHB

The financial highlights of NHB for the year ending June 30, 2012 are as outlined below:

Key Operational and Financial Parameters for the last three audited years

(Rs. in Crore)

Parameters	For the year ended 30.06.12	For the year ended 30.06.11	For the year ended 30.06.10
Networth	3153.76	2770.22	2485.32
Total Debt	26803.10	21852.01	19184.77
of which – Non Current Maturities of Long Term Borrowing	22054	16859	13766
- Short Term Borrowing	3738	4642	5033
- Current Maturities of Long Term Borrowing	1011	351	386
Net Fixed Assets	19.23	20.31	19.41
Non Current Assets (Loans & Advances+ Long Term Investments)	28782	22691.77	19944.91
Cash and Cash Equivalents	1683.91	2117.6	1789.02
Current Investments	515.53	654.89	749.90
Current Assets	332	297	229
Current Liabilities	1340	1127	1025
Assets Under Management	NA	NA	NA
Off Balance Sheet Assets	NA	NA	NA
Interest Income	2477.97	1938.64	1508.3
Interest Expense	1850.07	1489.5	1051.68
Provisioning & Write-offs	56	31	22
PAT	387	279	280
Gross NPA (%)	0.01	Nil	Nil
Net NPA (%)	0.01	Nil	Nil
Tier I Capital Adequacy Ratio (%)	18.57	19.39	18.34
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 recently established Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH), to be 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 annuals 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 percent is offered on housing loans up to Rs. 0.15 Crore provided cost of house/dwelling units is up to Rs. 0.25 Crore.

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 33 PLIs, 20 Public Sector Banks, 6 HFCs, 2 Private Sector Banks and 5 Regional Rural Banks for disbursement of subsidy under the Scheme.

STATUS OF SUBSIDY CLAIMS IN THE PAST 3 YEARS

	YEAR			TOTAL
	2009-10	2010-11	2011-12	
Amt. of NPV of interest subsidy disbursed (Amt. in Rs. in Crore)	0.37	3.41	3.48	7.26
No. of Beneficiaries	531	4611	3403	8545

From the above table, it can be seen that the amount of subsidy disbursed under the Scheme has increased from Rs. 0.37 Crore covering 531 beneficiaries during 2009-10 to Rs. 3.41 Crore covering 4611 beneficiaries during 2010-11 and further to Rs. 3.48 Crore during 2011-12 covering 3403 beneficiaries.

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

STATE WISE STATUS OF CLAIMS AS ON DATE

STATE	CLAIMS RECEIVED		CLAIMS SANCTIONED / DISBURSED	
	No. of beneficiaries	Amt. of NPV of interest subsidy in Rs.	No. of beneficiaries	Amt. of NPV of interest subsidy in Rs.
ANDHRA PRADESH	7,934	5,85,46,967.37	7,687	5,64,47,508.53
KARNATAKA	702	1,19,78,660.35	700	1,18,87,651.45
KERALA	220	55,00,574.55	35	9,37,543.55
MADHYA PRADESH	9	1, 54, 647.65	9	1, 54, 647.65
MAHARASHTRA	1	22,798.00	1	22,798.00
RAJASTHAN	18	4,10,241.64	18	4,10,241.64
TAMIL NADU	95	27,52,966.43	94	27,20,220.43
UTTAR PRADESH	1	28,895.02	1	28,895.02
TOTAL	8,980	7,93,95,751.01	8,545	7,26,09,506.27

D. Credit Risk Guarantee Trust for Low Income Housing

The Credit Risk Guarantee Fund Trust for Low Income Housing was announced in the Union Budget and has been set up by the GoI on 1st May, 2012 under the aegis of the Ministry of Housing and Urban Poverty Alleviation (MoHUPA). The Trust has since been set up by MoHUPA and the Fund Trust will be managed by NHB which will also facilitate and oversee the operations of the Scheme. The broad objectives of the trust include providing default guarantee for housing loans in urban areas for EWS/LIG categories and to undertake securitisation of guaranteed loans.

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 Polices. Having actively contributed in formulation of NUHHP-2007, we assists the State Governments in formulation of their respective State Housing Polices.

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. 10778.18 Crore as on 31.12.2012.

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 the Draft Prospectus, our issued, subscribed and paid-up shares capital is Rs. 450.00Crore. For details, see the section titled "**Capital Structure**" on page 41.

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 December 31, 2012 we had total outstanding borrowing of Rs. 30711.00 Crore, of which Rs. 270.00 Crore or 0.88 percent was secured and Rs. 30441.00 Crore or 99.12 percent was unsecured. For details of our outstanding borrowings as on December 31, 2012, see the section titled "**Description of Certain Indebtedness**" on page 94.

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 ten years from the date of allotment and bearing an interest rate ranging from 6.75 percent to 9.75 percent as on 31.12.2012.

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 5.75 percent to 7.19 percent.

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 twenty one days to eighteen years and bearing fixed as well as floating interest rate ranging from 6 percent to 10.50 percent.

Public deposits

We have obtained public deposits at an average interest rate of interest of 9.51 percent (as calculated on December 31, 2012), repayable over a period of one to four 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 18th October, 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 5th January 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:

(Rs.in Crore)

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

Foreign Borrowings:

External Commercial Borrowings

We have obtained foreign currency loans of US\$ 2.5 Crore from USAID, US\$ 12 Crore from ADB and € 1.4 Crore from KfW and which are either guaranteed by the Central Government. These loans have a typical maturity period ranging from seven to thirty years from the date of allotment and 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 2011-2012

- During the year 2011-12, refinance disbursements touched the highest ever figure of Rs. 14389.91 Crore, registering an increase of more than 22 percent over the disbursements of Rs.11722.79 Crore made in the year 2010-11.
- Giving greater emphasis on rural housing, the total refinance disbursements of Rs. 5607.54 Crore towards rural housing made by NHB under its two rural housing refinance schemes viz. the Golden Jubilee Rural Housing Refinance Scheme (GJRHRS) and the Rural Housing Fund (RHF), constituted 38.97 percent of the total refinance disbursements.
- Under the Rural Housing Fund, an allocation of Rs. 3,000 Crore was made for the year 2011-2012. We received the entire amount which was duly disbursed during the year 2011-12 towards refinance for rural housing for the target groups. Under the Rural Housing Fund, the main beneficiary groups were women, thus contributing towards women empowerment and social upliftment.
- NHB's Housing Micro Finance (HMF) programme, which started in 2004, has till date sanctioned loan amount of Rs. 97.42 Crore to 31 microfinance institutions in 11 States for financing 30210 units. The beneficiaries include farmers, petty traders, artisans, dairy workers and other low income households.
- As on 30th June 2012, NHB's gross incremental borrowings were Rs. 53768.04 Crore and net incremental borrowings were Rs. 14035.59 Crore.
- Certificate of Registration (CoR) was given to six HFC's during the year 2011-2012. The CoR was cancelled for two HFC's due to their non-compliance with the specified regulations. Thus, as on 30th June 2012, the number of HFC's registered with NHB stood at 56.
- From January 2012, NHB-Residex has been further expanded to cover 5 (Five) new cities viz. Bhubaneswar, Guwahati, Ludhiana, Vijayawada, and Indore, taking the total number of cities to 20. The index to monitor movement in prices of residential properties popularly known as NHB-Residex was introduced in 2007 initially covering 5 cities on pilot basis with base year as 2001. The price trends are now being tracked with base year as 2007.
- 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 2011-2012, NHB as nodal agency has disbursed subsidy claims of Rs. 3.08 Crore covering 3119 beneficiaries Under ISHUP scheme. Cumulatively, claims amounting to Rs. 6.86 Crore have been disbursed benefiting 8261 beneficiaries in eight 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 benefitting about 0.03 Crore targeted beneficiaries. An allocation of Rs. 500 Crore has been made for the year 2012-13. NHB, as nodal agency, is playing an important role in the implementation of the scheme.
- NHB's Balance sheet size increased from Rs. 25,781 Crore to Rs. 31,332 Crore in 2011-2012 from the preceding year. NHB saw an increase in its Net Profit from Rs. 279 Crore in 2010-2011 to Rs. 387 Crore in 2011-2012 showing a sound growth of 38.7 percent. The PAT per employee grew to Rs. 4.07 Crore in 2011-2012 from Rs. 3.21 Crore in 2010-2011.

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. NHB-CAFRAL Round Table on Housing Finance: The Emerging Contours was conducted in October, 2011 at New Delhi.

2. A Round Table on Emerging Trends in Green & Energy Efficient Housing was conducted on 22nd March 2012 at New Delhi to emphasis on Energy Efficient Buildings.
3. 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.
4. 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 primary lending institutions (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 annexures. 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 December 31, 2012, we had 94 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 95 as on 30th June 2012. During the year, 7 officers were relieved from the services of NHB which includes 1 Management Trainee, 4 Assistant Managers, 2 on contract and 1 General 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. The officers were nominated to programmes at National level Institutes such as National Institute of Bank Management (NIBM), Indian Institute of Management (IIM), Indian Banks Association (IBA), Indian Institute of Banking and Finance (IIBF) etc.. Budget-cum-Business Review Conference of Senior Officers was held on 5th May, 2012 at India International Centre, New Delhi. All the officers in the level of RM and above, including RMs posted in MRO & ROs attended the Conference. On the same lines, Annual Retreat Conference was organized by NHB for the officers in junior & middle management of NHB at TERI Gram, Gurgaon on 23rd-24th March, 2012.

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 Draft 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. Perival Bricks Limited; and
- vi. MPL Corporation Limited (*Erstwhile Marnite 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 percent 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 percent 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. 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 percent 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 percent, while ADB and IFC, a member of the World Bank Group, have a 13 percent stake each in the joint venture company.

5. **Periwal Bricks Limited**

Periwal Bricks Limited (PBL) is a company incorporated under the Companies Act. 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 101.

6. **MPL Corporation Limited**

MPL Corporation Limited (MCL) is a company incorporated under the Companies Act 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 101.

For more information, see "*Annexure A - Financial Information*" at page 190.

Credit Exposure

As of June 30, 2012, aggregate loans to our ten largest borrowers amounted to Rs.16,646.48 Crore, representing approximately 58.27 percent of our total loans outstanding as of such date. Our single largest borrower on such date had an outstanding balance of Rs. 2,520.72 Crore, representing 8.82 percent of our total loans outstanding as of such date.

Credit Rating

Our long-term borrowing programme of Rs. 10,000 Crore and non convertible debenture issue of Rs. 2,000 Crore enjoys "CRISIL AAA/ Stable" rating from CRISIL, 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 long term market borrowing programme of Rs. 6,745 Crore. 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


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 "tAAA (ind)" by Fitch vide its letter reference no. (UIN:139/NHB/BAN/2008) dated January 7, 2010.

Our commercial paper/ short term debt programme of Rs. 4,000 Crore enjoys "ICRA A1+" rating from ICRA Limited vide its letter (Ref:D/RAT/N4/2012-13/6) dated February 7, 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 eight Regional Representative Offices at Hyderabad, Chennai, Kolkata, Bengaluru, Lucknow, Ahmedabad, Patna and Bhopal.

Intellectual Property

We have filed an application bearing number 2360498 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 upto 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 apex 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.

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.”

Main Objects

NHB is the apex 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 the Draft 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;
- (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 involve 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;

(i) Details of the current directors (as on the date of Draft 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 and Address	Date of Appointment (Director of NHB since)	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	15-09-2010	03546341	57	i. Central Registrar and Managing Director & CEO, Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) ii. Chairman, India Mortgage Guarantee Corporation Pvt. Ltd. iii. Member, Board of Trustees, Credit Risk Guarantee Fund Trust
Dr. Santosh Chandra Panda, Director, Delhi School of Economics, North Campus, University of Delhi Delhi – 110 007	14-06-2012	Not Available	57	NIL
Dr. Neelima Risbud, Dean, School of Planning and Architecture, 4-Block-B, Indraprastha Estate, New Delhi – 110 002	14-06-2012	Not Available	63	NIL
Shri H.R. Khan, Deputy Governor, Reserve Bank of India, Central office, Shaheed Bhagat Singh Marg, Mumbai - 400 001.	08-08-2011	Not Available	58	NABARD

<p>Shri G.M. Rao, Group Chairman, GMR Group, IBC Knowledge Park, Phase 2, 'D' Block, 4/1, 11th Floor, Bannerghatta Road, Bangalore – 560029</p>	30-11-2011	00574243	63	<ul style="list-style-type: none"> i. GMR Infrastructure Limited ii. GMR Holdings Pvt. Limited iii. GMR Hyderabad International iv. Airport Ltd. v. GMR Varalakshmi Foundation vi. Delhi Aerotropolis Pvt. Limited vii. GMR Hyderabad Aerotropolis viii. Limited ix. Kakinada Refinery and x. Petrochemicals Pvt. Ltd. xi. Delhi International Airport xii. Private Limited xiii. GMR Airports Holding Ltd. xiv. AMG Healthcare Destination Pvt. Ltd. xv. LGM Havalimanisletmeleri xvi. Ticaretve Turizm Anonim Sirketi xvii. Istanbul Sabiha Gokcen xviii. Uluslararası Havalimani Yatirim xix. Yapim ve Isletme A.S. (Sabiha xx. Gokcen International Airport) xxi. GMR Male International Airport xxii. Private Ltd. xxiii. GMR Infra Ventures LLP
<p>Shri Ajay Kumar Dutta, Secretary, Housing Department, Govt. Of West Bengal, Housing Department, New Secretariat Building 1, K.S. Roy Road. Kolkata-700001</p>	31-12-2012	Not Available	54	NIL
<p>Shri Susheel Kumar, IAS, Joint Secretary to the Government of India, Ministry of Housing & Urban Poverty Alleviation, Nirman Bhawan, New Delhi - 110 001</p>	01-05-2012	00040657	54	<ul style="list-style-type: none"> i. Hindustan Prefab Limited, Director ii. HUDCO, Director
<p>Shri Anurag Jain, IAS, Joint Secretary to the Government of India, Ministry of Finance, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi - 110 001</p>	18-10-2011	01779759		<ul style="list-style-type: none"> i. Punjab National Bank ii. Small Industries iii. Irrigation and Water Resources Finance Corporation iv. National Insurance Company Ltd.

Ms. Vijaya Srivastava, IAS, 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	13-09-2012	Not Available	54	---
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None of the current directors of NHB appears on the list of wilful defaulters of RBI or ECGC.

(ii) Details of change in directors since last 3 years –

From February 1, 2010 till the June 30, 2011

Sl. No.	Name of the Director and Designation	Date of Appointment/ Retirement	Director of the NHB since (in case of Resignation/ Retirement)
1.	Shri Ashok Dongre, IAS, Secretary to the Govt. of Tamil Nadu, Housing and Urban Development Department	21-5-2011	24-02-2010
2.	Shri S. Sridhar CMD, NHB	15-09-2010	17-04-2006
3.	Shri R.V. Verma CMD, NHB	15-09-2010 (Appointment)	---
4.	Ms. Neelam Sawhney IAS, Joint Secretary to the GOI, Ministry of Rural Development	22-09-2010	07-09-2005
5.	Shri Sanjay Kumar Rakesh, IAS, Joint Secretary to the GOI, Ministry of Rural Development	22-09-2010 (Appointment)	--
6.	Shri K. Phanindra Reddy IAS, Secretary to the Govt. of Tamil Nadu, Housing/ Urban Development Department	21-05-2011 (Appointment)	---
7.	Ms. Shyamala Gopinath Deputy Governor, RBI	20-06-2011	21-11-2005

During the year July 1, 2011 to date of Draft Prospectus

Sl. No.	Name of the Director and Designation	Date of Appointment/ Retirement	Director of the NHB since (in case of Resignation/ Retirement)
1.	Shri H.R. Khan Deputy Governor, RBI	08-08-2011 (Appointment)	--
2.	Ms. Kiran Dhingra IAS Secretary to the GOI, Ministry of Housing and Urban Poverty Alleviation	02-09-2011	24-03-2009
3.	Shri Arun Kumar Misra IAS, Secretary to the Government of India, Ministry of Housing and Urban Poverty Alleviation	01-05-2012	02-09-2011
4.	Shri G.S. Sandhu IAS, Principal Secretary to the Govt. of Rajasthan, Housing/ Urban Development Deptt.	18-09-2011	15-01-2009
5.	Shri K. Phanindra Reddy IAS, Secretary to the Govt. of Tamil Nadu, Housing/ Urban Development Department	18-09-2011	21-05-2011
6.	Shri Alok Nigam IAS, Joint Secretary to the Govt. of India, Ministry of Finance	18-10-2011	09-12-2009
7.	Shri Anurag Jain IAS, Joint Secretary to the Govt. of India, Ministry of Finance	18-10-2011 (Appointed)	---
8.	Dr. Errol D'Souza Professor, Economics Area, Indian Institute of Management, Ahmedabad	29-11-2011	05-08-2005
9.	Shri Vidyadhar K. Phatak Retd. Principal Chief, Town and Country Planning Division, Mumbai Metropolitan Region Development Authority	29-11-2011	05-08-2005
10.	Shri R.V. Shastri Ex-Chairman and MD, Canara Bank	29-11-2011	05-08-2005
11.	Ms. Jayshree A. Vyas MD, Shri Mahila Sewa Sahkari Bank Ltd.	29-11-2011	05-08-2005
12.	Shri Lakshmi Chand IAS(Retd.), Director – Central Board of Directors, RBI	30-11-2011	20-07-2006
13.	Shri G.M. Rao Group Chairman, GMR Group	30-11-2011 (Appointment)	---
14.	Shri Utpal Kumar Sengupta, IAS, Secretary to Govt. of West Bengal, Housing Department	31-12-2012	19-03-2012
15.	Shri Shashi Shekhar Sharma IAS, Principal Secretary to the Govt. Of Bihar, Urban Development and Housing Department	02-07-2012	19-03-2012
16.	Shri Sanjay Kumar Rakesh IAS, Joint Secretary to the GOI, Ministry of Rural Development	13-09-2012	22-09-2010
17.	Shri Susheel Kumar IAS, Joint Secretary to the Government of India, Ministry of Housing and Urban Poverty Alleviation	01-05-2012 (Appointed)	---

18.	Shri Arun Kumar Misra IAS, Secretary to the Government of India, Ministry of Housing and Urban Poverty Alleviation	01.05.2012	02-09-2011
20.	Shri Sudhir Kumar IAS, Secretary to the Govt. Of Bihar, Urban Development and Housing Department	27-08-2012	02-07-2012
21.	Dr. Santosh Chandra Panda Director, Delhi School of Economics	14-06-2012 (Appointed)	---
22.	Dr. Neelima Risbud Dean, School of Planning and Architecture	14-06-2012 (Appointed)	---
24.	Smt. Vijaya Srivastava IAS, Joint Secretary to the GOI, Ministry of Rural Development	13-09-2012 (Appointed)	---
25.	Shri Ajay Kumar Dutta Secretary, Housing Department, Govt. Of West Bengal	31-12-2012 (Appointed)	--

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, there is no requirement of holding qualification shares. Additionally, there is no equity share capital in the books of NHB.

Remuneration of the Director

Mr. R.V. Verma, Chairman and Managing Director of NHB has received the remuneration and benefits including perquisites of Rs. 0.26 Crore during the financial year ended on June 30, 2012. Except for Dr. Neelima Risbud and Mr. Santosh Chandra Panda, no other Directors are paid any sitting fee. Both of them are paid a sitting fee of Rs. 10,000/- and Rs. 5,000/- for attending Board meetings and meetings of committees of Board, respectively.

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 other remuneration 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 Draft 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 Draft Prospectus in which the Members 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 Draft Prospectus are:

- 1. Shri R.V.Verma, Chairman
- 2. Shri H.R. Khan, Member
- 3. Shri G.M. Rao, Member
- 4. Shri Anurag Jain, 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 Draft Prospectus are:

- 1. Shri H.R. Khan, Chairman
- 2. Shri G.M. Rao, Member
- 3. Shri Anurag Jain, 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 Draft Prospectus are:

- 1. Shri H.R. Khan, Chairman
- 2. Shri G.M. Rao, Member
- 3. Shri Anurag Jain, 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

Sh. R.V. Verma
Chairman & Managing Director

Arnab Roy (ED)

R. S. Garg (ED)

R. K. Pandey (GM)

A. P. Saxena (DGM)

N. Udaya Kumar (DGM)

Vishal Goyal (AGM)

K. Chakravarthy (DGM)

V. Rajan (DGM)

Vineet Singhal (AGM)

VIGILANCE

IT Deptt.

Risk Mngt. Deptt.

Refinance Operations Deptt.

HR, Admin & Premises Deptt.

Project Finance & Tech Prom Deptt.

Business Planning & Promotion Deptt. & CCC

Accounts Deptt.

Resource Mobil & Mngt. Deptt.

Deptt. of Reg. & Super

All Audits Deptt.

Board & CMD Secretariat

Amit Sinha (RM)

Lalit Kumar (GM)

Market Research, Consultancy & Policy Deptt.

Credit Guarantee Fund Trust Cell

V. Sambamurthy (AGM) – Office In-charge of Mumbai Regional Office

J. K. Khant (AGM) – Office In-charge of Ahmedabad Regional Office

SHP Rizvi (AGM) – Office In-charge of Lucknow Regional Office

S. Chakravarthy (RM) – Office In-charge of Kolkata Regional Office

C. Robin (MGR) – Office In-charge of Chennai Regional Office

K. J. Rao (MGR) – Office In-charge of Hyderabad Regional Office

Vijay Kumar (MGR) – Office In-charge of Patna Regional Office

Subhash (MGR) – Office In-charge of Bhopal Regional Office

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 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.

1. *The stock market data for the non-convertible debentures recorded on BSE and NSE (as applicable) during the last three years and the high and low prices are as follows. For specific details on the each series/ issue of non-convertible debentures please see “Details of Certain Indebtedness” at page 94.*

6.75%NHB Bonds 2012A

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.2178	12-04-2010	97.6958	21-10-2010
1-Jan-2011 To 31-Dec-2011	99.7235	17-01-2011	98.1551	24-02-2011
1-Jan-2012 To 31-Dec-2012	99.4833	01-10-2012	97.6789	13-02-2012

Source: NSE

9.43%NHB Bonds 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	100.0000	20-01-2012	100.0000	24-01-2012

Source: NSE

9.05%NHB Bonds 2014

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	99.7186	02-08-2011	99.4199	07-12-2011
1-Jan-2012 To 31-Dec-2012	100.0283	07-09-2012	99.2022	28-02-2012

Source: NSE

8.50%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	99.246	23-12-2011	97.2207	09-12-2011
1-Jan-2012 To 31-Dec-2012	99.9172	23-10-2012	99.2965	25-06-2012

9.37%NHB Bonds 2014

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	100.1056	20-12-2011	100.0000	21-12-2011
1-Jan-2012 To 31-Dec-2012	100.1947	08-11-2012	99.4425	21-03-2012

Source: NSE

9.40%NHB Bonds 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	101.3626	23-10-2012	99.6827	07-03-2012

Source: NSE

8.78%NHB Bonds 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	100.0000	18-12-2012	100.0000	18-12-2012

Source: NSE

9.37%NHB Bonds 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	101.3335	23-10-2012	99.4936	13-03-2012

Source: NSE

9.75%NHB Bonds 2014

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	100.3413	21-12-2011	100.0000	22-06-2011
1-Jan-2012 To 31-Dec-2012	100.4011	30-08-2012	99.6232	17-05-2012

Source: NSE

9.50%NHB Bonds 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	100.9903	22-11-2012	100.4453	18-09-2012

Source: NSE

9.61%NHB Bonds 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	100.0000	15-06-2012	100.0000	26-06-2012

Source: NSE

NHB Zero Coupon Bonds 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	76.6891	26-03-2012	76.2324	22-02-2012

Source: NSE

9.40%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	105.892	05-05-2010	103.3341	31-08-2010
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	99.5939	02-03-2012	99.5939	02-03-2012

Source: NSE

9.09%NHB Bonds 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	100.0000	02-08-2012	100.0000	29-08-2012

Source: NSE

9.20%NHB Bonds 2014

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	100.0000	06-09-2011	100.0000	06-09-2011
1-Jan-2012 To 31-Dec-2012	99.9758	26-07-2012	99.4572	12-04-2012

Source: NSE

9.50%NHB Bonds 2014

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	100.0200	01-11-2011	99.945	02-11-2011
1-Jan-2012 To 31-Dec-2012	100.0174	04-09-2012	99.9246	02-08-2012

Source: NSE

9.65%NHB Bonds 2015

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	100.07	13-02-2012	99.602	21-03-2012

Source: NSE

NHB Zero Coupon Bonds 2019

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	52.4583	23-08-2010	49.5469	30-03-2010
1-Jan-2011 To 31-Dec-2011	53.0944	11-11-2011	50.665	25-03-2011
1-Jan-2012 To 31-Dec-2012	55.1024	02-03-2012	54.6545	10-02-2012

Source: NSE

NHB Zero Coupon Bonds 2018

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	53.61	07-12-2010	59.2425	22-02-2010
1-Jan-2011 To 31-Dec-2011	53.7549	06-09-2011	53.7549	06-09-2011
1-Jan-2012 To 31-Dec-2012	59.9	10-02-2012	56.4311	21-03-2012

Source: NSE

6.75%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.1131	08-02-2010	97.9951	16-12-2010
1-Jan-2011 To 31-Dec-2011	99.6928	31-10-2011	97.7566	10-02-2011
1-Jan-2012 To 31-Dec-2012	99.8455	13-12-2012	97.5333	27-02-2012

Source: NSE

6.95%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	99.2046	14-06-2010	98.323	27-08-2010
1-Jan-2011 To 31-Dec-2011	98.4206	27-12-2011	94.8074	07-02-2011
1-Jan-2012 To 31-Dec-2012	99.729	06-07-2012	99.1079	02-05-2012

Source: NSE

7.04%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	97.4544	11-11-2010	96.5038	13-12-2010
1-Jan-2011 To 31-Dec-2011	97.7714	23-12-2011	96.2169	24-05-2011
1-Jan-2012 To 31-Dec-2012	98.3358	20-04-2012	97.9171	03-02-2012

Source: NSE

7.55%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	98.8269	06-08-2010	98.4093	20-09-2010
1-Jan-2011 To 31-Dec-2011	97.0863	05-09-2011	95.7182	07-07-2011
1-Jan-2012 To 31-Dec-2012	99.0677	17-12-2012	97.1289	05-03-2012

Source: NSE

8.20%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.0098	08-09-2010	97.8243	10-12-2010
1-Jan-2011 To 31-Dec-2011	98.1224	13-01-2011	96.9033	05-05-2011
1-Jan-2012 To 31-Dec-2012	99.3347	17-12-2012	98.0824	03-01-2012

Source: NSE

9.34%NHB Bonds 2014

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	-	-	-	-
1-Jan-2012 To 31-Dec-2012	100.061	01-11-2012	100.035	05-01-2012

Source: NSE

9.49%NHB Bonds 2014

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	100.0000	13-12-2011	100.0000	13-12-2011
1-Jan-2012 To 31-Dec-2012	100.0145	23-11-2012	100.0145	22-11-2012

Source: NSE

9.62%NHB Bonds 2014

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	-	-	-	-
1-Jan-2011 To 31-Dec-2011	99.9615	21-11-2011	99.9615	21-11-2011
1-Jan-2012 To 31-Dec-2012	100.8835	19-11-2012	99.7908	26-06-2012

Source: NSE

6.40%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.407	12-05-2010	99.283	08-12-2010
1-Jan-2011 To 31-Dec-2011	99.7358	05-01-2011	99.5535	03-01-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

NHB Zero Coupon Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	81.1126	03-11-2010	80.3841	17-08-2010
1-Jan-2011 To 31-Dec-2011	85.6663	07-07-2011	83.0939	14-03-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

6.25%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.2958	28-04-2010	98.7963	20-10-2010
1-Jan-2011 To 31-Dec-2011	99.3675	08-03-2011	99.111	12-01-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

7.10%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.7099	19-03-2010	100.7099	19-03-2010
1-Jan-2011 To 31-Dec-2011	99.6975	19-05-2011	99.1226	24-01-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

6.90%NHB Bonds 2012

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.2673	13-04-2010	98.44	07-12-2010
1-Jan-2011 To 31-Dec-2011	99.6499	21-09-2011	98.0042	11-02-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

6.42%NHB Bonds 2012

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	99.3727	12-04-2010	97.5702	15-12-2010
1-Jan-2011 To 31-Dec-2011	99.4192	24-10-2011	97.5674	11-03-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

6.90%NHB Bonds 2012-A

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.8541	28-10-2010	98.2372	08-12-2010
1-Jan-2011 To 31-Dec-2011	99.7543	26-07-2011	98.5879	11-03-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

6.30%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.0000	29-03-2010	100.0000	29-03-2010
1-Jan-2011 To 31-Dec-2011	99.424	09-03-2011	99.424	09-03-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

8.65%NHB Bonds 2012

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	102.8061	18-03-2010	100.7514	23-09-2010
1-Jan-2011 To 31-Dec-2011	99.7934	18-11-2011	99.5259	22-07-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

6.75%NHB Bonds 2012

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.7166	08-01-2010	99.7888	11-03-2010
1-Jan-2011 To 31-Dec-2011	99.6957	11-01-2011	99.6957	11-01-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

6.77%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.0646	26-04-2010	98.1869	13-10-2010
1-Jan-2011 To 31-Dec-2011	99.2817	19-10-2011	97.6787	09-03-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

6.55%NHB Bonds 2012

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.3848	29-04-2010	97.8427	15-12-2010
1-Jan-2011 To 31-Dec-2011	99.6632	13-10-2011	97.4871	24-02-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

7.00%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.0000	23-07-2010	100.0000	23-07-2010
1-Jan-2011 To 31-Dec-2011	99.7093	14-06-2011	98.57	20-01-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

7.85%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.05	20-09-2010	99.062	10-12-2010
1-Jan-2011 To 31-Dec-2011	99.8099	10-08-2011	97.1363	23-11-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

6.21%NHB Bonds 2013

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
1-Jan-2010 To 31-Dec-2010	100.0677	28-01-2010	99.4296	28-10-2010
1-Jan-2011 To 31-Dec-2011	99.8099	10-08-2011	97.1363	23-11-2011
1-Jan-2012 To 31-Dec-2012	-	-	-	-

Source: NSE

2. *The monthly high and low prices of debentures traded on BSE and NSE (as applicable) during the last six months are as follows. For specific details on the each series/ issue of non-convertible debentures please see “Details of Certain Indebtedness” at page 94.*

9.20%NHB Bonds 2014 [Fully redeemed]

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	99.9666	02-08-2012	99.9666	02-08-2012
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	-	-	-	-

Source: NSE

9.62%NHB Bonds2014

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	100.8659	25-10-2012	100.5539	05-10-2012
Nov'12	100.8835	19-11-2012	100.8735	16-11-2012
Dec'12	100.5942	04-12-2012	100.3201	21-12-2012
Jan'13	100.5949	07-01-2013	100.5949	07-01-2013

Source: NSE

9.40%NHB Bonds 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	100.9095	18-09-2012	100.8689	18-09-2012
Oct'12	101.3626	23-10-2012	101.3626	23-10-2012
Nov'12	101.0551	20-11-2012	101.0551	20-11-2012
Dec'12	100.8803	21-12-2012	100.8803	21-12-2012
Jan'13	101.3476	14-01-2013	100.5261	21-01-2013

Source: NSE

9.65%NHB Bonds 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	100.0521	10-12-2012	100.0521	10-12-2012
Jan'13	100.0752	28-01-2013	100.0752	28-01-2013

Source: NSE

9.37%NHB Bonds 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	100.3465	28-08-2012	100.3465	28-08-2012
Sept'12	-	-	-	-
Oct'12	101.3335	23-10-2012	101.3335	23-10-2012
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	-	-	-	-

Source: NSE

7.55%NHB Bonds 2013

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	99.0677	17-12-2012	99.0677	17-12-2012
Jan'13	-	-	-	-

*Source: NSE***9.05%NHB Bonds 2014[Fully redeemed]**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	-	-	-	-

*Source: NSE***6.95%NHB Bonds 2013{Fully Redeemed}**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	-	-	-	-

*Source: NSE***9.05%NHB Bonds 2015**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	100.0248	31-08-2012	100.0000	30-08-2012
Sept'12	100.0283	07-09-2012	100.0000	05-09-2012
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	-	-	-	-

*Source: NSE***9.09%NHB Bonds 2015**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	100.0000	02-08-2012	100.0000	29-08-2012
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	-	-	-	-

*Source: NSE***8.50%NHB Bonds 2013**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	99.7979	24-08-2012	99.7910	23-08-2012
Sept'12	-	-	-	-
Oct'12	99.172	23-10-2012	99.9148	22-10-2012
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	-	-	-	-

Source: NSE

8.20%NHB Bonds 2013

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	99.1592	17-08-12	99.0367	10-08-2012
Sept'12	99.2667	10-09-2012	99.3021	11-09-2012
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	99.3347	17-12-2012	99.3347	17-12-2012
Jan'13	99.4176	30-01-2013	99.4176	30-01-2013

*Source: NSE***9.75%NHB Bonds 2014**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	100.4011	30-08-2012	100.4011	30-08-2012
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	100.1453	17-12-2012	100.1453	17-12-2012
Jan'13	100.0767	31-Jan-2013	100.0667	30-Jan-2013

*Source: NSE***9.50%NHB Bonds 2014[Fully redeemed]**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	100.0048	23-08-2012	99.9246	02-08-2012
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	-	-	-	-

*Source: NSE***9.50%NHB Bonds 2015**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	100.5393	06-08-2012	100.5393	06-08-2012
Sept'12	100.4453	18-09-2012	100.4453	18-09-2012
Oct'12	-	-	-	-
Nov'12	100.9903	22-11-2012	100.9903	22-11-2012
Dec'12	-	-	-	-
Jan'13	-	-	-	-

*Source: NSE***6.75%NHB Bonds 2012[Fully redeemed]**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	99.4833	01-10-2012	99.4833	01-10-2012
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	-	-	-	-

*Source: NSE***9.34%NHB Bonds 2014**

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-

Nov'12	100.061	01-11-2012	100.061	01-11-2012
Dec'12	-	-	-	-
Jan'13	-	-	-	-

Source: NSE

9.49%NHB Bonds 2014 [Fully redeemed]

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	100.0145	22-11-2012	100.0145	23-11-2012
Dec'12	-	-	-	-
Jan'13	-	-	-	-

Source: NSE

9.37%NHB Bonds 2014

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	100.1947	08-11-2012	100.1947	08-11-2012
Dec'12	100.1384	17-12-2012	100.0905	21-12-2012
Jan'13	100.0713	29-Jan-2013	100.0713	29-Jan-2013

Source: NSE

8.78%NHB Bonds 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	100.0000	18-12-2012	100.0000	18-12-2012
Jan'13	-	-	-	-

Source: NSE

8.95%NHB Bonds 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	100.3857	10-Jan-2013	100	07-Jan-2013

Source: NSE

9.43%NHB Bonds 2015

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
Aug'12	-	-	-	-
Sept'12	-	-	-	-
Oct'12	-	-	-	-
Nov'12	-	-	-	-
Dec'12	-	-	-	-
Jan'13	99.9153	23-Jan-2013	99.9153	23-Jan-2013

Source: NSE

DESCRIPTION OF CERTAIN INDEBTEDNESS

Details of borrowings as on December 31, 2012

(a) *Secured Loan Facilities*

(i) *Loans against Deposits*

(Rs. in Crore)

Lender's Name	Type of Facility	Amt. Sanctioned	Principal Amount Outstanding	Repayment Date	Secured/unsecured	Security
Union Bank of India	Loan Against Deposit	270	270	January 8, 2013	Secured	Against term deposit placed with the bank
Canara Bank	Loan Against Deposit	270	Not availed	NA	Secured	Against term deposit placed with the bank

(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 December 31, 2012 stood at Rs. 627.20 Crore with repayment date as January 01, 2013.

(b) *Unsecured Loan Facilities*

(i) *Lines of Credit*

(Rs. in Crore)

Details of the Lender	Type of Facility/ Instrument	Sanctioned Amount	Principal Amount Outstanding	Validity of Sanction/ Repayment Date
HDFC Bank	Line of Credit	1000	551	May, 2013
Bank of Nova Scotia	Line of Credit	200	200	364 days from the date of Drawal
State Bank of India	Line of Credit	500	500	December, 2013
State Bank of Hyderabad	Line of Credit	300	Not Availed	January, 2013
Bank of Tokyo Mitsubishi	Line of Credit	150	Not Availed	NA

(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	Maturity Date
Reserve Bank of India	General Line of Credit*	1000	18.42	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.

* 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	Maturity Date
LIC of India*	Term Loan	500	500	February 1, 2017
LIC of India*	Term Loan	500	500	January 30, 2018
Union Bank of India	Short Term Loan	1500	1116	January 1, 2013
Vijaya bank	Short Term Loan	750	750	January 8, 2013
Corporation Bank	Short Term Loan	250	250	January 3, 2013
Syndicate Bank	Short Term Loan	500	500	January 1, 2013
Allahabad Bank	Short Term Loan	250	250	January 3, 2013

* 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.

(c) **Details of NCDs as on December 31, 2012**

Debenture Series	Tenor (Yrs)	Coupon	Principal Amount Outstanding (Rs. in Cr.)	Date of Allotment	Date of Maturity	Credit Rating	Secured/ Unsecured
SS PS BOND 1997-98*	24.20	11.40%	62.40	31-Mar-98	10-Jun-22	AAA	Unsecured
SS PS BOND 1998-99*	23.33	11.40%	92.90	10-Feb-99	10-Jun-22	AAA	Unsecured
SS PS BOND 1999-00*	22.50	7.95%	135.70	16-Dec-99	10-Jun-22	AAA	Unsecured
SS PS BOND 2001-02**	23.42	9.45%	81.40	28-Mar-02	10-Sep-25	AAA	Unsecured
ZCB SUMERU Bond 2018	10.00	8.65%	497.15	24-Dec-08	24-Dec-18	AAA	Unsecured
ZCB SUMERU Bond 2019	10.00	9.03%	191.60	31-Mar-09	31-Mar-19	AAA	Unsecured
9.40% NHB Bonds 2013	5.00	9.40%	350.00	17-Dec-08	17-Dec-13	AAA	Unsecured
6.75% NHB Bonds 2013	3.00	6.75%	25.00	6-Jan-10	6-Jan-13	AAA	Unsecured
7.04% NHB Bonds 2013	3.00	7.04%	15.00	14-May-10	14-May-13	AAA	Unsecured
7.55% NHB Bonds 2013	3.00	7.55%	500.00	12-Jul-10	12-Jul-13	AAA	Unsecured
8.20% NHB Bonds 2013	3.00	8.20%	500.00	30-Aug-10	30-Aug-13	AAA	Unsecured
7.85% NHB Bonds 2013	3.00	7.85%	30.00	13-Sep-10	13-Sep-13	AAA	Unsecured
8.50% NHB Bonds 2013	3.00	8.50%	1.00	24-Nov-10	24-Nov-13	AAA	Unsecured
9.18% NHB Bonds 2016	5.00	9.18%	500.00	21-Feb-11	21-Feb-16	AAA	Unsecured
9.75% NHB Bonds 2014	3.00	9.75%	500.00	14-Jun-11	14-Jun-14	AAA	Unsecured
9.62% NHB Bonds 2014	3.00	9.62%	500.00	4-Nov-11	4-Nov-14	AAA	Unsecured
9.49% NHB Bonds 2014	3.00	9.49%	500.00	7-Dec-11	7-Dec-14	AAA	Unsecured
9.37% NHB Bonds 2014	3.00	9.37%	500.00	13-Dec-11	13-Dec-14	AAA	Unsecured
9.34% NHB Bonds 2014	3.00	9.34%	300.00	22-Dec-11	22-Dec-14	AAA	Unsecured
9.37% NHB Bonds 2014	3.00	9.37%	500.00	27-Dec-11	27-Dec-14	AAA	Unsecured
9.40% NHB Bonds 2015	3.00	9.40%	750.00	10-Jan-12	10-Jan-15	AAA	Unsecured
9.43% NHB Bonds 2015	3.00	9.43%	400.00	16-Jan-12	16-Jan-15	AAA	Unsecured
9.37% NHB Bonds 2015	3.00	9.37%	1000.00	20-Jan-12	20-Jan-15	AAA	Unsecured
9.65% NHB Bonds 2015	3.00	9.65%	600.00	6-Feb-12	6-Feb-15	AAA	Unsecured
Zero Coupon Bond 2015	3.00	9.55%	249.49	13-Feb-12	13-Feb-15	AAA	Unsecured
9.60% NHB Bonds 2015	3.00	9.60%	750.00	4-Apr-12	4-Apr-15	AAA	Unsecured
9.50% NHB Bonds 2015	3.00	9.50%	250.00	5-Jun-12	5-Jun-15	AAA	Unsecured
9.61% NHB Bonds 2015	3.00	9.61%	500.00	12-Jun-12	12-Jun-15	AAA	Unsecured
9.09% NHB Bonds 2015	3.00	9.09%	500.00	27-Jul-12	27-Jul-15	AAA	Unsecured
9.05% NHB Bonds 2015	3.00	9.05%	730.00	24-Aug-12	24-Aug-15	AAA	Unsecured
8.78% NHB Bonds 2015	3.00	8.78%	500.00	07-Dec-12	07-Dec-15	AAA	Unsecured
7.19% NHB TF Bond 2022 Series I	10.00	7.19%	126.00	14-Dec-12	14-Dec-22	AAA	Secured
8.95% NHB Bonds 2015	3.00	8.95%	1000.00	24-Dec-12	24-Dec-15	AAA	Unsecured

*NHB Special Series Priority Sector Bonds 1997-98, 1998-99 & 1999-00.

** NHB Special Series Priority Sector Bonds 2001-02

(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 December 31, 2012 stood at Rs. 10.05 Crore.

(e) **Details of Commercial Paper as on December 31, 2012: Nil**

(f) **Details of Rest of the borrowings outstanding as on December 31, 2012**

i. **Foreign Borrowings**

(in Crore)

Details of the Lender	Type of Facility/ Instrument	Sanctioned Amount	Principal Amount Outstanding****	Maturity Date/ Schedule
ADB*	Foreign Currency Loan	US\$ 10	US\$ 6.25 (Rs. 342.36)	The Loan is repayable in forty unequal half yearly instalments commencing from December 15th 2002 and ending on June 15th, 2022.
ADB*	Foreign Currency Loan	US\$ 4	US\$ 0.62 (Rs. 33.96)	The Loan is repayable in forty unequal half yearly instalments commencing from March 15th 2006 and ending on September 15th, 2025.
USAID**	Housing Guarantee Programme	US\$ 2.5	Rs. 21.02	The Loan is repayable in forty equal half yearly instalments commencing from 2011 and ending on 2021.
KfW***	Foreign Currency Loan	€3.8	€0.2 (Rs. 14.45)	The Loan is repayable 18 unequal half yearly instalments commencing from June 30, 2014 and ending on December 30, 2022
KfW***	Foreign Currency Loan	€1.2	€1.2 (Rs. 86)	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 Rate” on page 7.**

ii. Special Deposit Scheme for Housing Finance Companies

National Housing Bank (NHB) has launched a Special Deposit Scheme for Housing Finance Companies on 21.04.2008. The Scheme has been rated “FAAA/ Stable” by CRISIL and “tAAA (ind)” by Fitch indicating highest safety with regard to timely payment of financial obligations. The Deposit Scheme is open only to the HFCs accepting deposits from public and the amount deposited with NHB under the scheme would be an eligible investment for SLR requirement under Section 29B(2) of the National Housing Bank Act, 1987. The outstanding balance in the Scheme as on December 31, 2012 is Rs. 0.25 Crore.

iii. Public Deposit Scheme

NHB had launched two deposit schemes in December, 2008 namely “SUNIDHI Term Deposit Scheme” & “SUVRIDDDHI 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 Suvridddhi Scheme are accepted for a fixed period of 60 months. The total deposit outstanding under both the schemes is Rs. 200.16 Crore as on December 31, 2012.

iv. 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 (till 31.12.12)	2000.00*	2019-20

* Out of total allocation of Rs. 4000 Crore for the financial year 2012-13

- (g) **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. However, in the past there has been some delay in interest servicing on account of the payment date falling due on a public holiday or Sunday.

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 Draft 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 *interalia* 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 per cent (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 *interalia* 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/2012-13/46) Dated July 2, 2012

The RBI has framed the Master Circular- Resource Raising Norms for Financial Institutions (RBI/2012-13/46) Dated July 2, 2012 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/2012-13/47) Dated July 2, 2012

The RBI has framed the Master Circular- Disclosure Norms for Financial Institutions (RBI/2012-13/47) Dated July 2, 2012 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/2012-13/48) Dated July 2, 2012

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/2012-13/49) Dated July 2, 2012

The RBI has framed the Master Circulate- 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 per cent of capital funds of the FI. However, the exposure may exceed by additional five percentage points (i.e., up to 20 per cent) 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 per cent of capital funds (i.e., 25 per cent of capital funds for infrastructure projects and 20 percent for other projects).

ii. For Group Borrowers

The credit exposure to the borrowers belonging to a group shall not exceed 40 per cent of capital funds of the FI. However, the exposure may exceed by additional ten percentage points (i.e., up to 50 per cent) 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 per cent of capital funds (i.e. 55 percent of capital funds for infrastructure projects and 45 percent 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/2012-13/45) dated July 2, 2012

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.

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.

A. PENDING LITIGATIONS FILED AGAINST NHB

Civil proceedings against NHB

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

The civil suit was filed before the Additional District Judge, Sealdah for declaration and permanent injunction against NHB's letter dated January 1, 2001 instructing Furore Housing Finance & Investment 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 05.02.2001 against NHB. The said ex-parte order was challenged by NHB before the Appellate Court in Sealdah and the Appellate Court vide its order dated 19.02.2001 stayed the operation of the order of the Additional District 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}

This suit for recovery has been filed in the Court of Civil Judge, Tees Hazari by the Plaintiff viz. Amrik Singh against NHB for the recovery of the alleged outstanding amount of Rs. 71,000/- in relation to the advertisement in his Urdu Weekly "Lalkar". He filed the said suit and obtained an ex-parte decree against NHB. NHB deposited the decreed amount and filed an application for setting aside the said ex-parte decree. The matter is currently pending.

3. Vikram Behl Vs Sudhir Behl, NHB & Ors. {C.S. (OS) No. 1306 of 2011}

The suit of recovery has been filed before the Hon'ble High Court of Delhi. The Bondholders has invested Rs. 0.15 Crore in the NHB Capital Gain Bonds. Since the first Bondholder is dead, the Petitioner, who is son of the deceased bondholder, has asked for payment of maturity amount in his favour. The Bond amount has already been deposited by NHB with the Court. The matter is currently pending.

Writ, Consumer Cases and other matters of civil nature

1. Tapoban Housing Finance Limited Vs. NHB & Others {OCJ 14337 of 1996}

The writ petition was filed by Tapoban Housing Finance Limited ("THFL") before the Hon'ble Orissa High Court against the order passed by NHB for the violation by THFL of certain provisions of the NHB Act. NHB has also initiated criminal proceedings before Chief Metropolitan Magistrate, New Delhi against THFL under the provisions of NHB Act. THFL has filed an affidavit before the the Chief Metropolitan Magistrate, New Delhi for the withdrawal of the said writ petition within four months from the November , 2012. The matter was accordingly disposed of by the Chief Metropolitan Magistrate, New Delhi. The said writ is yet to be withdrawn by THFL.

2. Rapti Housing Finance Limited 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 15.12.1994 issued by NHB against RHFL. The matter is currently pending.

3. Hind Finance Industries & Investment Limited Vs NHB & Others {W.P(I) 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 HFILL, whereby NHB was directed not to charge penal interest till the pendency of the writ petition. The matter is currently pending.

4. 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 CAPART & HDFC. The matter is currently pending.

5. Rajeev Rai Vs NHB & Ors. {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.

6. SBI Home Finance Employees Union Vs SBI Home Finance Ltd. {W.P.No. 3639 of 2003}

The writ petition is filed before the Hon'ble High Court of Jharkhand, Ranchi by the employees of SBI Home Finance Limited ("SBFL") for quashing the service severance package offered to them by SBFL and demand for their absorption in SBI. NHB being a regulator of housing finance institutions was made a pro-forma party to the said proceeding. The matter is currently pending.

7. Centre of Public Interest Litigation Vs HUDCO, NHB & Ors. {W.P(C) 573 of 2003}

The writ petition has been preferred by the petitioner 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.

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

The complaint has been filed before the District Consumer Disputes Redressal Forum, Nabapally, North 24 Parganas. The Complaint was filed by the Complainant on behalf of a depositor of Furore Housing Finance & Investment 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.

9. T.R.Chandrasekharan & Ors Vs NHB & Ors. {Consumer Complaint No. 9 of 2011}

The complaint has been filed before the District Consumer Dispute Redressal Forum (South), Chennai by the Complainant who has invested in the Sunidih Term Deposit Scheme launched by NHB. By the time, the cheque submitted by the Complainant was realized, the rate of interest for the said deposit scheme got revised. On account of change in rate of interest the Complainant decided not to invest under the said Scheme and filed a complaint against NHB for delay in processing the cheque. The matter is currently pending.

10. E.Krishnan & Ors Vs NHB & Ors. {Consumer Complaint No. 10 of 2011}

The complaint has been filed before the District Consumer Dispute Redressal Forum(South), Chennai by the complainant who has invested in the Sunidih Term Deposit Scheme launched by NHB. By the time, the cheque submitted by the complainant was realized, the rate of interest for the said deposit scheme got revised. On

account of change in rate of interest the Complainant decided not to invest under the said scheme and filed a complaint against NHB for delay in processing the cheque. The matter is currently pending.

11. M.Ekambaran & Ors Vs NHB & Ors. {Consumer Complaint No. 11of 2011}

The complaint has been filed before the District Consumer Dispute Redressal Forum(South), Chennai by the Complainant who has invested in the Sunidhi Term Deposit Scheme launched by NHB. By the time, the cheque submitted by the Complainant was realized, the rate of interest for the said deposit scheme got revised. On account of change in rate of interest the Complainant decided not to invest under the said scheme and filed a complaint against NHB for delay in processing the cheque. The matter is at the stage of argument.

12. Smt. Shweta Goyal Vs HDFC & NHB {Consumer Case No.19 of 2012}

The complaint has been filed before Consumer Dispute Redressal Forum-VII, New Delhi by the complainant who has availed housing loan of Rs. 0.10 Crore from HDFC Limited. On request for pre-closure of loan by the Complainant, HDFC Limited levied a prepayment charge of 2 percent and Rs. 8916 was charged by HDFC Limited for the subsidy claim. The matter is currently pending.

13. 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.

14. P.S.Baby Vs Indo Pacific Housing Finance Ltd. & Others {W.P.No. 15231 of 2012}

The writ petition has been filed before Hon'ble Kerala High Court by the Petitioner who has availed a housing loan of Rs. 0.02 Crore from Indo Pacific Housing Finance Limited ("IndoPacific"), by creating an equitable mortgage. On account of the petitioner's loan account became irregular, IndoPacific initiated the proceedings under the provisions of SARFAESI Act. The Petitioner has prayed for directing IndoPacific to stay all the proceedings pursuant to notices issued under the SARFAESI Act and consider the proposal of one time settlement. The matter is currently pending.

Service matters

1. Surendra Pal & Others Vs NHB {ID No. 42/2003}

The said application was filed before the Labour Tribunal at Karkardoma 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.(I) 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.

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 03.01.1992. 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 24.02.1999. 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 percent per annum from 03.01.1992 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 Court directed Finance Minister to resolve the dispute. The same has been decided by the Finance Minister suggesting that no interference with the decision of the Special Court is called for. The Matter was placed before the Hon'ble Court where SBS has indicated that they will continue with the matter. The matter is currently pending.

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 08.06.2010 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 19.01.2002, 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 & 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 08.06.2010 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 1995 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.

Tax matters

1. Hon'ble Income Tax Appellant Tribunal (hereinafter "ITAT") vide its various order dated July 31, 2009 and February 2, 2009 had set aside the orders passed by the learned Commission of Income Tax (Appeals) (hereinafter "CIT (Appeal)") for the Assessment Years 2003-04 to 2006-07 for the demand raised aggregating to Rs. 121.71 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 been disallowed. NHB preferred appeals before CIT (Appeals) against the said order passed by the learned Assessing Officer, which was dismissed by CIT (Appeals) vide its orders dated December 17, 2012. NHB is in the process of filing appeal before ITAT for the said Assessment Years.

2. NHB has preferred an appeal before the Hon'ble Income Tax Appellant Tribunal (hereinafter "ITAT") against the orders passed by the learned Commission of Income Tax (Appeals) for the Assessment Years 2007-08 for the demand raised aggregating to Rs. 13.74 Crore. The matter is currently pending, however, the said demand of Rs.13.74 Crore has been duly paid / adjusted by NHB.
3. For Assessment Years 2008-09 and 2009-10, NHB has preferred an appeal before CIT (Appeals) against the orders dated February 2, 2010 and December 21, 2011 passed by the learned Assessing Officer raising a demand of Rs. 9.49 Crore. The said appeals have been dismissed. The entire demand aggregating to Rs. 9.49 Crore raised have been duly paid /adjusted by NHB. NHB is in the process of filing appeal before ITAT for the said Assessment Years.
4. The learned Assessing Officer has also again initiated the penalty proceedings for the aforesaid Assessments Years viz. 2003 to 2006 and 2009 to 2010. NHB has moved an application with the Learned Assessing Officer for keeping the penalty proceedings in abeyance till the disposal of the appeals.

B. PENDING LITIGATIONS FILED BY NHB

Civil proceedings by NHB

1. NHB Vs Mal Chand Periwal & Ors. {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 19.03.1993 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 31.10.2000 aggregating to Rs. 0.42 Crore along with future interest @ 15 percent from 1.11.2000 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 {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 dated 03.12.1998 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 an recovery amount of Rs. 73.23 Crore along with further interest @10 percent from 01.12.1998 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 V IHFD {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 12.04.2012 passed a decree for a sum of Rs. 2.61 Crore with 18 percent interest w.e.f 01.11.2004 of Rs. 2.57 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 {Civil Appeal No. 3647 of 1999} pending before the Hon'ble Supreme Court

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 24th and 25th of 1999 held that the said amount belongs to Harshad S.Mehta and directed NHB to deposit the said amount alongwith interest @19 percent 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 matter is currently pending, however, NHB has deposited the said amount with the Custodian with interest.

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 the Draft 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 July 27th, 2012 allotted taxable bonds, in the nature of unsecured, redeemable, non-convertible bonds of face value Rs. 0.1 Crore each, on a private placement basis, aggregating to Rs. 500 Crore.
2. NHB has, on August 24th, 2012 allotted taxable bonds, in the nature of unsecured, redeemable, non-convertible bonds of face value Rs. 0.1 Crore each, on a private placement basis, aggregating to Rs. 730 Crore.
3. NHB has, on December 7th, 2012 allotted taxable bonds, in the nature of unsecured, redeemable, non-convertible bonds of face value Rs. 0.1 Crore each, on a private placement basis, aggregating to Rs. 500 Crore.
4. NHB has, on December 14th, 2012 allotted tax free bonds, in the nature of secured, redeemable, non-convertible bonds of face value Rs. 0.1 Crore each, on a private placement basis, aggregating to Rs. 126 Crore.
5. NHB has, on December 24th, 2012 allotted taxable bonds, in the nature of unsecured, redeemable, non-convertible bonds of face value Rs. 0.1 Crore each, on a private placement basis, aggregating to Rs. 1000 Crore.
6. NHB has, on January 1st, 2013 allotted tax free bonds, in the nature of secured, redeemable, non-convertible bonds of face value Rs. 0.1 Crore each, on a private placement basis, aggregating to Rs. 110 Crore.
7. NHB has, on January 8th, 2013 allotted taxable bonds, in the nature of secured, redeemable, non-convertible bonds of face value Rs. 0.1 Crore each, on a private placement basis, aggregating to Rs. 500.
8. NHB has, on February 6th, 2013 allotted tax free bonds, in the nature of secured, redeemable, non-convertible bonds of face value Rs. 0.1 Crore each, on a private placement basis, aggregating to Rs. 125 Crore.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The CBDT has, by the Notification, authorised NHB to issue Bonds aggregating to Rs. 5,000 Crore. NHB proposes to raise 3,750 Crore through a public issue of Bonds, prior to March 31st, 2013.

The Board, at the meetings held on June 22, 2012, approved the Issue of the Bonds in the nature of secured redeemable non-convertible bonds, by public issue(s) and/or on private placements(s) basis in India to eligible investors, in one or more tranches, in the aggregate amount of up to Rs. 5,000 Crore during Fiscal 2013, as allocated in the Notification, provided that the aggregate amount raised through private placement(s) of Bonds shall not exceed Rs. 1250 Crore (being 25 percent of the overall allocated limit for issuance of the Bonds, under the Notification) during Fiscal 2013.

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 Members of the Board, the Compliance officer, the Lead Managers, the Registrar to the Issue, the Legal Advisor to the Issue, the Statutory Auditors/Independent Auditors of NHB, the Statutory Auditors/Independent Auditors of Subsidiaries, the Bankers to the Issuer, Bankers to the Issue, Credit Rating Agencies and the Debenture Trustee to act in their respective capacities, have been obtained.

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

Expert Opinion

Except the letter dated February 19, 2013 issued by the Credit Rating Agency, CARE, in respect of the credit rating of the Issue, and the report and statement of tax benefits dated February 19, 2013 issued by V.K Verma & Co., Statutory Auditors of NHB, NHB has not obtained any expert opinions.

Minimum Subscription

For information, see "*Issue Structure - Minimum Subscription*" on page 115.

No Reservation or Discount

Pursuant to the Notification, at least 75 percent of the Issue size shall be raised through public issue, of which 40 percent shall be reserved for Retail Individual Investors. 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 of transfer of Bonds in demat form 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 share 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 during the last five years.

Commission or Brokerage on Previous Issues

NHB has not undertaken any public or rights issue of any securities during the last five years

Change in auditors of NHB during last three years

Name	Address	Date of Appointment / Resignation	Auditor of NHB Since (in case resignation)	Remarks
Aiyar & Co.	607, Akashdeep, 26A, Barakhamba Road, New Delhi 110 001.	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	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 34.

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 125.

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 Kotak Mahindra Capital Company Limited, Axis Capital Limited, ICICI Securities Limited and SBI Capital Markets Limited are available at www.kotak.com, www.enam.com, www.icicisecurities.com, and www.sbicaps.com, respectively.

Listing

For information, see "*Terms of the Issue - Listing*" on page 125.

Disclaimer clause of NSE

[•]

Disclaimer clause of RBI

RBI does not accept any responsibility or guarantee about the present position as to financial soundness of NHB or correctness of any of the statements or representations made or opinions expressed by NHB and for repayment of deposits or discharge of liabilities by NHB.

Statement by the Board:

- (i) All monies received pursuant to the Issue shall be transferred to a separate bank account;
- (ii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in NHB's 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 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/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. 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 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. 5,000 Crore. NHB proposes to raise Rs. 3750 Crore through a public issue of Bonds, in single tranches, prior to 31 March, 2013.

The Board, at the meetings held on June 22, 2012, approved the Issue of the Bonds in the nature of secured redeemable non-convertible bonds, by public issue(s) and/or on private placements(s) basis in India to eligible investors, in one or more tranches, in the aggregate amount of up to Rs. 5,000 Crore during Fiscal 2013, as allocated in the Notification, provided that the aggregate amount raised through private placement(s) of Bonds shall not exceed Rs. 1250 Crore (being 25 percent of the overall allocated limit for issuance of the Bonds, under the Notification) during Fiscal 2012-13 ending on March 31, 2013.

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 116.

Issuer	National Housing Bank			
Issue of Bonds	Public issue of the tax free bonds in the nature of secured redeemable non-convertible debentures of NHB of face value of Rs.10,000/- each, having benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by NHB pursuant to the Prospectus., for an amount up to Rs. 3,750 Crore*			
	<i>*In terms of the Notification, NHB is allowed to raise funds through private placement route in one or more tranches not exceeding Rs. 1250 Crore i.e. up to 25 percent of the allocated limit for raising funds through Tax Free Bonds during Fiscal 2012-13 ending on March 31, 2013, in terms of the Notification. NHB shall ensure that the Bonds issued through public issue and private placement route shall together not exceed Rs. 5,000 Crore.</i>			
Face Value	Rs. 10,000/-			
Issue Price	Rs. 10,000/-			
Nature of Bonds	Secured			
Mode of Issue	Public Issue.			
Minimum Application	One Bond			
Pay-In-Date	Application Date.			
Who can apply	Category I ("Qualified Institutional Buyers") ("QIBs")** <ul style="list-style-type: none"> • Public Financial Institutions specified in Section 4A of the Companies Act, • Scheduled Commercial Banks, • Mutual Funds registered with SEBI, • Alternative Investment Fund registered with SEBI • Multilateral and Bilateral Development Financial Institutions, • State Industrial Development Corporations, 	Category II ("Domestic Corporates")** <ul style="list-style-type: none"> • Companies within the meaning of section 3 of the Companies Act, Limited Liability Partnerships registered under the provisions of the LLP Act and Bodies Corporate registered under the applicable laws in India and 	Category III ("High Networth Individuals") ("HNIs") <p>The following investors applying for an amount aggregating to more than Rs. 10 lakh in the Issue.</p> <ul style="list-style-type: none"> • Resident Individual Investors • Hindu Undivided Families applying through the Karta 	Category IV ("Retail Individual Investors") ("RIIs")**** <p>The following investors applying for an amount aggregating up to and including Rs. 10 lakh in the Issue</p> <ul style="list-style-type: none"> • Resident Individual Investors • Hindu Undivided Families through the Karta

	<ul style="list-style-type: none"> Insurance companies registered with the Insurance Regulatory and Development Authority, Provident Funds with a minimum corpus of Rs. 250 million, Pension funds with a minimum corpus of Rs. 250 million, The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, Insurance funds setup and managed by the army, navy, or air force of the Union of India, and Insurance funds setup and managed by the Department of Posts, India. 	authorised to invest in Bonds		
Credit Rating	<p>CRISIL Limited ("CRISIL") has, by its letter no SN/FSR/NHB/2012-13/1891 dated February 5, 2013 and letter no. AK/FSR/NHB/2012-13/1973 dated February 20, 2013, assigned a rating of "CRISIL AAA/Stable" to the Bonds. Instruments with this rating are considered to have a highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited ("CARE") has, by its letter dated January 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. Such instruments carry lowest credit risk. For details, see "<i>Annexure C - Credit Rating</i>" at page 269.</p>			
Security	<p><i>Pari passu</i> first charge on receivables of NHB with an asset cover of one time of the total outstanding amount of Bonds, pursuant to the terms of the Bond Trust Deed. The aforesaid charge shall rank as a floating charge. NHB reserves the right to create first <i>pari-passu</i> charge on present and future receivables for its present and future financial requirements or otherwise.</p>			
Security Cover	One time of the total outstanding Bonds.			
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 secured creditors of NHB.			
Put/Call Option	There is no put/call option for the Bonds			
Listing	NSE. For more information, see " <i>Terms of the Issue - Listing</i> " on page 125.			
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	<p>1. Direct Credit; 2. National Electronic Clearing System ("NECS"); 3. Real Time Gross Settlement ("RTGS"); 4. National Electronic Fund Transfer ("NEFT"); and 5. Registered/Speed Post</p> <p>For more information, see "<i>Terms of the Issue - Manner & Modes of Payment</i>" on page 121.</p>						
Issuance	In dematerialised form and physical form, at the option of the Applicant***						
Trading	In dematerialised form only***						
Market Lot / Trading Lot	One Bond						
Deemed Date of Allotment	The Deemed Date of Allotment will be the date on which the Board of Directors or Chairman and Managing Director is deemed to have approved the Allotment of Bonds for the Issue or any such date as may be determined by the Board of Directors or Chairman and Managing Director. All benefits under the Bonds including payment of coupon rate (as specified in the Draft Prospectus) will accrue to the Bondholders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.						
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.						
Lead Managers	Kotak Mahindra Capital Company Limited, Axis Capital Limited, ICICI Securities Limited, SBI Capital Markets Limited.						
Objects of the Issue and Utilisation of Proceeds	See " <i>Objects of the Issue</i> " on page 43.						
Working Day Convention/ Day Count	<p>A Working Day shall mean 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, Coupon Payment Date and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.</p> <p>Day Count Convention</p> <p>Actual/actual, i.e., coupon rate will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the coupon period (start date to end date) includes February 29, coupon rate will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.</p> <p>Effect of holidays on payments</p> <p>If the date of payment of coupon rate or principal or redemption or any date specified does not fall on a Working Day, the succeeding Working Day will be considered as the effective date. Coupon rate and principal or other amounts, if any, will be paid on the succeeding Working Day. In case the date of payment of coupon rate falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue. In case the date of redemption falls on a holiday, the payment will be made on the next Working Day along with interest for the period overdue.</p>						
Transaction Documents	<p>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: -</p> <table border="0"> <tr> <td>Bond Trust Deed</td> <td>Trust Agreement to be entered into between the Bond Trustee and NHB on or before the Designated Date.</td> </tr> <tr> <td>Bond Trustee Agreement</td> <td>Agreement dated February 20, 2013 between the Bond Trustee and NHB.</td> </tr> <tr> <td>Escrow Agreement</td> <td>Agreement dated [] entered into by 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 on the terms and conditions thereof.</td> </tr> </table>	Bond Trust Deed	Trust Agreement to be entered into between the Bond Trustee and NHB on or before the Designated Date.	Bond Trustee Agreement	Agreement dated February 20, 2013 between the Bond Trustee and NHB.	Escrow Agreement	Agreement dated [] entered into by 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 on the terms and conditions thereof.
Bond Trust Deed	Trust Agreement to be entered into between the Bond Trustee and NHB on or before the Designated Date.						
Bond Trustee Agreement	Agreement dated February 20, 2013 between the Bond Trustee and NHB.						
Escrow Agreement	Agreement dated [] entered into by 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 on the terms and conditions thereof.						

	<p>Lead Managers MoU</p> <p>Lead Broker MoU</p> <p>Registrar Agreement</p> <p>Tripartite Agreements</p>	<p>The memorandum of understanding entered into on February 22, 2013, between NHB and the Lead Managers. Memorandum of Understanding dated [●].</p> <p>Agreement dated February 19, 2013 entered into 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</p> <p>Tripartite agreement to be entered into 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</p>
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 125.	
Event of Default	See " <i>Terms of the Issue</i> " on page 116.	
Cross Default	Not applicable	
Roles and Responsibilities of Bond Trustee	As provided in the Bond Trust Deed entered into between NHB and the Bond Trustee. See " <i>Terms of the Issue- Bond Trustee</i> " on page 125.	
Discount at which Bond is issued and the effective yield as a result of such discount	Not applicable	
Tenor	Ten Years	
Issue Opening Date	[●]	
Issue Closing Date	[●]	
	<p>The Issue shall open for subscription from 10 a.m. to 5 p.m. during the period indicated above with an option for early closure (subject to the Issue being open for a minimum of three Working Days) which may be extended up to 30 Working Days from the date of opening of the Issue, 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 Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper.</p>	
Default Interest Rate	NHB shall pay liquidated damages at a compounded rate of [●] percent 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	
Interest on Application Money	See " <i>Terms of the Issue-Interest on Application and Refund Money</i> " on page 120.	
Step up/ step down Coupon Rate	Additional coupon rate of [●] percent shall be paid to the original Allottees under Category IV portion. In case the Bonds held by the original Allottees under Category IV Portion are sold/ transferred (except in case of transfer of Bonds to legal heirs in the event of death of the original Allottees), the coupon rate shall stand revised to the coupon rate applicable for the Allottees falling under Category I, II & III Portions.	
Maturity Date / Redemption Date	10 years from the Deemed Date of Allotment	
Redemption Amount (T/Bond)	Repayment on the Face Value plus any interest that may have accrued at the Redemption Date.	
Coupon Type	Fixed Coupon Rate	
Coupon Payment Date	The date, which is the day falling one year from the Deemed Date of Allotment, in case of the first coupon payment and the same date every year, until the Redemption Date for subsequent interest payments	

Frequency of Coupon Payment	Annual
Coupon Rate (%) p.a for Category I, II, III and IV	[●]%
Additional Coupon Rate(%) for Category IV	[●]%
Aggregate Coupon Rate (%) for Category IV	[●]%
Annualised Yield(%) for Category II & III	[●]%
Annualised Yield(%) for Category IV	[●]%
Governing Law	Laws of the Republic of India
Jurisdiction	The courts of New Delhi will have exclusive jurisdiction for the purposes of the Issue.

***With respect to the provisions of Section 372A(3) of Companies Act, it may be noted that the RBI has through its circular (Circular No. UBD.BPD.(PCB).Cir.No.40/16.11.00/2011-12) dated June 5, 2012 revised the Bank Rate from 9.0 percent to 8.75 percent w.e.f. January 29, 2013. Coupon rate on the Bonds shall be determined in pursuant of the Notification. Although the coupon rate offered on Bonds may be lower than the prevailing bank rate, it may be noted that since these are tax-free bonds, the gross/pre-tax yield to the investors may be higher, depending upon the applicable tax rates. Companies other than banking companies, insurance companies and other companies as mentioned in Section 372A(3) of the Companies Act may however seek independent opinion from their legal counsels about the eligibility to make an application for the Bond*

****In terms of Regulation 4(2)(d) of the SEBI 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 fulfil such request. However, trading in Bonds shall be compulsorily in dematerialized form.*

*****In case the Bonds held by the original Allottees under Category IV Portion are sold/ transferred (except in case of transfer of Bonds to legal heirs in the event of death of the original Allottees), the coupon rate shall stand revised to the coupon rate applicable for the Allottees falling under Category I, II & III Portions*

***For various modes of interest payment, see "Terms of the Issue - Manner & Modes of Payment" on page 121.*

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 to be entered into 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 (collectively, "**Tripartite Agreements**").

Listing

For information, see "**Terms of the Issue - Listing**" on page 125.

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. 5,000 Crore. NHB proposes to raise Rs. 3750 Crore through a public issue of Bonds, in a single tranche, prior to 31 March, 2013.

The Board, at the meetings held on June 22, 2012, approved the Issue of the Bonds in the nature of secured redeemable non-convertible debentures, by public issue(s) and/or on private placements(s) basis in India to eligible investors, in one or more tranches, in the aggregate amount of up to Rs. 5,000 Crore during Fiscal 2012-13 ending on March 31, 2013, as allocated in the Notification, provided that the aggregate amount raised through private placement(s) of Bonds shall not exceed Rs. 1250 Crore (being 25 percent of the overall allocated limit for issuance of the Bonds, under the Notification) during Fiscal 2012-13 ending on March 31, 2013.

Terms & Conditions of the Issue

The terms and conditions of Bonds being offered in the Issue are subject to the NHB Act, Companies Act, the SEBI Debt Regulations, the Debt Listing Agreement, the Notification, the 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 Exchanges and/or other authorities and other documents that may be executed in respect of the Bonds.

For more information, see "*Issue Structure*" on page 111.

Face Value

The face value of each Bond is Rs. 10,000/-.

Security

The Bonds will be secured by a *pari passu* first charge on receivables of NHB, with an asset cover of one time of the total outstanding amount of Bonds, pursuant to the terms of the Bond Trust Deed. The aforesaid charge shall rank as a floating charge. NHB reserves the right to create first *pari-passu* charge on present and future receivables for its present and future financial requirements or otherwise.

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

CRISIL Limited ("**CRISIL**") has, by its letter no SN/FSR/NHB/2012-13/1891 dated February 5, 2013 and letter no. AK/FSR/NHB/2012-13/1973 dated February 20, 2013, assigned a rating of "CRISIL AAA/Stable" to the Bonds. Instruments with this rating are considered to have a highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited ("**CARE**") has, by its letter dated January 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. For details, see "*Annexure C -Credit Rating*" at page 269.

Issue Period

Issue Opens On	[●]
Issue Closes On	[●]

The Issue shall open for subscription from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above with an option for early closure (subject to the Issue being open for a minimum of three Working Days) which may be extended up to 30 Working Days from the date of opening of the Issue, 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 Issue Closing Date, as applicable, through advertisement(s) in at least leading national daily newspaper.

Applications Forms for the Issue will be accepted only between 10 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges during the Issue Period mentioned above, on all Working 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 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 Exchanges (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.

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.

Application Forms will only be accepted on Working Days.

Neither NHB, nor the Members of the Syndicate or Trading Members of the Stock Exchanges shall be liable for any failure in uploading Applications due to failure in any software/hardware system or otherwise.

MINIMUM APPLICATION

One Bonds and in multiples of one Bond thereafter.

ESCROW MECHANISM

Please refer "*Issue Procedure - Escrow Mechanism for Applicants other than ASBA Applicants*" and "*Issue Procedure - Payment into Escrow Account*" on page 144.

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 the Issue. All benefits under the Bonds including payment of interest (as specified in the Prospectus) will accrue to the Bondholders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.

Basis of Allotment

Group of Applications and Allocation Ratio

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; and ("**High Net Worth Individual Portion**");
- 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 percent of the Issue size shall be reserved for Retail Individual Investors.

Application will be consolidated on the basis of PAN for classification into various categories.

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**".

Allocation Ratio

QIB Portion	Domestic Corporate Portion	High Net Worth Individual Portion	Retail Individual Investor Portion
25% of the Issue size	20% of the Issue size	15% of the Issue size	40% of the Issue size

Basis for Allotment of the Bonds

- (a) *Allotments in the first instance:*
 - (i) Applicants belonging to the Category I, in the first instance, will be allocated Bonds up to 25% of Issue size on first come first serve basis which would be determined on the basis of the date of upload of each Application into the electronic system of the Stock Exchanges;
 - (ii) Applicants belonging to the Category II, in the first instance, will be allocated Bonds up to 20% of Issue size on first come first serve basis which would be determined on the basis of date of upload of each Application into the electronic system of the Stock Exchanges;
 - (iii) Applicants belonging to the Category III, in the first instance, will be allocated Bonds up to 15% of Issue size on first come first serve basis which would be determined on the basis of date of upload of each Application in to the electronic system of the Stock Exchanges;
 - (iv) Applicants belonging to the Category IV, in the first instance, will be allocated Bonds up to 40% of Issue size on first come first serve basis which would be determined on the basis of date of upload of each Application in to the electronic system of the Stock Exchanges;

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first come first serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchanges, in each Portion, subject to the Allocation Ratio.

- (b) *Under Subscription:* If there is any under subscription in any Portion, priority in allotments will be given in the following order on a first come first serve basis in each Portion, based on the date of upload of each Application into the electronic system of the Stock Exchanges, in each Portion:
 - (i) Retail Individual Investor Portion
 - (ii) QIB Portion
 - (iii) Domestic Corporate Portion
 - (iv) High Net Worth Individual Portion
- (c) For each Portion, all Applications uploaded into the electronic system of the Stock Exchanges in the same day would be treated at par with each other. Allotment within a day would be on proportionate basis, where Bonds applied for exceeds Bonds to be allotted for each Portion respectively.
- (d) *Allotments in case of oversubscription:* In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first come first serve basis and thereafter on a proportionate basis in each Portion, determined based on the date of upload of each Application into the electronic system of the Stock Exchanges i.e. full allotment of Bonds to the Applicants on a first come first serve basis up to the date falling 1 day prior to the date of oversubscription and proportionate

allotment of Bonds to the Applicants on the date of oversubscription. The method of proportionate allotment is as described below:

- (i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.
 - (ii) If the process of rounding off to the nearest integer results in the actual allocation of Bonds being higher than the Issue size, not all Applicants will be allotted the number of Bonds arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.
 - (iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, NHB will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.
- (f) Minimum allotment of one Bond and in multiples of one Bond thereafter would be made in case of each valid Application, subject to Basis of Allotment as mentioned above. All decisions pertaining to the Basis of Allotment of Bonds pursuant to the Issue shall be taken by NHB in consultation with the Lead Managers, and the Designated Stock Exchange and in compliance with the aforementioned provisions of the Prospectus.

Additional/Multiple Applications

Please refer "*Issue Procedure - Additional/Multiple Applications*" on page 138.

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 fulfil such request. However, trading in Bonds shall be compulsorily in dematerialized form.

In case of Bonds held in physical form, a single certificate will be issued to the Bondholder for the aggregate amount ("**Consolidated Certificate**") for each type 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, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of Bond certificates 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 Bond certificate which would then be treated as cancelled by us.

PAYMENT OF REFUNDS

Refunds for Applicants other than ASBA Applicants

Within 12 Working Days of the 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 Exchanges, will also be made as per the 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 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 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 where such facility has been made available. 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 account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 0.02 Crore, 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 IFSC which can be linked to an MICR code, if any, available to that particular bank branch. IFSC 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 IFSC 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 SCSSB to unblock funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

INTEREST ON THE BONDS

The Bonds shall carry interest at the coupon rate of [●] percent p.a., respectively, payable annually, from, and including, the Deemed Date of Allotment up to, but excluding their respective Maturity Dates, payable on the "Interest Payment Dates", to the Bondholders as of the relevant Record Date.

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 to the Applicants (except ASBA Applicants) subject to deduction of income tax under the Income Tax Act, from the date of realization of the cheque(s)/demand draft(s) or three days from the date of upload of the Application on the electronic platform of the Stock Exchanges whichever is later up to one day prior to the Deemed date of Allotment, at the rate of [●] percent p.a. 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, the interest warrant will be dispatched along with the Allotment Advice 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 money which is liable to be refunded to the Applicants (except ASBA Applicants) in accordance with the SEBI Debt Regulations, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the Income Tax Act, as applicable to the Allottee, from the date of realization of the cheque(s)/demand draft(s) or three days from the date of upload of the Application on the electronic platform of the Stock Exchanges whichever is later up to one day prior to the Deemed Date of Allotment, at the rate of [●] percent per annum. 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 refund orders at the sole risk of the applicant, to the sole/first applicant.

Provided that, notwithstanding anything contained hereinabove, NHB shall not be liable to pay any interest on application monies to the ASBA Applicants and 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. For more information, see "***Issue Procedure - Rejection of Application***" on page 145.

REDEMPTION

NHB will redeem the Bonds on the Maturity Date.

Bonds held in electronic form:

No action is required on the part of Bondholders at the time of maturity of the Bonds.

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.

PAYMENT OF INTEREST ON BONDS

Day Count Convention

Interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest 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 interest or principal or redemption or any date specified does not fall on a Working Day, the succeeding Working Day will be considered as the effective date. Interest and principal or other amounts, if any, will be paid on the succeeding Working Day. In case the date of payment of interest or principal falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue. In case the date of redemption falls on a holiday, the payment will be made on the next Working Day along with interest for the period overdue (i.e. upto one day prior to the date of payment).

Manner & Modes of Payment

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.

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. 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 Exchanges 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 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 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.

(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..02 Crore. 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 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.

(e) ***Registered/Speed Post***

For all other Applicants, including those who have not updated their bank particulars with the MICR code, payment will be dispatched by post for value up to Rs. 1,500/- and through Registered/Speed Post for value of Rs. 1,500/- and above, only to Applicants that have provided details of a registered address in India.

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. 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. 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 ("**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

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 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 45.

Bondholder Not Shareholder

The Bondholders will not be entitled to any of the rights and privileges available to equity and/or preference shareholders 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 Bondholder or, in case of joint-holders, the person whose name stands first in the register of 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 the Prospectus and Bond Trust Deed to be entered into between NHB with the Bond Trustee.

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 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 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.

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 February 20, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Draft 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.

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 the 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 mentioned provisions:

"Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."*

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 dated [●].

If permissions to deal in and for an official quotation of the Bonds are not granted by NSE, NHB will forthwith repay, without interest, all such moneys received from the Applicants pursuant to the Prospectus. NHB will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchanges are taken within 12 Working Days of the Issue Closing Date.

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 43.

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 Exchanges 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 Exchanges 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 43.

Statement by the Board:

- (i) All monies received pursuant to the Issue shall be transferred to a separate bank account;
- (ii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in NHB's 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 Balance Sheet, indicating the form in which such unutilised monies have been invested.

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;
- (b) Necessary cooperation to the Credit Rating Agency(ies) will be extended in providing true and adequate information until the 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 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, 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 the Prospectus.
- (f) NHB will disclose the complete name and address of the Bond Trustee in its annual report.

Ranking of the Bonds

The Bonds will be secured by a *pari passu* first charge on receivables of NHB, with an asset cover of one time the total outstanding amount of Bonds, pursuant to the terms of the Bond Trust Deed. 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 first *pari-passu* charge on present and future receivables for its present and future financial requirements or otherwise.

DRR

No Debenture Redemption Reserve is required to be created for the issue.

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 English language 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 Exchanges 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 Exchanges only in the Specified Cities or directly to the Designated Branches of SCSBs. Applicants not applying through ASBA facility are required to submit their Applications to the Members of the Syndicate or Trading Members of the Stock Exchanges or make Direct Online Applications using the online payment facility of the Stock Exchanges.

This section is based on SEBI Circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012 and is subject to the Stock Exchanges 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 Exchanges and accordingly is subject to any further clarification, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI. The following Issue procedure may consequently undergo change between the date of the Draft Prospectus and Prospectus; Applicants are accordingly advised to carefully read the Draft Prospectus, Application Form and Prospectus(es) in relation to any proposed investment. 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 thereof.

Trading Members of the Stock Exchanges who wish to collect and upload Applications in the Issue on the electronic application platform provided by the Stock Exchanges will need to approach the respective Stock Exchanges 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 Exchanges in connection with the responsibility of such Trading Members of the Stock Exchanges 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 Exchanges. Further, the relevant Stock Exchanges shall be responsible for addressing investor grievances arising from Applications through Trading Members registered with such Stock Exchanges.

For purposes of the Issue, the term "Working Day" shall mean 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 and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.

PROCEDURE FOR APPLICATION

Availability of the Prospectus, Abridged Prospectus and Application Forms

Physical copies of the Abridged Prospectus containing salient features of the Prospectus together with Application Forms may be obtained from:

- (a) NHB's Head Office;
- (b) Offices of the Lead Managers;
- (c) Trading Members of the Stock Exchanges; and
- (d) Designated Branches of SCSBs.

Electronic Application Forms will be available on the websites of the Stock Exchanges 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 Exchanges. Weblinks to the websites of the relevant pages of the Stock Exchanges 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 Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

On a written request being made by any Applicant before the Issue Closing Date, physical copies of the Prospectus and Application Form can be obtained from NHB's Head Office, as well as offices of the Lead Managers. Electronic copies of the Prospectus will be available on the websites of the Lead Managers, the Stock Exchanges, 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 specified in Section 4A of the Companies Act, • Scheduled commercial banks, • Mutual funds registered with SEBI, • Alternative Investment Fund registered with SEBI • Multilateral and bilateral development financial institutions, • State industrial development corporations, • Insurance companies registered with the Insurance Regulatory and Development Authority, • Provident funds with a minimum corpus of Rs. 250 million, • Pension funds with a minimum corpus of Rs. 250 million, • The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, • Insurance funds setup and managed by the army, navy, or air force of the Union of India, and • Insurance funds setup and managed by the Department of Posts, India. 	<ul style="list-style-type: none"> • Companies within the meaning of section 3 of the Companies Act, Limited Liability Partnerships registered under the provisions of the LLP Act and bodies corporate registered under the applicable laws in India and authorised to invest in Bonds 	<p>The following investors applying for an amount aggregating to more than Rs. 10 lakh in the Issue.</p> <ul style="list-style-type: none"> • Resident Individual Investors • Hindu Undivided Families applying through the Karta 	<p>The following investors applying for an amount aggregating up to and including Rs. 10 lakh in the Issue</p> <ul style="list-style-type: none"> • Resident Individual Investors • Hindu Undivided Families applying through the Karta

***With respect to the provisions of Section 372A(3) of Companies Act, it may be noted that the RBI has through its circular (Circular No. UBD.BPD.(PCB).Cir.No.40/16.11.00/2011-12) dated June 5, 2012 revised the Bank Rate from 9.0 percent to 8.75 percent w.e.f. January 29, 2013. Coupon rate on the Bonds shall be determined in pursuant of the Notification. Although the coupon rate offered on Bonds may be lower than the prevailing bank rate, it may be noted that since these are tax-free bonds, the post tax yield to the investors may be higher, depending upon the applicable tax rates. Companies other than banking companies, insurance companies and other companies as mentioned in Section 372A(3) of the Companies Act may however seek independent opinion from their legal counsels about the eligibility to make an application for the Bond*

****In terms of Regulation 4(2)(d) of the SEBI 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 fulfil such request. However, trading in Bonds shall be compulsorily in dematerialized form.*

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.
- Foreign nationals (including NRIs, Foreign Institutional Investors, Qualified Foreign Investors and Foreign Venture Capital Investors).
- Venture Capital Funds.
- Overseas corporate bodies ("OCBs").
- Cooperative Societies, Regional Rural Banks, Societies, Public/ Private/ Religious Trust, Scientific and Industrial Research Organisations, partnership firms (except Limited Liability Partnerships).
- Persons ineligible to contract under applicable statutory/regulatory requirements.
- Any other category of investor not mentioned in Categories I, II, III and VI 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 dematerialised 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 system of the Stock Exchanges.

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 percent 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.

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 Regulation S 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 "Prospective 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 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.

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.

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 Draft 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 Exchanges. See "*Submission of Direct Online Applications*" on page 136;
- (b) ASBA Applications through the Members of the Syndicate or Trading Members of the Stock Exchanges only in the Specified Cities ("**Syndicate ASBA**"). See "*Submission of ASBA Applications*" on page 134;
- (c) ASBA Applications through Designated Branches of SCSBs. See "*Submission of ASBA Applications*" on page 134; and
- (d) Non-ASBA Applications through Members of the Syndicate or Trading Members of the Stock Exchanges See "*Submission of Non-ASBA Applications (other than Direct Online Applications)*" on page 136.
- (e) Non-ASBA Applications for Allotment in physical form through the Members of the Syndicate or Trading Members of the Stock Exchanges. See "*Submission of Non- ASBA Applications for Allotment of the Bonds in physical form*" on page 134.

Applications by certain categories of Applicants

Applications by Mutual Funds

No MF scheme may invest more than 15 percent 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 percent 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 (ii) 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.**

Applications by Alternative Investments Funds

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) the SEBI registration certificate of such Alternative Investment Fund; (i) a resolution authorising the investment and containing operating instructions; and (ii) specimen signatures of authorised persons. **Failing this, NHB reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof. Alternative Investment Funds applying for Allotment of the Bonds shall at all time comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.**

Application by Scheduled Commercial Banks

Scheduled commercial 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; 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 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; (ii) resolution authorising investment and containing operating instructions; (iii) power of attorney; 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.**

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 and Bodies Corporate

In case of Applications by companies and bodies corporate, the Application Form must be accompanied by certified true copies of: (i) any Act/Rules under which they are incorporated; (ii) 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.**

For information on submission of Direct Online Applications through the online platform and online payment facility offered by the Stock Exchanges, see "- *Submission of Direct Online Applications*" on page 136.

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.**

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.

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 Exchanges, 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 134 and 141, respectively. The Members of the Syndicate and Trading Members of the Stock Exchanges 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 online platforms of Stock Exchanges, 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 Exchanges will submit the Application Forms, KYC Documents 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 online platforms of Stock Exchanges 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 online platforms of Stock Exchanges will prevail, except in relation to discrepancies between Application Amounts. The Members of the Syndicate/Trading Members of the Stock Exchanges are requested to note that all Applicants are required to be banked with only the designated branches of Escrow Collection Bank(s), a list of which is available on the websites of the Lead Managers at www.kotak.com, www.enam.com, www.icicisecurities.com and www.sbicaps.com, respectively. 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 Application Form please see "*- General Instructions*" and "*- Additional Instructions for Applicants seeking allotment of Bonds in physical form*" on pages 134 and 141, 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 an Applicant's 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 system of the Stock Exchanges. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch will reject such and will not upload such ASBA Application in the electronic system of the Stock Exchanges.** 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 system of the Stock Exchanges. 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 Exchanges only at the Specified Cities, i.e., Syndicate ASBA. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges 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 Exchanges, 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 Exchanges, 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 system of the Stock Exchanges 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 Exchanges, 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, Trading members of the stock exchanges 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 Exchanges at least one day prior to the Issue Opening Date. Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Application Forms will also be provided to Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Prospectus and 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 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 Exchanges, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, see "*Terms of the Issue -Issue Period*" on page 116.

(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 Exchanges, 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.**

(d) SCSBs to note that pursuant to SEBI Circular January 2, 2013 if they wish to apply for the Issue through ASBA, they shall apply through an ASBA account held with any other SCSB.

ASBA Applicants can invest in dematerialised form only.

For instructions pertaining to completing Application Form please see "- *General Instructions*" on page 137.

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 Exchanges, 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 Exchanges, as the case may be, with the cheque or bank draft for the Application Amount, before the closure of the Issue Period. The Stock Exchanges 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 Exchanges. On submission of the completed Application Form, the relevant Members of the Syndicate or Trading Member of the Stock Exchanges, as the case maybe, will upload the Application Form on the electronic system provided by the Stock Exchanges, 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 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 Application Form please see "- *General Instructions*" on page 137.

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 Exchanges. Such Applicants must:

- log on to the online platform of the Stock Exchanges;
- use and duly fill the Application Form available on the online platform of the Stock Exchanges;
- use the optional facility (if provided by the Stock Exchanges 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 "KYC" 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.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. In the

event that the NSE puts in necessary systems, infrastructure and processes in place so as to enable the adoption of the Direct Online Application Mechanism after the filing of this Draft Prospectus with the NSE but prior to the Issue Opening Date, we shall offer eligible investors desirous of applying in the Issue the option to make Applications through the Direct Online Application Mechanism.

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 Prospectus, Abridged Prospectus and Application Form.
- (c) If the Application is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names.
- (d) Applications must be for a minimum of one Bonds and in multiples of one Bond thereafter. For the purpose of fulfilling the requirement of minimum subscription of one Bond. 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.
- (e) Applicants should hold a valid PAN allotted under the Income Tax Act and mention it in the Application Form.
- (f) Applicants must tick the relevant box for the 'Category of Investor' provided in the Application Form.
- (g) Applicants must tick the relevant box for the 'Mode of Application' provided in the Application Form.
choosing either ASBA or Non-ASBA mechanism.
- (h) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account.
- (i) 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.
- (j) **No separate receipts will be issued for the Application Amount payable on submission of the Application Form.** However, the Lead Managers, Lead Brokers, Trading Members of the Stock Exchanges 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 Exchanges, 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.

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 Exchanges 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 Exchanges, 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 Exchanges, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges 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 Exchanges) in the Application Form would be used only to ensure dispatch of refund orders. In case of refunds through electronic modes detailed in the Draft 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 Exchanges, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges 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.

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. Further, with effect from August 16, 2010, beneficiary accounts of Applicants for whom PAN details have not been verified have been suspended for credit and no credit of Bonds pursuant to the Issue will be made into the accounts of such Applicants. Therefore, the Applicant (in the case of Applications made in joint names, the first Applicant) should mention the PAN allotted under the Income Tax Act in the Application Form. 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 and Applicants residing in the state of Sikkim 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 and for Applicants residing in the State of Sikkim 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., either Sikkim category or exempt category.

Joint Applications

Applications by Applicants applying for Allotment in dematerialised form can be in single or joint names. If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. In case of Applications in joint names for Allotment of Bonds, the names of the Applicants should be the same and appearing in the same order as on the records of the DP. In case of Applications in joint names, any payments will be made out in favour of the first Applicant and any communications will be addressed to the first Applicant.

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.

An Applicant is allowed to make one or more Applications for the Bond, subject to a minimum Application size of Rs.10,000/- and in multiples of Rs. 10,000/- thereafter, for each Application. **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. 10,00,000/- 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 Prospectus, 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. If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names.
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 you have given a transaction registration slip ("TRS") and an acknowledgement as proof of having accepted the Application Form.
9. 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.
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 Exchanges, 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. 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.

15. 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 Issue Closing Date. For information on the Issue programme, see "*Terms of the Issue - Issue Period*" on page 116.
16. 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.
17. Ensure what the Demographic Details including PAN are updated, true and correct in all respects.

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 Issue size (including retention of oversubscription, if any), 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. Do not submit the GIR number instead of the PAN.
6. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest.
7. Do not submit the Application Forms without the full Application Amount for the number of Bonds applied for.
8. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
9. Do not submit an Application in case you are not eligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.
10. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
11. 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.

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 Exchanges 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 Exchanges, 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 Exchanges, 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; and
9. Ensure that you have received an acknowledgement from the Designated Branch or the Member of the Syndicate or Trading Member of the Stock Exchanges, 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 Exchanges, 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 Exchanges, 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 Exchanges 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 Exchanges, 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 145 for information on rejection of Applications.

For further instructions, Applicants are advised to read the Prospectus, 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.

- (b) 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 by Applicants residing in the State of Sikkim. Any of the following documents shall be considered as a verifiable proof of residence:
- ❖ valid driving license issued by any transport authority of the Republic of India; or
 - ❖ valid passport issued by the GoI;
 - ❖ voter's identity card issued by the GoI;
 - ❖ Government ID Card;
 - ❖ Defence ID Card; or
 - ❖ Ration card issued by GoI.
- (c) 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
 - ❖ passbook or latest bank statement issued by a bank operating in India; or
 - ❖ registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill.
 - ❖ 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 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 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 applicable laws, including NHB Act and the regulations made thereunder.

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 aforestated documents, Allotment of Bonds in physical form may be held in abeyance by the Registrar to the Issue, pending receipt of KYC documents.

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 Exchanges. 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 143.

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 Exchanges at the Specified Cities will be uploaded onto the electronic system of the Stock Exchanges 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 Exchanges, 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 system. 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 Exchanges, 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

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 Exchanges 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 Exchanges 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 Exchanges and execution of the Bond Trust Deed 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 Prospectus.

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/stock invest/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/stock invest/money order

Payment through cash/stock invest/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 and subject to the stock exchanges having the necessary infrastructure, systems and processes in place.

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 Exchanges.
ASBA Applications	(i) If using physical Application Form, (a) to the Members of the Syndicate or Trading Members of the Stock Exchanges 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 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 Exchanges. 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/Trading Members of Stock Exchanges 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 Exchanges only at the Specified Cities. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges 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 Exchanges, 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 116.

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 136

Submission of ASBA Applications

Please refer "- *Submission of ASBA Applications*" on page 134.

Submission of Non-ASBA Applications (other than Direct Online Applications)

Please refer "- *Submission of Non-ASBA Applications (other than Direct Online Applications)*" on page 136.

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 134.

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 Stockinvest/money order/postal order/cash.
- Applications for an amount below the minimum Application size.
- 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.
- 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 and by Applicants residing in the State of Sikkim, provided such claims have been verified by the DPs.
- DP ID, Client ID and bank account not mentioned in the Application Form, in case of Allotment in dematerialised form.
- GIR number furnished instead of PAN.
- 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.
- ASBA Application Forms not signed by the ASBA Account holder, if the ASBA Account holder is different from the Applicant.
- 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).
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, 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 Exchanges, 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.
- 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 debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Applications not uploaded on the terminals of the Stock Exchanges.
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, 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.
- Where PAN details in the Application Form and as entered into the electronic systems of the Stock Exchanges, are not as per the records of the Depositories.
- ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges 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, Prospectus and as per the instructions in the Application Form and the Prospectus.
- Application Form accompanied with more than one cheque.
- Date of Birth for first/sole Applicant for persons applying for Allotment of Bonds in physical form not mentioned in the Application Form;

ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges 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 Exchanges, 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 149. For information on payment of refunds, see "*Terms of the Issue - Payment of Refunds*" on page 119.

ELECTRONIC REGISTRATION OF APPLICATIONS

- (a) The Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs, as the case may be, will register Applications using the online facilities of the Stock Exchanges. 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 Exchanges. **NHB, the Members of the Syndicate, Trading Members of the Stock Exchanges, 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 Exchanges 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 Exchanges, or (v) 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 Exchanges, 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 Exchanges will offer an electronic facility for registering Applications, which will be available during the Issue Period on the terminals of the Consortium Members/Lead Brokers and sub-Brokers, Trading Members of the Stock Exchanges and the SCSBs. The Members of the Syndicate and Trading Members of the Stock Exchanges 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 Issue Closing Date. On the Issue Closing Date, the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will upload Applications until such time as may be permitted by the Stock Exchanges. This information will be available with the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs on a regular basis. **A high inflow of Applications on the 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 Issue Closing Date.** For further information on the Issue programme, see "*Terms of the Issue - Issue Period*" on page 116.
- (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 Exchanges 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
 - Number of Bonds Applied for
 - 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
 - Number of Bonds Applied
 - Bank account number
 - Application amount
- (f) With respect to ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges 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
 - Number of Bonds Applied for
 - 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 Exchanges 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 Exchanges 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 145 or if all required information is not provided or the Application Form is incomplete in any respect.
- (i) The permission granted by the Stock Exchanges 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 Exchanges; 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 the Draft Prospectus; or does it warrant that the Bonds will be listed or will continue to be listed on the Stock Exchanges.
- (j) Only Applications that are uploaded on the online system of the Stock Exchanges will be considered for allocation/Allotment. The Members of the Syndicate, Trading Members of the Stock Exchanges 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 Exchanges. In order that the data so captured does not match with the Depository details, the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will have up to one Working Day after the 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 117.

PAYMENT OF REFUNDS

Please refer "*Terms of the Issue - Payment of Refunds*" on page 119.

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 and unblocking of application amount in the ASBA accounts. 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 Exchanges where the Bonds are proposed to be listed are taken within 12 Working Days of the Issue Closing Date. NHB will ensure dispatch of Allotment Advice/refund orders within 12 Working Days of the 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 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 Issue Closing Date.

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 Exchanges 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 Exchanges 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 would be withdrawn in accordance with the procedure prescribed by the Stock Exchanges.

Withdrawal of ASBA Applications

ASBA Applicants may withdraw their ASBA Applications during the Issue Period by submitting a request to a Member of the Syndicate, Trading Member of the Stock Exchanges 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 Exchanges 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 Exchanges, as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchanges. 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 system of the Stock Exchanges 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 for the same to the Member of the Syndicate or Trading Member of the Stock Exchanges, 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 Exchanges, as the case may be, will do the requisite, including deletion of details of the withdrawn Non-ASBA Application Form from the electronic system of the Stock Exchanges.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a written withdrawal request to the Registrar to the Issue prior to the finalisation of Allotment. The Registrar to the Issue will delete the withdrawn Application from the electronic file provided by the Stock Exchanges and issue instruction to the SCSB for unblocking the ASBA Account (in case of ASBA Applications) or issue refund cheque/demand draft (in case of non ASBA Applications).

Revision of Applications

Applicants may revise/modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchanges, by submitting a written request to a Member of the Syndicate/Trading Member of the Stock Exchanges/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 Issue Closing Date.**

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 [●], 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 two names). If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names..
- 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 Exchanges having electronic connectivity with NSDL or CDSL 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 Exchanges will be in dematerialised form only.

See "*Instructions for filling up the Application Form - Applicant's Beneficiary Account and Bank Account Details*" on page 137.

The Bonds will cease to trade from the Record Date prior to the Maturity Date.

Trading of Bonds on the floor of the Stock Exchanges 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 regulations made thereunder 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 125.

Pre-closure

NHB, in consultation with the Lead Managers, reserves the right to close the Issue at any time prior to the 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 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 117.

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 Exchanges 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.-(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 per cent. 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;

⁷(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 ⁸excluding the directors referred to in clauses (ca) and (d)¹, 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 ⁹clauses (b), (c) and (ca)¹ of sub-section (1) of section 6 shall hold office for a term of three years:

¹⁰[* * * * *]

(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 per cent. 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;

¹⁷Provided 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 ²²¹institution¹, 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 ²²¹institution¹ 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 ²²¹institution¹ 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 ²²¹institution¹ 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 ²²¹institution¹ 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 ¹¹institution¹, 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 ²²¹institution¹ or the refinancing of any loan or advance made to such person by that ²²¹institution¹.

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 ²²¹institution¹:

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 ¹¹institution¹ 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 ²²¹institution¹ 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 ¹¹institution¹ 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 ²²¹institution¹ 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 ²²¹institution¹ 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 ²²¹institution¹ 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 451 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,-

(1) "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 per cent. 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 per cent. or such higher percentage not exceeding twenty-five per cent. 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 per cent. or such higher percentage not exceeding twenty-five per cent., 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 per cent. 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 per cent. 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 and 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 per cent. 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 the company,

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 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.

²⁸¹**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.

²⁹**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 per cent. 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 willful 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.

⁴⁰**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 18 of 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:-
"(cccc) '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:-
"(cccc) '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 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

2. Signed and delivered by

.....
(Borrower)

.....
(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 ⁶[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 the Draft 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 4 p.m., from the date of the Draft Prospectus until the date of closure of the Issue.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated February 22, 2013, between NHB and the Lead Managers.
2. Agreement dated February 19, 2013, between NHB and the Registrar to the Issue.
3. Bond Trustee Agreement dated February 20, 2013 between NHB and the Bond Trustee for the Bondholders.
4. Memorandum of Understanding dated [●], between NHB and the Lead Brokers.
5. Escrow Agreement dated [●], between NHB, the Lead Managers, the Registrar to the Issue and the Escrow Collection Bank(s).
6. Tripartite Agreement dated [●], 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 June 22, 2012, approving the Issue and related matters including authorised signatories.
3. Letter no. SN/FSR/NHB/2012-13/1891 dated February 5, 2013 and letter no. AK/FSR/NHB/2012-13/1973 dated February 20, 2013 by CRISIL, assigning a rating of "CRISIL AAA/Stable" to the Bonds.
4. Letter dated January 28, 2013 by CARE assigned a rating of "CARE AAA" to the Bonds.
5. Consents of each of the Directors, Compliance Officer, Lead Managers, Legal Advisors to the Issue, Registrar to the Issue, Escrow Collection Bank(s), Bankers to NHB, the Bond Trustee for the Bonds, Lead Brokers and the Credit Rating Agencies to include their names in the Draft Prospectus, in their respective capacities.
6. Consent of the Auditors, for inclusion of the report on the financial statements including the annexure and notes thereto, in the form and context in which they appear in the Draft Prospectus and their statement on tax benefits mentioned herein.
7. The statement of tax benefit report dated February 19, 2013, prepared by the Auditors.
8. Annual report/Financial Statement of NHB for the last five Financial Years.
9. Report of the Auditor in relation to the financial information of NHB included herein.
10. Notification (No. 46/2012.F.No.178/60/2012-(ITA.1)) dated November 6, 2012 issued by Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, and GoI.
11. Letter from NSE bearing reference no. NHB(ND)/RES/TaxFree/2735/2013 dated February 8, 2013.
12. Letter from SEBI bearing reference no. IMD/DOF-1/SP/RA/OW/3728/2013 dated February 12, 2013
13. In-principle listing approval from NSE, through letter no. [●] dated [●], 2012.
14. Due Diligence Certificate dated [●], 2012 from each of the Lead Managers.
15. Due Diligence Certificate dated [●], 2012 from the Bond Trustee.

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 Directors of NHB, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government, or the guidelines issued by Securities Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, or National Housing Bank Act, 1987 and the regulations made thereunder, as the case may be, have been complied with and no statement made in prospectus is contrary to the provisions of the Companies Act, 1956, National Housing Bank Act, 1987 or the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be

Signed by the Directors

Shri R.V. Verma
Chairman and Managing Director
(under Section 6(1)(a) of the NHB Act)

Dr. Santosh Chandra Panda
Professor of Economics, Delhi School of Economics
(under Section 6(1)(b) of the NHB Act)

Dr. Neelima Risbud
Dean of Studies, School of Planning and Architecture
(under Section 6(1)(b) of the NHB Act)

Shri H.R. Khan
Deputy Director, RBI
(under Section 6(1)(d) of the NHB Act)

Shri G.M. Rao
Director, Central Board of Directors, Reserve Bank of India
(under Section 6(1)(d) of the NHB Act)

Shri Ajay Kumar Dutta
Secretary, Housing Department, Govt. Of West Bengal
(under Section 6(1)(f) of the NHB Act)

Shri Susheel Kumar, IAS
Joint Secretary to Government of India,
Ministry of Housing & Urban Poverty Alleviation
(under Section 6(1)(e) of the NHB Act)

Shri Anurag Jain, IAS
Joint Secretary to the Government of India,
Ministry of Finance
(under Section 6(1)(e) of the NHB Act)

Ms. Vijaya Srivastava, IAS
Joint Secretary to the Government of India, Ministry of Rural Development
(under Section 6(1) (e) of the NHB Act)

Place: New Delhi

Date: February 22, 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/private issue by the NATIONAL HOUSING BANK ("Issuer") of Tax Free Bonds (the "Bonds") of face value of Rs.10,000 each, in the nature of secured, redeemable, non-convertible Bonds at par in one Tranche for an issue size within the limits of Rs. 5,000 crores allocated under Notification No. 46/2012 F.No. 178/60/2012-(ITA.1) dated November 6, 2012 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 February 11, 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, 2008 to 30th June, 2012 (Annexure I), 'Statement of Profit and Loss' of the Bank for the financial years from 30th June, 2008 to 30th June, 2012 (Annexure II), 'Cash Flow Statement' of the Bank for the financial years from 30th June, 2008 to 30th June, 2012 (Annexure VI) and six months limited review data as on 31st December, 2012 (Annexure VIII), 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 31st December, 2012 has been reviewed 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 and 30th June, 2008, by D. Singh & Co., Chartered Accountants. The reformatted financial statements for the year ended 30th June, 2008 to 30th June, 2012 and six months review data as on 31st December, 2012 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 year 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, 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.*
 - (c) *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)*
 - (d) *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.

- vi. 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)

(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. 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(1) (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)

- vii. 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.

viii There are qualifications in the auditor's report on financial statements as on and for the year ended 30th June, 2009 which are 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].

ix. There are qualifications in the auditor's report on financial statements as on and for the year ended 30th June, 2008 which are 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].

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 31st Dec, 30th June, 2012, 30th June, 2011, 30th June, 2010, 30th June, 2009 and 30th June, 2008 and for the half year ended 31st December, 2012 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, 2012, 30th June, 2011, 30th June, 2010, 30th June, 2009, and 30th June, 2008 (Annexure IV)
 - ii. Significant Notes to Accounts as at and for each of the years ended 30th June, 2012, 30th June, 2011, 30th June, 2010, 30th June, 2009, and 30th June, 2008. (Annexure V)
 - iii. Statements of Accounting Ratios as at and for each of the years ended 31st December, 2012, 30th June, 2012, 30th June, 2011, 30th June, 2010, 30th June, 2009, 30th June, 2008 and for the half year ended 31st December, 2012. (Annexure IX)
 - iv. Capitalization Statement as at and for each of the period ended 31st December, 2012, 30th June, 2012, 30th June, 2011, 30th June, 2010, 30th June, 2009, 30th June, 2008 and for the half year ended 31st December, 2012. (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, 2012, 30th June, 2011, 30th June, 2010, 30th June, 2009, 30th June, 2008 and for the half year ended 31st December, 2012 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: 19th February, 2013

Vivek Kumar
(Partner)
M. No. 503826

REFORMATED STATEMENT OF ASSETS AND LIABILITIES						Annexure-I (₹ in Crores)	
S No	Particulars	Schedule	AS AT JUNE 30				
			2012	2011	2010	2009	2008
	LIABILITIES						
1.	Capital	I	450.00	450.00	450.00	450.00	450.00
2.	Reserves	II	2,739.46	2,351.72	2,072.41	1,791.99	1,557.83
3.	Profit and Loss Account	III	0.00	0.00	0.00	0.00	0.00
4.	Bonds and Debentures	IV	12,493.13	9,766.86	8,351.81	3,582.22	5,699.30
5.	Subordinated Debts		0.00	0.00	0.00	0.00	400.00
6.	Deposits	V	8,996.61	6,026.81	4,375.75	2,248.13	0.25
7.	Borrowings	VI	5,313.36	6,058.34	6,457.21	10,900.69	10,865.88
8.	Deferred Tax Liability (net)		74.32	91.79	82.30	76.51	77.29
9.	Current Liabilities and Provisions	VII	990.28	760.68	667.15	574.17	553.27
10.	Other Liabilities	VIII	272.49	272.49	272.49	272.49	272.49
11.	HLA deposits with banks and HFCs - as per contra		2.06	2.07	2.79	3.98	6.17
	TOTAL		31,331.71	25,780.76	22,731.91	19,900.18	19,882.48
	ASSETS						
1.	Cash and Bank Balances	IX	1,683.91	2,117.60	1,789.02	1,498.30	1,089.63
2.	Investments	X	806.79	802.79	911.30	1,316.99	862.06
3.	Loans and Advances	XI	28,490.43	22,543.27	19,783.51	16,764.02	17,528.59
4.	Fixed Assets	XII	19.23	20.31	19.41	20.76	21.81
5.	Other Assets	XIII	329.29	294.72	225.88	296.13	374.22
6.	HLA deposits with banks and HFCs - as per contra		2.06	2.07	2.79	3.98	6.17
	TOTAL		31,331.71	25,780.76	22,731.91	19,900.18	19,882.48
	Contingent Liabilities	XIV	65.19	128.45	78.88	129.67	205.05
	Notes forming part of Accounts	XV					

REFORMATED STATEMENT OF PROFIT & LOSS ACCOUNT					Annexure-II (₹ in Crores)	
S No	Particulars	FOR THE YEAR ENDED JUNE 30				
		2012	2011	2010	2009	2008
	EXPENDITURE					
1.	Interest	1,850.07	1,489.50	1,051.68	1,279.42	1,264.78
2.	Staff Salaries, Allowances and Terminal Benefits	11.22	7.32	8.67	4.36	3.39
3.	Directors' and Committee Members Fees and Expenses	0.03	0.09	0.15	0.09	0.14
4.	Audit Fees	0.09	0.11	0.08	0.12	0.11
5.	Rent, Taxes, Electricity and Insurance	1.89	1.69	1.74	1.37	1.03
6.	Postage, Telegrams, Telex and Telephones	0.41	0.33	0.37	0.39	0.31
7.	Law Charges	0.12	0.08	1.82	0.03	0.09
8.	<i>Stationery, Printing, Advertisement, etc.</i>					
	(i) Stationery and Printing	0.23	0.34	0.47	0.53	0.57
	(ii) Advertisement	0.75	0.41	0.26	1.19	1.33
9.	Depreciation/Amortisation on Fixed Assets	2.85	2.76	2.20	2.62	2.90
10.	Brokerage, Guarantee Fee and Other Expenditure on Borrowings	4.83	3.09	16.61	8.78	3.61
11.	Stamp duty on Borrowings	5.70	3.11	6.32	3.32	0.59
12.	Travelling Expenses	1.38	1.30	0.97	1.48	1.27
13.	Other Expenditure	9.09	7.45	7.47	7.58	6.40
14.	Amount recoverable/Loans & Advances written off	0.00	0.14	0.00	0.00	17.24
15.	Loss/(Profit) on sale of Fixed Assets /demolition of Building	0.74	-0.06	-0.01	-0.02	@
16.	Depreciation/Amortisation on Investment	1.39	0.41	7.82	6.77	7.70
17.	Loss/(Gain) on revaluation of Forward Exchange Contracts	10.97	-1.61	-2.20	5.00	-1.16
18.	Provision for Non Performing Asset	0.53	0.00	0.00	0.00	0.00
19.	Provision for Standard Assets	23.79	9.50	0.00	0.00	0.00
20.	Provision for Bad and Doubtful Debts u/s 36(1)(vii)(c) of Income Tax Act,1961	29.00	20.50	22.00	18.10	13.60
21.	Wealth Tax	0.12	0.13	0.07	0.06	0.09
22.	Deferred Tax	-17.48	9.49	5.79	0.03	1.23
23.	Income Tax	174.40	129.00	136.00	114.50	86.40
24.	Fringe Benefit Tax	0.00	0.00	0.00	0.15	0.19
25.	Balance of Profit carried down	387.10	278.93	280.25	235.62	169.70
	TOTAL	2,499.22	1,964.01	1,548.53	1,691.49	1,581.51
	INCOME					
	<i>Interest and Discount:</i>					
	(i) Loans and Advances	2,239.67	1,770.31	1,338.20	1,493.19	1,383.46
	(ii) Bank Deposits	165.60	108.18	105.87	87.03	110.01
	(iii) Interest Income and Profit on Interest Rate Swaps	5.69	21.06	32.35	4.74	2.76
2.	Income from Investments	67.01	38.46	31.88	39.49	26.67
3.	Profit on Sale of Investments	1.07	0.00	1.89	1.65	7.89
4.	Profit on Purchase and Sale of Mutual Fund	7.22	5.93	9.11	29.04	21.71
5.	Discount on Forward Exchange Contract	0.97	0.83	0.51	0.32	0.04
6.	Other Income	1.25	2.98	22.89	9.81	3.61
7.	Gain/(Loss) on Revaluation of Foreign Deposits and Borrowings	6.80	-2.04	-1.92	5.46	3.11
8.	Provisions no longer required written back	0.81	0.04	0.98	13.68	22.25
9.	Excess provision for Employee Benefits written back	1.23	0.00	0.00	0.00	0.00
10.	Excess provision for Diminution in the Fair Value of Restructured Accounts written back	0.02	-0.09	0.00	0.00	0.00
11.	Excess provision for Tax written back (net)	1.88	18.35	0.00	0.00	0.00
12.	Excess provision on investment reversed	0.00	0.00	6.77	7.08	0.00
	TOTAL	2,499.22	1,964.01	1,548.53	1,691.49	1,581.51
	@ Amount less than ₹ 0.50 lakh.					

SCHEDULES TO THE REFORMATTED STATEMENT OF ASSET AND LIABILITIES										Annexure III (₹ in Crores)	
S No	Particulars	AS AT JUNE 30									
		2012	2011	2010	2009	2008					
SCHEDULE - I											
CAPITAL											
1.	Authorised	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	45.00
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	45.00
		450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	45.00
SCHEDULE - III											
PROFIT & LOSS ACCOUNT											
	Balance as per Profit and Loss Account	387.10	278.93	280.25	235.62	169.70	169.70	169.70	169.70	169.70	169.70
Add:	(a) Transfer from Taxation Reserve	0.00	7.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b) Transfer from Investment Fluctuation Reserve	1.50	0.00	0.00	7.44	0.00	0.00	6.59	6.59	7.08	7.08
Less:	Appropriations:										
	(a) Transfer to Investment Fluctuation Reserve	1.50	0.00	6.59	7.08	0.00	0.00	0.00	0.00	0.00	0.00
	(b) Transfer to Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	40.00	22.00	26.00	15.70	12.50	12.50	12.50	12.50	12.50	12.50
	(c) Transfer to Staff Benevolent Fund	3.69	0.64	2.80	2.35	0.39	0.39	0.39	0.39	0.39	0.39
	(d) Transfer to Reserve Fund	330.08	245.81	235.13	202.33	152.18	152.18	152.18	152.18	152.18	152.18
	(e) Profit of Special Fund (Slum Improvement and Low Cost Housing Fund) transferred to Special Fund A/c	13.33	388.60	17.92	286.37	9.73	280.25	14.75	242.21	11.71	17.67
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SCHEDULE - IV											
BONDS AND DEBENTURES											
1.	Bonds (Guaranteed by GOI)	0.00	88.00	168.00	228.00	273.00	273.00	273.00	273.00	273.00	273.00
2.	Zero Coupon Bonds	1.378.10	1.850.00	1.050.00	1.050.00	1.050.00	1.050.00	1.050.00	1.050.00	1.050.00	1.050.00
	Less: Deferred Discount on Zero Coupon Bonds	461.09	917.01	565.46	1.284.54	510.72	539.28	570.35	479.65	15.42	15.87
3.	NHB Bonds	10.865.00	7.485.00	6.410.00	890.00	890.00	890.00	890.00	890.00	890.00	890.00
4.	Priority Sector Bonds:										
	(a) Tax-free Bonds	55.00	55.00	205.00	385.00	460.00	460.00	460.00	460.00	460.00	460.00
	(b) Taxable Bonds	271.00	442.00	442.00	452.00	440.33	452.00	452.00	452.00	452.00	452.00
	(c) Special Series Bonds	385.10	711.10	409.30	906.30	431.90	78.90	453.00	90.00	472.80	1.973.13

S No	Particulars	AS AT JUNE 30									
		2012		2011		2010		2009		2008	
5.	Capital Gain Bonds	0.0		3.0		155		694		3.1	
		2		2		.63		.57		49.	
		12,		9,7		8,3		3,5		5,6	
		493		66.		51.		82.		99.	
		.13		86		81		22		30	
	SCHEDULE - V										
	DEPOSITS										
1.	Deposits from Housing Finance Companies	0.2		25.		240		166		0.2	
		5		29		.34		.71		5	
2.	Deposits from banks under Rural Housing Fund	8,7		5,7		3,7		1,7		0.0	
		78.		78.		63.		60.		0	
		18		18		46		33			
3.	Other Deposits from Public	218		223		371		321		0.0	
		.18		.34		.95		.09		0	
		8,9		6,0		4,3		2,2		0.2	
		96.		26.		75.		48.		5	
		61		81		75		13			
	SCHEDULE - VI										
	BORROWINGS										
1.	<i>From Reserve Bank of India:</i>										
	(a) Line of Credit	18.		21.		23.		26.		28.	
		42		06		69		32		96	
	(b) Long Term Operation Fund	0.0		0.0		0.0		0.0		50.	
		0		0		0		0		00	
	(c) Special Refinance Facility	0.0	18.	0.0	21.	0.0	23.	3,9	4,0	0.0	
		0	42	0	06	0	69	79.	06.	0	
								81	13	0	
										78.	
										96	
2.	<i>From Other Sources:</i>										
	(a) In India										
	(i) Borrowing against Term Deposits	450		280		770		0.0		100	
		.00		.00		.00		0		.00	
	(ii) Borrowing through Term Loan	3,1		4,9		4,4		3,0		8,5	
		88.		72.		20.		70.		38.	
		00		00		00		00		00	
	(iii) Commercial Papers	488		0.0		47.		1,9		1,6	
		.91		0		58		47.		93.	
								85		65	
	(iv) Certificate Of Deposits	0.0		0.0		0.0		960		0.0	
		0		0		0		.29		0	
	(v) Others	0.0		0.0		0.0		0.0		-	
		0		0		0		0			
	(vi) CBLO Borrowings (Secured against pledge of Govt. Security and Treasury Bills with CCIL)	611	4,7	389	5,6	795	6,0	481	6,4	10,	
		.45	38.	.76	41.	.02	32.	.12	59.	37	
			36		76		60		26	3.3	
	(b) Outside India (Guaranteed by GOI)		556		395		400		435	41	
			.58		.52		.92		.30	3.5	
			5,3		6,0		6,4		10,	86	
			13.		58.		57.		900	5.8	
			36		34		21		.69	8	
	SCHEDULE - VII										
	CURRENT LIABILITIES AND PROVISIONS										
1.	<i>Interest Payable:</i>										
	(a) Interest Payable on Capital Gains Bonds	0.0									
		1		0.6		9.8		51.		118	
				6		1		65		.24	

S No	Particulars		AS AT JUNE 30								
			2012		2011		2010		2009		2008
	(b) Unclaimed Interest on Capital Gains Bonds	1.57		2.57		3.07		3.38		1.66	
	(c) Interest Payable on Other Bonds and Debentures	482.30		330.24		217.68		59.17		0.00	
	(d) Interest Payable on Deposits	138.72		94.72		80.69		39.82		0.00	
	(e) Interest Payable on CBLO Borrowing	0.25		0.06		0.12		0.04		@	
	(f) Interest Payable on Other Borrowings	41.38	664.23	57.87	486.12	53.49	364.86	169.27	323.33	213.06	33.296
2.	<i>Provision for Employee Benefits:</i>										
	(a) Medical Expense for Retired Officers	0.43		0.48		0.49		0.42		0.39	
	(b) Leave Encashment	1.82		0.92		1.01		0.81		0.74	
	(c) Gratuity	1.84		1.22		1.42		1.08		1.13	
	(d) Leave Travel Concession	1.32		2.66		2.79		2.40		0.00	
	(e) Sick Leave	1.37		1.65		1.39		1.14		1.03	
	(f) Pension	3.74	10.52	0.00	6.93	1.07	8.17	0.09	5.94	0.00	3.29
3.	<i>Other Provisions:</i>										
	(a) Provision for Loss on Forward Exchange Contracts	11.14		0.46		2.20		4.13		0.01	
	(b) Provision for Standard Assets	115.00		91.21		81.71		81.71		81.71	
	(c) Provision for Bad and Doubtful Debts u/s 36(1)(viii)(c) of Income Tax Act, 1961	144.02		115.02		94.52		72.52		64.42	
	(d) Provision for Non Performing Assets	0.00		10.00		0.00		0.00		0.00	
	(e) Provision for Future Non Performing Asset	0.00		0.00		10.00		10.00		0.00	
	(e) Provision for Diminution in the Value of Restructured A/c	0.07		0.09		0.00		0.00		0.00	
	(f) Provision for Contingencies	10.00		0.00		0.00		0.00		0.00	
	(g) Provision for HLA Deposits	0.22		0.23		0.23		0.23		0.25	
	(h) Provision for Stamp Duty	0.00		0.00		0.00		0.00		14.47	
	(i) Others	1.30	281.75	0.44	217.45	5.80	194.46	4.88	173.47	11.52	17.238
4.	Deferred Profit on Interest Rate Swaps		0.80		6.52		7.40		3.15		
5.	Redemption Payable Account		1.43		2.45		25.60		12.41		44.64
6.	Capital Gains Bonds Overdue Account		13.74		34.38		66.11		55.32		0.00
7.	UN-HABITAT Revolving Fund for Water & Sanitation Projects		1.12		1.12		0.55		0.55		0.00
8.	Amount received under 1% Interest Subvention Scheme		2.67		0.18		0.00		0.00		0.00

S No	Particulars	AS AT JUNE 30									
		2012		2011		2010		2009		2008	
9.	Amount received under Interest Subsidy Scheme for Housing the Urban Poor	5.2 4		2.8 8		0.0 0		0.0 0		0.0 0	
10.	Other Liabilities	8.7 8		2.6 5		0.0 0		0.0 0			
		990 .28		760 .68		667 .15		574 .17		55 3.2 7	
	SCHEDULE - VIII										
	OTHER LIABILITIES										
1.	Unsettled transactions of 1991-92	237 .20		237 .20		237 .20		237 .20		23 7.2 0	
2.	Interest Payable on unsettled transactions	35. 29		35. 29		35. 29		35. 29		35. 29	
		272 .49		272 .49		272 .49		272 .49		27 2.4 9	
	SCHEDULE - IX										
	CASH AND BANK BALANCES										
1.	Cash in Hand	@		@		@		@		@	
2.	Balance with Reserve Bank of India	0.0 7		0.0 4		0.2 0		0.0 9		0.1 3	
3.	Balance with other Banks:										
	(a) In India										
	(i) Current Accounts	19. 83		21. 25		8.0 8		16. 49		64. 36	
	(ii) Term Deposits with Banks	1,2 00. 03		1,7 00. 03		1,3 50. 02		1,0 18. 32		591 .02	
	(iii) Term Deposits with Banks (Staff Benevolent Fund)	8.1 4	1.2 28. 00	6.9 4	1,7 28. 22	3.8 3	1,3 61. 93	1.5 0	1,0 36. 31	1.0 0	65 6.3 8
	(b) Outside India										
	Term Deposits with Banks	455 .84		389 .34		426 .89		461 .90		43 3.1 2	
		1,6 83. 91		2,1 17. 60		1,7 89. 02		1,4 98. 30		1,0 89. 63	
	SCHEDULE - X										
	INVESTMENTS										
1.	Securities of Central and State Government										
	<i>at cost or market value whichever is less</i>										
	(a) Government Securities (Pledged with CCIL for CBLO operations)	163 .02		57. 78		58. 19		66. 00		88. 90	
	Less: Depreciation	0.0 0	163 .02	0.0 0	57. 78	0.0 0	58. 19	6.5 9	59. 41	7.0 8	81. 82
	(b) Treasury Bills (Pledged with CCIL for CBLO operations)		515 .53		654 .89		749 .90		447 .38		37 2.3 3
2.	Stock, shares, bonds, debentures and securities of Housing Finance Institutions	8.9 1		6.9 1		4.9 1		4.9 4		3.4 0	
	<i>Stocks, Shares, Bonds, Debentures and Securities of other Institutions:</i>										
3.	(a) Investment in Liquid	0.0 0		0.0 0		0.0 0		673 .00		211 .50	

S No	Particulars	AS AT JUNE 30											
		2012	2011	2010	2009	2008							
	Fund/Mutual Funds												
	(a) Investment in Pass Through Certificates of SPV Trust	0.0 0	0.0 3		0.1 5		0.3 2		0.5 3				
	(b) Subordinated Bonds	45.00	45.00		45.00		45.00		45.00				
	(c) Shares of Other Institutions	45.85	-								4.90		
	(d) Shares of Building Material Company	0.53											
	Less: Depreciation	0.53	0.00	0.00		0.00	0.00		0.00		0.00		
	(e) Subscription to Special Rural Housing Debentures of ARDBs	28.48	119.33	38.18	83.21	53.15	98.30	86.94	805.26	142.58	40.45		
			806.79		802.79		911.30		1,316.99		862.06		
	SCHEDULE - XI												
	LOANS AND ADVANCES												
I	Refinance												
1.	<i>Housing Finance Institutions:</i>												
	(a) Housing Finance Companies	12.819 .68	10.891 .37		10.860 .57		10.040 .71		4.766 .37				
	(b) Cooperative Housing Finance Societies	52.72	872.40	67.18	958.55	92.89	953.46	79.66	120.37	129.39	4.895 .76		
2.	<i>Scheduled Banks:</i>												
	(a) Commercial Banks	14.308 .39	10.205 .36		7.760 .64		5.568 .69		11.750 .96				
	(b) Regional Rural Banks	474.66	415.09		343.16		200.70		1.33				
	(c) Urban Co-operative Banks	375.70	15.158 .75	416.28	11.036 .73	342.85	8.446 .65	231.20	6.000 .59	115.79	11.868 .80 8		
II	Direct Lending												
3.	Housing Boards, Development Authorities, etc.		458.91		547.58		382.85		642.76		76.47 5		
4.	Water & Sanitation Projects under UN-HABITAT		0.90		0.41		0.55		0.30		-		
	Gross Loans and Advances		28,490.96		22,543.27		19,783.51		16,764.02		17,528.59		
	Less: Provisions for Non Performing Assets		0.53		0.00		0.00		0.00		0.00		
	Net Loans and Advances		28,490.43		22,543.27		19,783.51		16,764.02		17,528.59		
	SCHEDULE - XIII												
	OTHER ASSETS												
1.	<i>Interest Receivable:</i>												
	(a) Bank Deposits	54.17	65.19		49.02		47.38		49.19				
	(b) Investments	30.79	84.96	5.47	70.66	5.11	54.13	10.22	57.60	23.22	72.41		
2.	<i>Advances, Receivables,</i>												

S No	Particulars	AS AT JUNE 30								
		2012	2011	2010	2009	2008				
	<i>Advance Tax & Prepaid Expenses:</i>									
	(a) Staff Loans and Advances	1.65	1.58	1.68	1.67	1.86				
	(b) Advance Tax, FBT, TDS, etc. (net of provisions)	49.33	47.13	24.93	100.55	107.37				
	(c) Miscellaneous Recoverable									
	Considered Doubtful	0.46								
	Less : Provisions	0.46	0.00	0.00	0.00	0.00				
	(d) Prepaid Expenses	2.89	1.82	2.05	2.34	2.18				
	(e) Deposit with CCIL including interest receivable	8.12	6.07	6.01	6.01	4.51				
	(f) Amount recoverable from GOI against exchange loss on USAID Borrowing	29.21	13.85	-22.36	-27.11	2.60				
	(g) Others	1.25	92.45	2.09	72.54	0.97	13.28	0.65	84.11	5.78
3.	Interest Receivable on Interest Rate Swaps		0.00	0.52	7.05	4.03				0.04
4.	Unsettled transactions of 1991-92		149.37	149.37	149.37	149.37				149.37
5.	Deferred Discount on Forward Exchange Contract		2.51	1.63	0.84	0.00				0.00
6.	Advance for Development of Software		0.00	0.00	1.21	1.02				0.54
6.	Amount recoverable from ARCIL on account of sale of NPA Loans		0.00	0.00	0.00	0.00				9.12
7.	CBLO Lending		0.00	0.00	0.00	0.00				18.44
			329.29	294.72	225.88	296.13				374.22
	SCHEDULE – XIV									
	CONTINGENT LIABILITIES									
1.	Income Tax		0.00	58.06	2.30	16.64				76.77
2.	Guarantee given for Mortgage Backed Securitisation issue		10.05	20.00	26.12	56.18				79.52
3.	Liability on account of Forward Exchange Contract		55.14	48.39	42.87	47.88				41.01
4.	Liability on account of unpaid Equity Shares		0.00	2.00	4.00	4.00				0.00
5.	Deposits under Home Loan Account Scheme (HLAS)		0.00	-	2.79	3.98				6.17
6.	Liability on account of capital commitment		0.00	-	0.80	0.99				1.58
			65.19	128.45	78.88	129.67				205.05

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 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 RESIDENCE FURNISHING SCHEME	0.10	0.03	0.01	-	0.12	0.06	0.02	0.01	-	0.07	0.05	0.04
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 01.07.200 7	Additions	Deletions	Transfer	As at 30.06.200 8	As at 01.07.200 7	Additions	Deletions	Transfer	As at 30.06.200 8	As at 30.06.200 8	As at 30.06.200 7
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 – 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.

Year – 2007-08

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. **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.

Year – 2007-08

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 – 2011-12

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 / 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.

Year – 2007-08

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 – 2011-12

- 4.1 Advances are classified into Standard, Sub-standard, Doubtful and Loss assets and provisions are made in accordance with the prudential norms prescribed by RBI.
- 4.2 Advances are stated net of provision towards non-performing advances.
- 4.3 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.
- 4.4 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'.

Year – 2007-08

- 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 Assets representing loans and advances are classified based on record of recovery as Standard, Sub-standard, Doubtful and Loss assets. Provision is made for assets as per the Guidelines issued to refinancing institutions by RBI or as modified by the Board as under:-

i. Standard Assets	0.40% and 1% in respect of individual housing loans upto ₹ 20 lakh and above ₹ 20lakh, respectively.
ii. Sub-standard Assets	10%
iii. Doubtful Assets	100% of unsecured portion and 50% of the secured portion of the assets remaining outstanding for less than three years / 100% in case of the assets remaining outstanding for more than three years.
iv. Loss Assets	100%

- 4.3 Advances and Investment are stated net of provision.
- 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 – 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	33.3
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, 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.

Year – 2007-08

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 – 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.

Year – 2007-08

Liability for Gratuity, Pension and Leave Encashment 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 – 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.

Year – 2007-08

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 – 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.

Year – 2007-08

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.

Year – 2007-08

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.

Year – 2007-08

N.A.

11. Foreign Exchange Transactions

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.
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- 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

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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.

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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 – 2007-08

- 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 – 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.

Year – 2007-08

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. Changes made during the year in the Accounting Policies

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.

Year – 2007-08

13.1 *Depreciation:* The Bank hitherto has been following the policy of depreciating Computers and Microprocessors @20%. From 01.07.2007, the bank has increased the rate of depreciation from 20% to 33.33% and has accordingly charged depreciation on all computer and microprocessors. Had the Bank followed the earlier Policy, the charge to Profit & Loss would have been lower by ₹ 59.50 lakh and consequently the profit and Net Book value of Computers would have been higher by the said amount

13.2 *Provision on Standard Assets:* The Bank hitherto has been following the policy of making provision for Standard Assets @ 0.40 per cent in terms of the RBI's Circular 2005-06/227 dated December 6, 2005 to the All India Term-lending and Refinancing Institutions on provisioning requirement for Standard Assets. RBI has since increased the provision on Standard Assets from 0.40 per cent to 1 per cent in case of residential housing loans beyond ₹ 20 lakh which has been followed by the Bank.

In this connection, NHB has relied on the confirmation received from the primary lending institutions seeking refinance from NHB for information on housing loans upto and more than ₹ 20 lakh.

14. Fixed Assets

Year – 2011-12

14.1 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.

14.2 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.

14.3 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

14.1 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.

14.2 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

14.1 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.

14.2 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

- 14.1 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.
- 14.2 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.

Year – 2007-08

- 14.1 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.
- 14.2 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.

15. External Borrowings

Year – 2011-12

- 15.1 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'.

- 15.2 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.

- 15.3 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

- 15.1 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 ₹ 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'.

- 15.2 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 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 (20 million) in the overseas branches in terms of agreements with these Banks. The deposits are amortized in half yearly installments 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 installments by 2022 and 2025, respectively.

Year – 2009-10

- 15.1 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 ₹ 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.

- 15.2 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 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 (20 million) in the overseas branches in terms of agreements with these Banks. The deposits are amortized in half yearly installments 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

- 15.1 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.

- 15.2 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.

Year – 2007-08

- 15.1 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, shown under borrowings from outside India, is repayable in forty equal half yearly installments commencing from October, 2001 and the balance of ₹ 32.16 crore as on 30.06.2008 is shown along with the borrowings from outside India. Government of India 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.
- 15.2 The Bank had borrowed US Dollar 120.40 million (equivalent to ₹ 564 crore outstanding of which ₹ 381.38 crore as on 30.06.2008) 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.

16. Revaluation of Foreign Deposits and Borrowings/Forward Exchange Contracts

Year – 2011-12

- 16.1 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'.
- 16.2 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.
- 16.3 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.
- 16.4 During the year ended June 30, 2012, Bank has booked loss on forward exchange contracts of ₹ 10.97crores (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

- 16.1 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'.
- 16.2 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.
- 16.3 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

- 16.1 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'.
- 16.2 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.
- 16.3 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

- 16.1 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'.
- 16.2 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.
- 16.3 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.

Year – 2007-08

- 16.1 Net gain of ₹ 3.11 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'.
- 16.2 In view of para 15.1, the foreign currency funds borrowed from USAID have not been revalued as the exchange loss is recoverable from the Govt. of India.
- 16.3 During the year ended June 30, 2008 NHB has realised an actual profit of ₹ 4.22 crore on cancellation of the forward sale contracts of USD 12.27 million due to absence of inflow of foreign currency funds. Out of this, an amount of ₹ 3.05 crore were accounted for on a notional basis in the annual accounts ended June 30, 2007 and the balance of ₹ 1.17 crore was booked in the Profit and Loss Account under the head 'Gain on forward exchange contract'

17. Employee Benefits - AS 15(revised 2005)

Year – 2011-12

- 17.1 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.
- 17.2 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'.
- 17.3 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 ₹ 3.74crores 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.

- 17.4 **Defined benefit Obligations:** Gratuity, Leave Encashment, Medical Retirement benefits, Sick Leave, Leave Travel Concession and Pension payable to employees as on 30th June, 2012.
- 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	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

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	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

d) 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.

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	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	-	-	-

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	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.

g) 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)

17.5 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:

Amount in ₹

Value of obligation	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

17.1 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.

17.2 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'.

17.3 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'.

17.4 **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:

Amount in ₹
As on June 30, 2011

Change in benefit obligations	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.

Amount in ₹
As on June 30, 2011

Defined Benefits	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.

- 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

- 17.1 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.
- 17.2 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'.
- 17.3 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'.
- 17.4 **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

- 17.1 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.
- 17.2 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'.
- 17.3 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'.
- 17.4 **Defined benefit Obligations:** Gratuity, Leave encashment, Sick Leave, Leave Travel Concession and Medical Benefits payable on retirement /termination.
- a) **Methodology used in actuarial 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 Age	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	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

Year – 2007-08

- 17.1 The Bank has been providing for its liability towards Gratuity, Pension, Leave encashment and Medical Retirement benefits on actuarial basis for its 80 permanent employees in accordance with the revised AS-15. The Bank has for the first time provided the liability amounting to ₹ 102.82 lakh towards Sick Leave as per actuarial valuation done (as per Revised AS-15) which has been adjusted against the opening balance of Reserve Fund. Further, the bank is in the process of ascertaining impact of certain other employee benefits and cost in lines with the requirements of revised AS-15.
- 17.2 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 ₹ 2.83 lakh towards contribution to Provident Fund under the head "Staff salaries, allowances and terminal benefits".
- 17.3 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 the bank has contributed ₹ 15.33 lakh to Pension Fund and charged to Profit and Loss Account under the head 'Staff salaries, allowances and terminal benefits'. The closing balance as on 30.06.2008 in the Pension Fund/Trust Account stands at ₹ 14.08 crore while as per actuarial report the net closing liability on account of pension fund is ₹ 2.00 crore. Hence, there is no additional liability require to be provided by the Bank.
- 17.4 **Defined benefit Obligations:** Gratuity, Leave encashment, Sick Leave 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, 2008

Change in benefit obligations	Gratuity	Leave Encashment	Medical	Sick Leave
Present Value of Obligation at the beginning of the year *	12,802,227.00	7,387,182.00	4,464,995.00	-----
Current Service cost	2,735,903.00	2,305,460.00	785,545.00	655,992.00
Interest cost	940,165.00	560,378.00.00	279,230.00	-----
Actuarial (Gain)/Loss on Obligations	(3,416,826.00)	(1,014,915.00)	(1,541,126.00)	9,626,284.00
Benefits paid	(1,752,499.00)	(1,808,748.00)	(47,335.00)	-----
Present Value of Obligation at the end of the year	11,308,970.00	7,429,357.00	3,941,309.00	10,282,276.00

* As per Actuary Report

- c) Amount recognized in the statement of Profit & Loss Account and charged to Profit and Loss Account under the head Gratuity, Salary & Allowances and Medical Expense to Retired Staff.

Amount in ₹
As of 30th June, 2008

Defined Benefits	Gratuity	Leave Encashment	Medical
Current Service cost	2,735,903.00	2,305,460.00	785,545.00
Interest cost	940,165.00	560,378.00.00	279,230.00
Expected return on plan assets	0.00	0.00	0.00
Actuarial (gain)/loss	(3,416,826.00)	(1,014,915.00)	(1,541,126.00)
Expenses / (income) recognized in the statement of Profit and Loss debit to expense/ credit to provision no longer required A/c	(370,413.00)	231,455.00	203,590.89

- d) Investment details of plan assets

The Bank has not funded the liability as on 30.06.2008. 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
Discount Rate	7.5 % p.a.	7.5 % p.a.	7.5 % p.a.	7.5 % p.a.
Salary Increases	5 % p.a.	5 % p.a.		5 % 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.
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
Retirement Age	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	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.

f) **Change in plan assets**

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave
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 30.06.2008. 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, 2008

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave
Fair value of plan assets at the end of the year	----	----	----	-----
Liability at the end of the year	11,308,970.00	7,429,357.00	3,941,309.00	10,282,276.00
Net asset / (Liability) recognized in Balance Sheet	11,308,970.00	7,429,357.00	3,941,309.00	10,282,276.00

The above information is as certified by the actuary and relied upon by the management.

18. **Revenue Recognition**

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.

Year – 2007-08

N.A.

19. **Security Transactions of 1991-92**

Year – 2011-12

19.1 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.

19.2 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.

19.3 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.

19.4 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.

- 19.5 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

- 19.1 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.
- 19.2 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.
- 19.3 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.
- 19.4 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.
- 19.5 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

- 19.1 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.
- 19.2 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.
- 19.3 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.
- 19.4 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

- 19.1 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.

- 19.2 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.
- 19.3 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.
- 19.4 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.

Year – 2007-08

- 19.1 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.
- 19.2 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.
- 19.3 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.
- 19.4 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.

20. Segment Reporting

Year – 2011-12

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

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

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

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 – 2007-08

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.

21. Related Party Transactions

Year – 2011-12

- a) *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
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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

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 (Upto14 .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

- 21.1 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.

- 21.2 The nature & volume of transactions of the Bank during the year with the above parties were as follows:

Particulars	[₹ in Crores]		
	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

- 21.1 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)

- 21.2 The nature & volume of transactions of the Bank during the year with the above parties were as follows:

Particulars	[₹ in crore]	
	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	-

Year – 2007-08

- 21.1 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)

21.2 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	4.41	-
Remuneration	-	0.06
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, 2008	-	-
Payable (borrowings) as on June 30, 2008	78.96	-

22. Income tax

Year – 2011-12

22.1 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.

22.2 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.

22.3 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.

22.4 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.

22.5 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

22.1 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.

22.2 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.

22.3 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

- 22.4 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.
- 22.5 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

- 22.1 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.
- 22.2 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.
- 22.3 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.
- 22.4 (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.
- 22.5 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

- 22.1 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.
- 22.2 The Hon'ble Income Tax Appellate Tribunal has vide its order dated 26.02.2009 and 31.07.2009 held that:
- The Bank is not liable to Income Tax under the Income Tax Act 1961 for Assessment year 2002-03.
 - 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.
- 22.3 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.
- 22.4 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.
- 22.5 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.

- 22.6 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.

Year – 2007-08

- 22.1 The provision for income tax of ₹ 86.40 crore for the year (previous year ₹ 69.20 crore) has been made as per the applicable enactments, judicial pronouncements and legal opinions.
- 22.2 Pending final outcome of the appeals filed by the Bank, assessed tax liabilities (including interest and penalty) for assessment year 2002-03 to 2006-07, amounting to ₹ 349.56 crore less the provisions made in the books including deferred tax liabilities and taxation reserve amounting to ₹ 272.79 crore upto the assessment year 2006-07 i.e. ₹ 76.77 crore are shown in Schedule XIII under 'Contingent Liabilities' for which no provision has been made. The bank believes that these demands are largely unsustainable and will eventually be set aside.
- 22.3 Assessment for the Assessment year 2007-2008 is pending

23. Deferred Tax

Year – 2011-12

- 23.1 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

- 23.1 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.
- 23.2 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

- 23.3 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

23.1 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.

23.2 Upto 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

23.3 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

23.1 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.

23.2 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

23.3 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.

Year – 2007-08

23.1 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.

23.2 Upto June, 2008 the Bank has recorded net deferred tax liability of ₹ 77.29 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	30.06.2008	30.06.2007
Deferred Tax Assets:			
1	Provision for gratuity and leave encashment	0.64	0.82
2	Medical aid to retired staff	0.13	0.16
3	Provision for guarantee fee	0.00	0.35
Total Deferred Tax Assets (A)		0.77	1.33
Deferred Tax Liabilities:			
1	Depreciation	0.97	1.05
2	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 (Refer Note below)	77.09	76.34
Total Deferred Tax Liabilities (B)		78.06	77.39
Net Deferred Tax Liability (B-A)		77.29	76.06

23.3 During the year ended 30.06.2008 an amount of ₹ 1.23 crore has been debited to the profit and loss account towards deferred tax liability (net).

23.4 Provision for income tax has been made without considering the deduction towards Special Reserve created and maintained under section 36(1)(viii) of Income tax Act, 1961 as the same was disallowed by the Income Tax

Authorities in the earlier years. In view of this, the Bank is not required to create deferred tax liability towards the same. The Bank has, however, transferred a sum of ₹ 12.50 crore to Special Reserve created u/s 36(1)(viii) of the IT Act.

24. Home Loan Account Scheme

Year – 2011-12

- 24.1 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.
- 24.2 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.
- 24.3 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

- 24.1 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.
- 24.2 The assets and liabilities referred to above are identical and have been shown as contra entries in the Balance Sheet.
- 24.3 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.
- 24.4 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

- 24.1 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.
- 24.2 The assets and liabilities referred to above are identical and have been shown as contra entries in the Balance Sheet.
- 24.3 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.
- 24.4 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

- 24.1 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.
- 24.2 The assets and liabilities referred to above are identical and have been shown as contra entries in the Balance Sheet.
- 24.3 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.
- 24.4 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.

Year – 2007-08

- 24.1 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.
- 24.2 The assets and liabilities referred to above are identical and have been shown as contra entries in the Balance Sheet.

24.3 The deposits under HLAS held by the banks/HFCs aggregating ₹ 6.17 crore was disclosed in the Balance Sheet as reported by the banks/HFCs as on 31.03.2008.

24.4 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 ₹ 0.25 crore was paid till 30.06.2008 and balance of ₹ 0.24 crore stood as liability as on 30.06.2008.

25. **Other Expenditure**

Year – 2011-12

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

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

The break-up of other expenditure shown in the Profit and Loss Accounts is as under:

[₹ in crores]

Particulars	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

The break-up of other expenditure shown in the Profit and Loss Accounts is as under:

(₹ in crores)

Particulars	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

Year – 2007-08

The break-up of other expenditure shown in the profit and loss accounts is as under:

(₹ in crores)

Particulars	Current Year	Previous Year
1. Repair and Maintenance	1.38	0.92
2. Research and Development	0.65	0.00
3. Service Tax	0.26	0.25
4. Prior Period Expense	0.25	0.20
5. Income Earlier books written off	0.16	0.00
6. Others	3.70	3.66
Total	6.40	5.03

26. Investment Fluctuation Reserve Account

Year – 2011-12

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.

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

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.

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

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.

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

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.

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'.

Year – 2007-08

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.

During the year ended June 30, 2008, The Bank has made provision for depreciation of ₹ 7.08 crore on investment in Available for Sale category and debited the same to Profit & Loss Account. Following the RBI guidelines an equivalent amount (net of taxes) has been transferred from Investment Fluctuation Reserve Account 'below the line' in the 'Profit and Loss Account'.

27. Impairment of assets

Year – 2011-12

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

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

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

During the period under audit, there was no impairment loss requiring any provisions.

Year – 2007-08

A substantial portion of the Bank's assets comprises 'financial assets' to which Accounting Standard 28 "Impairment of Assets" is not applicable. In the opinion of the Bank, there is no impairment of its assets (to which the standard applies), requiring recognition in terms of the said standard.

28. Investment – classification

Year – 2011-12

28.1 As stated, investments are classified into "Held for trading", "Available for 'Sale'" and "Held for Maturity" categories as per the following details:

Categories of investment	Investments	[₹ in crores]	
		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.

28.2 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

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

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
	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

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

Year – 2007-08

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 30.06.2008	As on 30.06.2007
Held to Maturity (HTM)	a) GOI Dated Securities	1.89	1.90
	b) Investment in Pass Through Certificates of the SPV Trust of which NHB is Trustee	0.53	0.83
	c) Subordinated Bonds	45.00	45.00
	d) Others	4.90	4.90
	<i>Sub-total</i>		<i>52.32</i>
Available for Sale(AFS)	a) Units of Mutual Funds	211.50	229.80
	b) Treasury Bills	372.32	0.00
	c) Stocks of Housing Finance Institutions	3.40	5.80
	d) GOI Dated Securities	87.02	0.00
	<i>Sub-total</i>		<i>674.24</i>
Held for Trading (HFT)	a) GOI Dated Securities	0.00	0.00
	<i>Sub-total</i>	<i>0.00</i>	<i>0.00</i>
	<i>Gross Investments</i>	<i>726.56</i>	<i>288.23</i>
	Less: Depreciation	7.07	0.00
	<i>Net Investments</i>	<i>719.49</i>	<i>288.23</i>

29. Study on Pro-poor Housing

Year – 2011-12

N.A.

Year – 2010-11

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

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

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.

Year – 2007-08

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. During the 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 30.06.2008, an amount of ₹ 12.61 lakh has so far been utilized and balance of ₹ 3.09 lakh is outstanding in the books.

30. United Nation Human Settlement Programme

Year – 2011-12

N.A.

Year – 2010-11

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

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

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'.

Year – 2007-08

N.A.

31. Contingent Liability

Year – 2011-12

The movement in Contingent Liability as required in AS 29 is as under:

Particulars	[₹ in crores]	
	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

The movement in Contingent Liability as required in AS 29 is as under:

Particulars	[₹ in crores]	
	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

31.1 The movement in Contingent Liability as required in AS 29 is as under:

Particulars	[₹ in Crores]	
	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	

31.2 *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

31.1 The movement in Contingent Liability as required in AS 29 is as under:

Particulars	[₹ in crore]	
	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	

31.2 *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.

Year – 2007-08

31.1 The movement in Contingent Liability as required in AS 29 is as under:

Particulars	[₹ in crore]	
	2007-08	
Opening Balance	200.55	
Addition during the year	36.16	
Reduction during the year	(72.67)	
Closing Balance	164.04	

31.2 *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 ₹ 2.11 crore against which the Bank has so far made payment of ₹ 0.53 crore and the balance payment of ₹ 1.58 crore has been shown under the Contingent Liabilities. This is as certified by the Management in this respect.

32. **Rural Housing Fund**

Year – 2011-12

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

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

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.

As on June 30, 2010, the outstanding loans and advances under Rural Housing Fund was ₹ 3465.78 crore.

Year – 2008-09

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.

Year – 2007-08

N.A.

33. **Zero Coupon Bonds**

Year – 2011-12

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.

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.

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

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.

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

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

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.

Year – 2007-08

During the previous year ended June, 2007, NHB had issued Zero Coupon Bonds (ZCBs) for a face value of ₹ 174.20 crore at a discount rate of 8.10%; discounted value being ₹ 137.87 crore. These bonds were issued for the period of three years with a put/call option at the end of two years. The difference between face value and discounted value being the total discount amounting to ₹ 36.33 crore has been capitalized by credit to bond liability account to reflect the face value of the bonds. The discount is amortised over the tenure of the bond. A sum of ₹ 12.11 crore has been amortised during the year ended June 30, 2008 leaving an unamortised balance of ₹ 15.43 crore.

34. Interest Rate Swaps

Year – 2011-12

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.

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

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.

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

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

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.

Year – 2007-08

N.A.

35. **Securitisation**

Year – 2011-12

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

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

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 totaling to ₹ 95.63Crores are outstanding.

Year – 2008-09

N.A.

Year – 2007-08

N.A.

36. **Loan and advances**

Year – 2011-12

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.

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

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.

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

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.

Year – 2007-08

N.A.

37. Special Refinance Facility from Reserve Bank of India

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

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

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.

Year – 2007-08

N.A.

38. Provision for salary arrears

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

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.

Year – 2007-08

N.A.

39. Shifting of Securities from Available for Sale to Held to Maturity category

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

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.

Year – 2007-08

N.A.

40. **Provision for Stamp Duty**

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

N.A.

Year – 2008-09

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.

Year – 2007-08

NHB's borrowings of ₹ 2602.99 crore outstanding as on 30.06.2008 towards issue of bonds during the previous years are held in demat 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. As per the legal opinion obtained, a provision of ₹ 14.47 crore made in the previous year is outstanding in the books towards the stamp duty payable.

41. **Sale of financial assets to ARCIL**

Year – 2011-12

N.A.

Year – 2010-11

N.A.

Year – 2009-10

N.A.

Year – 2008-09

N.A.

Year – 2007-08

On February 8, 2008, NHB sold for ₹ 10 crore its financial assets pertaining to loan account of India Housing Finance and Development Ltd., (IHFD) (outstanding ₹ 27.24 crore as on 31.03.2007) to Asset Reconstruction Company (India) Ltd (ARCIL) acting as trustee for ARCIL NHB Retail Loan Portfolio - 001 Trust. The said loan account was classified as a loss asset since June 1995 which was fully provided and shown with 'nil' net book value in the NHB books. The said Trust agreed to issue Security Receipts (SRs) of the face value of ₹ 0.50 crore and ₹ 9.50 crore to ARCIL and NHB, respectively. NHB received a sum of ₹ 0.50 crore on 31.03.2008. Right to receive the said SR from ARCIL Trust by NHB has since been transferred to ARCIL in their capacity as a Qualified Institutional Buyer on the ARCIL agreeing and undertaking to pay the amount realized from the financial assets from 01.04.2008 to 30.09.2008 by 30.09.2008 and the balance (the Face value of SR i.e. ₹ 9.12 crore less the amount paid on September 30, 2008) by March 31, 2009.

Consequently balance loan of ₹ 17.24 crore (gross loan/advances of ₹ 27.24 crore less sale consideration of ₹ 10 crore) has been adjusted against the provision held and has been shown separately in the Profit & Loss a/c on the expenditure side under the head Loans and Advances Written Off and on the Income side under the head 'Provisions' no longer required written back. This adjustment has no impact on the Profit & Loss Account. The balance provision of ₹ 10 crore has been retained in the books. The amount of ₹ 9.12 crore receivable from ARCIL, after adjusting ₹ 0.88 crore realized by the NHB from 01.04.2007 to 31.10.2007 has been shown under the head 'Other Assets'.

42. **Consolidation of Special Fund with the General Fund**

Year – 2011-12

42.1 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.

- 42.2 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

- 42.1 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.

- 42.2 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

- 42.1 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.

- 42.2 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

- 42.1 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.

- 42.2 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 – 2007-08

- 42.1 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.

- 42.2 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.

43. Regrouping

Year – 2011-12

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

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

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

Figures for the previous year have been re-grouped, wherever necessary, so as to make them comparable with those of the current year.

Year – 2007-08

Figures for the previous year have been re-grouped, wherever necessary, so as to make them comparable with those of the current year.

44. Cash flow Statement for the year ended June 30

Annexure-VI

(₹ in crore)

Particulars	FOR THE YEAR ENDED JUNE 30				
	2011-12	2010-11	2009-10	2008-09	2007-08
A) CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit as per Profit & Loss Account	387.10	278.93	280.24	235.62	169.70
Adjustments for:					
Provision for Tax	174.40	198.88	136.00	114.65	86.59
Income Tax-Earlier Years(written off)	0.00	(88.23)	0.00	0.00	0.00
Provision for Wealth Tax	0.12	0.13	0.07	0.06	0.09
Provision for Deferred Tax	0.00	9.49	5.79	0.03	1.23
Depreciation on fixed assets	2.85	2.76	2.20	2.62	2.91
Write offs(Loans & Advances)	0.00	0.15	0.00	0.00	17.24
Depreciation on investments & amortisation expense	1.39	0.41	0.31	6.77	7.70
Loss on shifting of securities	0.00	0.00	7.51	0.00	0.00
Provisions of diminution in the Fair value of Restructured Advances	0.00	0.09	0.00	0.00	0.00
Provision for Standards Assets	23.79	9.50	0.00	0.00	0.00
Provision for Non Performing Assets	0.53	0.00	0.00	0.00	0.00
Loss / (Gain) on revaluation of Forward Exchange Contracts (Notional)	11.21	(1.61)	(2.20)	(0.01)	3.05
Provision for Bad Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	29.00	20.50	22.00	18.10	13.60
Loss / (Profit) on sale of Fixed Assets	0.74	(0.06)	(0.01)	(0.02)	@
Loss /(Gain) on revaluation of Foreign Deposits & Borrowings	(5.00)	2.04	1.92	(5.46)	(3.11)
Provisions no longer required written back	(2.05)	(0.04)	(0.97)	(13.68)	(22.24)
Provision and Contingencies(written back)	0.00	0.00	(6.76)	0.00	0.00
Excess provision for Income Tax of earlier years written back	(1.88)	0.00	0.00	0.00	0.00
Deferred Tax Reversal	17.48	0.00	0.00	0.00	0.00
Excess Provisions of diminution in the Fair value of Restructured Advances written back	(0.02)	0.00	0.00	0.00	0.00
Income from Investments	(66.34)	(38.12)	(31.88)	(39.50)	(26.67)
Profit on purchase and sale of Mutual Funds	(7.22)	(5.93)	(9.11)	(29.04)	(21.71)
Profit on Sale of Investments	(1.07)	0.00	(1.84)	(1.61)	(7.63)
Dividend on Equity of Housing Finance Companies	(0.67)	(0.34)	(0.05)	(0.04)	(0.26)
Deferred Discount on Zero coupon Bonds	0.00	0.00	0.00	554.92	12.11
Operating Profit before working capital changes	564.36	388.55	403.22	843.41	232.60
Adjustments for Working Capital					
(Increase)/Decrease in Deposits with Banks	437.31	(317.60)	(300.95)	(456.58)	(110.82)
(Increase)/Decrease in Loans & Advances	(5,770.98)	(2,627.25)	(2,974.77)	828.23	1,931.55
(Increase)/Decrease in Other Assets	(47.25)	(51.31)	128.68	(96.99)	42.65
Increase/(Decrease) in Current Liabilities	(29.27)	(48.01)	(70.90)	(400.77)	(112.27)
Net cash from operating activities before taxes paid	(4,845.83)	(2,655.62)	(2,814.72)	717.30	1,983.71
Less : Income Taxes Paid	(174.69)	(132.90)	(60.37)	(107.80)	(75.82)
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	(5,020.52)	(2,788.52)	(2,875.09)	609.50	1,907.89
Extraordinary Items	0.00	0.00	0.00	0.00	0.00
NET CASH FLOW FROM OPERATING ACTIVITIES AFTER EXTRAORDINARY ITEMS (A)	(5,020.52)	(2,788.52)	(2,875.09)	609.50	1,907.89
B) CASH FLOW FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS					
(Increase) / Decrease in Fixed Assets	(2.51)	(3.61)	(0.84)	(1.58)	(1.34)
(Increase)/Decrease in Investments	(5.39)	93.13	(302.15)	(48.80)	(459.33)
(Increase)/Decrease in Investments in PTCs	0.00	0.00	0.00	0.22	0.29
Income from Investments	66.34	38.12	31.87	39.50	26.67
Profit on purchase and sale of Mutual Funds	7.22	5.93	9.11	29.04	21.71
Profit on Sale of Investments	1.07	0.00	1.84	1.56	0.07
Dividend on Equity of Housing Finance Companies	0.67	0.34	0.05	0.04	0.26
NET CASH GENERATED FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	67.40	133.91	(260.12)	19.98	(411.67)
Receipts from sale of equity of HFCs	0.00	0.00	0.00	0.06	9.97
NET CASH GENERATED FROM INVESTING ACTIVITIES AFTER EXTRAORDINARY ITEMS (B)	67.40	133.91	(260.12)	20.04	(401.70)
C) CASH FLOW FROM FINANCING ACTIVITIES					
Net income under Staff Benevolent Fund	0.64	0.39	0.17	@	@
Increase / (Decrease) in Bonds & Debentures	2,726.28	1,415.04	4,769.59	(2,117.08)	(3,368.53)
Increase / (Decrease) in Subordinated Debts	0.00	0.00	0.00	(400.00)	0.00
Increase / (Decrease) in Deposits	2,969.79	1,651.06	2,127.63	2,247.88	0.25
Increase/(Decrease) in Borrowings	(744.98)	(398.87)	(4,443.48)	34.81	1,870.20
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	4,951.73	2,667.62	2,453.91	(234.39)	(1,498.08)
Net increase in cash and cash equivalents (A+B+C)	(1.39)	13.01	(681.30)	395.15	8.11
Cash and cash equivalents at the beginning of the year	21.29	8.28	689.58	294.43	287.49
Cash and cash equivalents at the end of the year	19.90	21.29	8.28	689.58	295.60
38 (b) Schedule to Cash & Cash Equivalents					
Particulars					
Cash in hand	0.00	0.00	0.00	@	@
Balances with Reserve Bank of India	0.07	0.04	0.20	0.09	0.13
Balance with banks-Current Account	19.83	21.25	8.08	16.49	64.36

Particulars	FOR THE YEAR ENDED JUNE 30				
	2011-12	2010-11	2009-10	2008-09	2007-08
Investment in Mutual Funds	0.00	0.00	0.00	673.00	211.50
Collateralized Borrowing and Lending Operations	0.00	0.00	0.00	0.00	18.45
Cash realised on forward exchange contract	0.00	0.00	0.00	0.00	4.27
Cash and cash equivalent before exchange rate adjustments	19.90	21.29	8.28	689.58	298.71
Effect of exchange rate changes-unrealised gains	0.00	0.00	0.00	0.00	(3.11)
Cash and cash equivalent after exchange rate adjustments	19.90	21.29	8.28	689.58	295.60
@ Amount less than ₹ 0.50 lakh					

45.1 Capital: **Annexure-VII**

Particulars	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
	a .				
(i) Capital to Risk Assets Ratio (CRAR)	19.82%	20.64%	19.59%	18.19%	24.51%
(ii) Core CRAR	18.57%	19.39%	18.34%	16.94%	23.26%
(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:					
	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
	Nil	Nil	Nil	Nil	400.00
c .					
Risk Weighted Assets:					
Particulars	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
(i) On balance sheet items	16966.31	14256.37	13,512.63	12986.95	8224.48
(ii) Off balance sheet items	14.74	27.25	36.86	86.36	111.37
d .					
Share-holding pattern as on the date of the Balance Sheet:	Capital of the Bank is wholly subscribed by the Reserve Bank of India				

45.2 Asset Quality and Credit Concentration:					
	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
e .					
Percentage of Net NPAs to Net Loans and Advances :	0.01%	Nil	Nil	Nil	Nil

f . Amount and percentage of Net NPAs under the prescribed asset classification categories										
Particulars	30.06.2012		30.06.2011		30.06.2010		30.06.2009		30.06.2008	
	Amt.	%age	Amt.	%age	Amt.	%age	Amt.	%age	Amt.	%age
Sub-Standard	3.03	0.01	0	0	0	0	0	0	0	0
Doubtful	0	0	0	0	0	0	0	0	0	0
Loss	0	0	0	0	0	0	0	0	0	0
Total	3.03	0.01	0	0	0	0	0	0	0	0

g. Amount of provisions made during the year:						
Particulars	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008	
- Standard Assets	23.79	9.5	0	0	0	
- Bad Debts u/s 36(1)(viii) of the IT Act, 1961	29.00	20.5	22	18.1	13.6	
- Non Performing Assets	0.53	0	0	0	0	
Provision for Diminution in the fair value of Restructured account	-0.02	0.09	0	0	0	
- Investments	1.39	0.41	0.31	6.77	7.7	
- Wealth Tax	0.12	0.13	0.07	0.06	0.09	
- Income Tax	174.4	129	136	114.59	86.5	
- Deferred Tax	17.48	-9.49	5.79	0.03	1.23	

h. Movement in net NPAs:					
Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Opening balance	0	0	0	0	0
Additions during the year	3.03	0	0	0	0
Reductions during the year	0	0	0	0	0
Closing balance	3.03	0	0	0	0

i. Credit exposure as percentage to capital funds and as percentage to Total Assets:											
Particulars	30.06.2012		30.06.2011		30.06.2010		30.06.2009		30.06.2008		
	% 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	75.01%	8.06%	62.48%	7.15%	67.05%	7.82%	66.19%	7.90%	52.25%	5.53%	

- The largest borrower group	10 2.6 9%	11. 03 %	82. 66 %	9.4 6%	85. 68 %	10. 00 %	77. 35 %	9.2 3%	81. 20 %	8.5 9%
- The 10 largest single borrowers	49 0.0 5%	52. 65 %	46 7.6 3%	53. 49 %	45 2.3 5%	52. 78 %	43 1.9 0%	51. 56 %	42 4.2 4%	44. 69 %
- The 10 largest borrower groups \$	44 0.7 6%	47. 35 %	10 6.5 1%	12. 18 %	23 4.6 0%	27. 38 %	20 2.1 0%	24. 13 %	17 5.7 6%	18. 50 %
S NHB has less than 10 Borrower Groups										

j	Credit exposure to the five largest industrial sector as percentage to total loan assets:								
		30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008			
		NA	NA	NA	NA	NA			

45.3	Liquidity:								
k.	Maturity Pattern of rupee assets and liabilities								
l.	Maturity Pattern of foreign currency assets and liabilities								

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

2007-08						
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	15,101.43	6,239.83	1,984.76	744.71	634.42	24,705.15

Foreign Currency Assets	33.81	69.31	71.85	74.72	323.32	573.01
Total	15,135.24	6,309.14	2,056.61	819.43	957.74	25,278.16
Rupee Liabilities	9,756.46	6,417.91	2,252.71	778.21	3,251.56	22,456.85
Foreign Currency Liabilities	30.51	62.49	64.66	67.13	268.93	493.72
Total	9,786.97	6,480.40	2,317.37	845.34	3,520.49	22,950.57
Net Current Assets	5,348.27	-171.26	-260.76	-25.91	2,562.75	2,327.59

45.4	Operating results:					
	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
m.	Interest Income as a percentage to average Working Funds	8.6 2%	7.7 4%	7.2 7%	8.2 5%	7.5 1%
n.	Non-interest income as a percentage to average Working Funds	0.0 4%	0.0 4%	0.1 7%	0.2 1%	0.1 6%
o.	Operating profit as a percentage to average Working Fund	2.0 9%	1.7 2%	2.1 4%	1.8 0%	1.3 3%
p.	Return on average Assets	1.3 5%	1.1 1%	1.3 5%	1.2 0%	0.8 4%
q.	Net Profit per employee (₹ in crores)	4.0 7	3.2 1	3.1 5	2.6 2	2.1 2
	Interest Income includes Dividend on Investments					
	Non-Interest Income excludes gain on Forward Exchange Contract, Gain on revaluation of Deposits & Borrowings, Deferred Tax(PY) and write back of provisions and contingencies no longer required.					

45.5	Movement in the provisions:					
	I. Provisions for Non Performing Assets (Loan Assets)					
	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
	Opening balance as at the beginning of the financial year	10 .0	10 .0	10 .0	10 .0	27 .1
Add :	Provisions made during the year	53 0	00 0	00 0	00 0	00 0
Less :	Write off, write back of excess provision	10 .0	0 00	0 00	0 00	17 .1
	Closing balance at the close of the year	53 53	10 0	10 0	10 0	10 0
	II. Provisions for Depreciation in Investments					
	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
	Opening Balance at the beginning of the financial year	0 53	0 53	7 12	0 53	0 53
Add :	i) Provisions made during the year	1 5	0 0	0 0	6 59	7 08
Less :	ii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	1 5	0 0	0 0	0 0	0 0
	i) Write off during the year	1 5	0 0	0 0	0 0	0 0
	ii) Transfer, if any, to Investment Fluctuation Reserve Account	1 5	0 0	6 59	0 0	0 0
	Closing balance at the close of the financial year	53 53	10 53	10 53	10 12	10 61

45.6	Restructured Accounts:					
	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
	a) Total Amount of loan assets	2.56	1.06	1.18	Nil	Nil
	b) Sub-standard/doubtful assets	2.56	0	Nil	Nil	Nil

45.7	Financial Assets Sold to Securitisation Company / Reconstruction Company:					
	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
	a) No. of Accounts	0	0	0	0	1.00
	b) Aggregative value (Net of provisions) of Accounts sold to SC/RC	0	0	0	0	0.00
	c) Aggregate consideration	0	0	0	0	10.00
	d) Additional consideration realized in respect of Accounts transferred in earlier years	0	0	0	0	
	e) Aggregate gain / loss over net book value	0	0	0	0	0.00

45.8	Forward Rate Agreements and Interest Rate Swaps:					
	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
	a) Notional principal of swap agreements	200	500	900	1100	1500
	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	3.06	3.55	48.34	78.16	Nil
	d) Collateral required by the entity upon entering into swaps	NA	NA	NA	NA	NA
	e) Concentration of credit risk arising from the swaps	3.06	3.55	48.34	78.16	7.5
	f) The "Fair" value of total swaps book	-2.06	0.59	39.34	67.16	(62.63)

45.9	Interest Rate Derivatives:	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
		Nil	Nil	Nil	Nil	Nil

45.10	Investments in Non Government Debt Securities:
A.	<i>Issuer Categories in respect of investments made</i>

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
2007-08						
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	4.9	0	0	0	0
5	Subsidiaries/Joint Ventures	0	0	0	0	0
6	Others	212.03	0.53	0	0	0.53
7	Provisions held towards depreciation	0	0	0	0	0
	Total	261.93	45.53	0	0	0.53

B.	<i>Non performing investments</i>					
	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
	Opening balance	0.53	0.53	0.53	0.53	0.53
	Additions during the year	0	0	0	0	0
	Reductions during the year	0	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

45.11	Consolidated Financial Statements:	NHB has no subsidiary
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45.12	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				
		2011-12	2010-11	2009-10	2008-09	2007-08	2011-12	2010-11	2009-10	2008-09	2007-08
1	<i>Derivatives (Notional Principal Amount)</i>										
	a) For hedging	0	0	0	0	0	200	500	900	1,100.00	1,500.00
	b) For trading	0	0	0	0	0	0	0	0	0	
2	<i>Marked to Market Position</i>										
	a) Asset (+)	0	0	0	0	0	0	0.59	39.34	67.16	0
	b) Liabilities (-)	0	0	0	0	0	2.06	0	0	0	-62.63
3	<i>Credit Exposure</i>	0	0	0	0	0	3.06	3.55	48.34	78.16	7.5
4	<i>Likely impact of one percentage change in interest rate (100*PV01)</i>										
	a) on hedging derivatives	0	0	0	0	0	1.93	1.74	12.03	25	36.91
	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										

Sl. No.	Particulars	Currency Derivatives					Interest Rate Derivatives				
		2011-12	2010-11	2009-10	2008-09	2007-08	2011-12	2010-11	2009-10	2008-09	2007-08
	- Maximum	0	0	0	0	0	0	12.03	16.48	29.78	49.72
	- Minimum	0	0	0	0	0	0	1.74	12.03	25	33.3
	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

45.13	Exposures where the FI had exceeded the prudential exposure limits during the year:	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
		Nil	Nil	Nil	Nil	Nil
45.14	Corporate Debt Restructuring:					
		Nil	Nil	Nil	Nil	Nil
45.15	Concentration of Deposits, Advances, Exposures and NPAs					
		2011-12	2010-11	2009-10	2008-09	2007-08
	1. Concentration of deposits (public)					
	Total Deposits of twenty largest depositors	47.98	61.69	Nil	NA	NA
	Percentage of Deposits of twenty largest depositors to Total Deposits	21.99%	24.81%	Nil	NA	NA
	2. Concentration of Advances					
	Total Advances to twenty largest borrowers	23,518.74	19,549.60	17,183.14	NA	NA
	Percentage of Advances to twenty largest borrowers to Total Advances	82.47%	86.57%	86.62%	NA	NA
	3. Concentration of Exposures					
	Total Exposure to twenty largest borrowers /customers	24,038.9	20,704.4	17,214.2	NA	NA
	Percentage of Exposure to twenty largest borrowers/customers to total Exposure on borrowers/customers	80.16%	83.83%	86.47%	NA	NA
	4. Concentration of NPAs					
	Total Exposure to top four NPA Accounts	3.56	Nil	Nil	NA	NA
45.16	Sector-wise NPAs					
Sl. No	Sector	Percentage of NPAs to Total Advances in that Sector				
		2011-12	2010-11	2009-10	2008-09	2007-08
1	Agriculture & Allied activities	Nil	Nil	Nil	NA	NA
2	Industry (Micro & Small, Medium & Large)	Nil	Nil	Nil	NA	NA
3	Services	Nil	Nil	Nil	NA	NA
4	Personnel Loan	Nil	Nil	Nil	NA	NA

45.17	Movement of NPAs					
	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
	Gross NPAs (Opening Balance)	0	Nil	Nil	NA	NA
	Additions (Fresh NPAs) during the year	3.62	Nil	Nil	NA	NA
	Sub-total (A)	3.62	Nil	Nil	NA	NA
	Less:		Nil	Nil	NA	NA
	(i) Upgradations	0	Nil	Nil	NA	NA
	(ii) Recoveries (excluding recoveries made from upgraded accounts)	0.06	Nil	Nil	NA	NA
	(iii) Write-offs	0	Nil	Nil	NA	NA
	Sub-total (B)	0.06	Nil	Nil	NA	NA
	Gross NPAs (Closing Balance) (A - B)	3.56	Nil	Nil	NA	NA
45.18	Overseas Assets, NPAs and Revenue					
	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
	Total Assets	Nil	Nil	Nil	NA	NA
	Total NPAs	Nil	Nil	Nil	NA	NA
	Total Revenue	Nil	Nil	Nil	NA	NA
45.19	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)					
	Name of SPV sponsor	2011-12	2010-11	2009-10	2008-09	2007-08
	Domestic	Nil	Nil	Nil	NA	NA
	Overseas	Nil	Nil	Nil	NA	NA
45.20	Sale of Investments held under Held to Maturity (HTM) Category	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
		Nil	NA	NA	NA	NA

Annexure-VIII

Reviewed Financial Results for the half-year ended 31st December, 2012

Particulars	(Rs. lakhs)			
	6 months ended 31/12/2012	Corresponding 6 months ended 31/12/2011	Year to Date figures for current period ended 31/12/2012	Previous accounting year ended 30/06/2012
	Unaudited	Unaudited	Unaudited	Audited
1. Interest Earned (a)+(b)+(c)+(d)	143,014.00	111,322.54	143,014.00	247,797.12
(a) Interest on advances	133,356.62	98,978.27	133,356.62	223,967.01
(b) Income on Investments	3,438.56	3,388.76	3,438.56	6,700.95
(c) Interest on bank deposits	6,139.38	8,649.72	6,139.38	16,559.79
(d) Others	79.44	305.79	79.44	569.37
2. Other Income	601.73	1,041.27	601.73	1,183.00
3. Total Income (1+2)	143,615.73	112,363.81	143,615.73	248,980.12
4. Interest Expended	103,801.05	82,320.23	103,801.05	185,006.61
5. Operating Expense (i)+(ii)	2,044.60	2,179.24	2,044.60	4,414.94
(i) Payments to and provisions for employees	368.56	406.81	368.56	1,122.32
(ii) Other operating Expense (a)+(b)+(c)	1,676.04	1,772.43	1,676.04	3,292.62
(a) Brokerage, Guarantee Fee and Other Finance Charges	222.36	274.53	222.36	482.85
(b) Stamp duty on Borrowings	207.50	278.00	207.50	569.80
(c) Other expenditures	1,246.18	1,219.90	1,246.18	2,239.97
6. Total Expenditure excluding Provisions and Contingencies (4+5)	105,845.65	84,499.47	105,845.65	189,421.55
7. Operating Profit before Provisions and Contingencies (3-6)	37,770.08	27,864.34	37,770.08	59,558.57
8. Provisions other than Tax and Contingencies	3,574.29	2,624.86	3,574.29	5,330.72
9. Exceptional Items	-	-	-	-
10. Profit (+) / Loss (-) from Ordinary Activities before Tax (7-8-9)	34,195.79	25,239.48	34,195.79	54,227.85
11. Tax Expense	10,767.09	8,498.48	10,767.09	15,517.92
12. Net Profit (+)/Loss (-) from Ordinary Activities after Tax (10-11)	23,428.70	16,741.00	23,428.70	38,709.93
13. Extraordinary items (net of tax expense)	-	-	-	-
14. Net Profit (+)/Loss (-) for the period (12-13)	23,428.70	16,741.00	23,428.70	38,709.93
15. Paid-up capital	45,000.00	45,000.00	45,000.00	45,000.00
16. Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	273,946.45	235,172.54	273,946.45	273,946.45
17. Analytical Ratios:				
(i) Capital Adequacy Ratio	16.83%	19.08%	16.83%	19.82%
(ii) Earning Per Share (EPS)	NA	NA	NA	NA
18. NPA Ratios				
a) Amount of Gross NPA	453.14	102.02	453.14	356.09
b) Amount of Net NPA	375.44	86.71	375.44	302.68
c) % of Gross NPA	0.014%	0.004%	0.014%	0.012%
d) % of Net NPA	0.011%	0.003%	0.011%	0.011%
e) Return on Assets (Annualized)	1.40%	1.22%	1.40%	1.35%
Notes:				
1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on January 28, 2013.				
2. The above results have been subjected to Limited Review by the Statutory Auditors.				
3. The financial results for the half-year ended December 31, 2012 have been arrived at, after considering provisions for Non-Performing Assets and Standard Assets on the basis of prudential norms issued by RBI.				
4. Previous years figures have been regrouped / rearranged wherever necessary.				

Annexure-IX

Key Ratios

Description	Dec-12	Jun-12	Jun-11	Jun-10	Jun-09	Jun-08
Debt Equity* Ratio (times) (Debt/ Net Worth)	9.06	8.50	7.89	7.72	7.55	8.30
Interest Coverage Ratio (times) (PBIT/ Interest Expenditure)	1.33	1.29	1.27	1.40	1.28	1.20
Return on Net Worth (%)** (PAT/ Net Worth)	6.92	12.27	10.07	11.28	10.64	8.49
*Equity refers to Net Worth (i.e Tier-I Capital)						
**Not Annualized for Dec-2012						

Description	Dec-12	Jun-12	Jun-11	Jun-10	Jun-09	Jun-08
Net Worth	3388.01	3153.76	2770.22	2485.32	2215	1998.03
Debt	30710.57	26803.1	21852.01	19184.77	16731.04	16580.85
Interest Expenditure	1038.01	1850.06	1489.5	1051.68	1272.9	1264.59
Profit before Interest & Tax (PBIT)	1379.97	2392.32	1888.7	1473.79	1623.26	1522.2
Profit After Tax (PAT)	234.29	387.1	278.93	280.25	235.62	169.7

Annexure-X

Statement of Capitalization

Description	Dec-12	Jun-12	Jun-11	Jun-10	Jun-09	Jun-08
Debt						
Short Term Borrowing	5014.20	3738.36	4641.76	5032.60	8478.78	10254.93
Long Term Borrowing	25696.37	23064.74	17210.25	14152.17	8252.26	6325.92
TOTAL-Debt	30710.57	26803.10	21852.01	19184.77	16731.04	16580.85
Net Worth	3,388.01	3,153.76	2,770.22	2,485.32	2,215.00	1,998.03
Long Term Debt to Equity Ratio [Long Term Debt/ Net Worth]	7.58	7.31	6.21	5.69	3.73	3.17
Debt to Equity Ratio [Term Debt/ Net Worth]	9.06	8.50	7.89	7.72	7.55	8.30
Short Term Borrowing includes Commercial Paper; Loan Against Deposit; CBLO; Term Loans from Banks which are short term in nature						
Net Worth refers to Tier-I Capital						

ANNEXURE B
(DETAILS OF THE TOP TEN BONDHOLDERS OF NHB)

7.19% NHB Tax Free Bond 2022 Series I		
ISIN	Name of Bondholders	Bonds
INE557F07017	VIJAYA BANK	300
INE557F07017	SYNDICATE BANK	250
INE557F07017	ANDHRA BANK	250
INE557F07017	UNION BANK OF INDIA	100
INE557F07017	UNITED BANK OF INDIA	100
INE557F07017	CANARA BANK-MUMBAI	100
INE557F07017	STATE BANK OF MYSORE	100
INE557F07017	IDBI BANK LIMITED - TBO	50
INE557F07017	DEWAN HOUSING FINANCE CORPORATION LIMITED	10
7.17% NHB Tax Free Bond 2023 Series II		
ISIN	Name of Bondholders	Bonds
INE557F07025	SRIDHAR RAMAMURTHY	1000
INE557F07025	CENTRAL BANK OF INDIA	100
6.87% NHB Tax Free Bond 2023 Series III		
ISIN	Name of Bondholders	Bonds
INE557F07033	ICICI BANK LTD	500
INE557F07033	STATE BANK OF INDIA	500
INE557F07033	SUNDARAM BNP PARIBAS HOME FINANCE LIMITED	250

8.20%NHB Bonds 2013		
ISIN	Name of Bondholders	Bonds
INE557F08DO0	INSURANCE INSTITUTE OF INDIA	650
INE557F08DO0	BANK OF AMERICA SINGAPORE LIMITED	400
INE557F08DO0	Union Bank of India	250
INE557F08DO0	DB INTERNATIONAL (ASIA) LTD	250
INE557F08DO0	DENA BANK	250
INE557F08DO0	WIPRO LIMITED	250
INE557F08DO0	BARCLAYS MERCHANT BANK (SINGAPORE) LTD.	250
INE557F08DO0	CORPORATION BANK	250
INE557F08DO0	ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED	200
INE557F08DO0	POSTAL LIFE INSURANCE FUND A/C UTI AMC	150
INE557F08DO0	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	150
INE557F08DO0	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	150
7.85% NHB Bonds 2013		
ISIN	Name of Bondholders	Bonds
INE557F08DP7	SUNDARAM MUTUAL FUND A/C SUNDARAM CAPITAL PROTECTION ORIENTED FUND 2YEARS (SERIES 4)	150
INE557F08DP7	ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED	100
INE557F08DP7	KOTAK MAHINDRA OLD MUTUAL LIFE INSURANCE LIMITED	50
8.50%NHB Bonds 2013		
ISIN	Name of Bondholders	Bonds
INE557F08DQ5	HOUSING DEVELOPMENT FINANCE CORPORATION LTD -PROVIDENT FUND	10
9.18%NHB Bonds 2016		
ISIN	Name of Bondholders	Bonds
INE557F08DR3	LIFE INSURANCE CORPORATION OF INDIA	5000

9.75%NHB Bonds 2014

ISIN	Name of Bondholders	Bonds
INE557F08DS1	BANK OF AMERICA SINGAPORE LIMITED	1650
INE557F08DS1	J.P.MORGAN SECURITIES ASIA PRIVATE LIMITED	1150
INE557F08DS1	STANDARD CHARTERED BANK (MAURITIUS) LIMITED -DEBT	1000
INE557F08DS1	HDFC TRUSTEE COMPANY LTD-HDFC FLOATING RATE INCOME FUND A/C SHORT TERM PLAN	550
INE557F08DS1	MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	250
INE557F08DS1	BARCLAYS MERCHANT BANK (SINGAPORE) LTD.	250
INE557F08DS1	MAHARASHTRA STATE ELECTRICITY BOARDS CONTRIBUTORY PROVIDENT FUND	100
INE557F08DS1	CREDIT SUISEE (SINGAPORE) LIMITED	50

9.62% NHB Bonds 2014

ISIN	Name of Bondholders	Bonds
INE557F08DW3	IDFC SUPER SAVER INCOME FUND- SHORT TERM	1350
INE557F08DW3	HSBC BANK (MAURITIUS) LIMITED	850
INE557F08DW3	NOMURA SINGAPORE LIMITED A/C NOMURA INVESTMENTS (SINGAPORE) PTE. LTD.	650
INE557F08DW3	IDFC SUPER SAVER INCOME FUND- MEDIUM TERM FUND	500
INE557F08DW3	WIPRO LIMITED	450
INE557F08DW3	PUNJAB NATIONAL BANK	250
INE557F08DW3	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	250
INE557F08DW3	BANK OF AMERICA SINGAPORE LIMITED	200
INE557F08DW3	VIJAYA BANK	150
INE557F08DW3	BHARTI AXA GENERAL INSURANCE CO. LTD	100
INE557F08DW3	ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED	100

9.37%NHB Bonds 2014		
ISIN	Name of Bondholders	Bonds
INE557F08DY9	HDFC TRUSTEE COMPANY LTD-HDFC FLOATING RATE INCOME FUND A/C SHORT TERM PLAN	1100
INE557F08DY9	WIPRO LIMITED	1000
INE557F08DY9	Union Bank of India	750
INE557F08DY9	HDFC TRUSTEE COMPANY LIMITED A/C HDFC CASH MANAGEMENT FUND TREASURY ADVANTAGE PLAN	600
INE557F08DY9	TEMPLETON INDIA ULTRA-SHORT BOND FUND	500
INE557F08DY9	THE ROYAL BANK OF SCOTLAND ASIA MERCHANT BANK (SINGAPORE) LIMITED	500
INE557F08DY9	RBS FINANCIAL SERVICES (INDIA) PRIVATE LIMITED	250
INE557F08DY9	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	100
INE557F08DY9	ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED	100
INE557F08DY9	PRAMERICA TREASURY ADVANTAGE FUND	50
INE557F08DY9	RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE MONEY MANAGER FUND	50
9.37%NHB Bonds 2014		
ISIN	NAME	Bonds
INE557F08EA7	ALLAHABAD BANK	4450
INE557F08EA7	ALLAHABAD BANK (EMPLOYEES') PENSION FUND	550
9.40%NHB Bonds 2015		
ISIN	Name of Bondholders	Bonds
INE557F08EB5	LIFE INSURANCE CORPORATION OF INDIA	1000
INE557F08EB5	PROVIDENT FUND OF TATA STEEL LIMITED	750
INE557F08EB5	SBI SHORT TERM DEBT FUND	550
INE557F08EB5	RELIGARE TRUSTEE COMPANY LIMITED - A/C RELIGARE SHORT TERM PLAN	550
INE557F08EB5	HDFC TRUSTEE COMPANY LTD A/C HDFC SHORT TERM OPPORTUNITIES FUND	500
INE557F08EB5	COAL MINES PROVIDENT FUND ORGANISATION	500
INE557F08EB5	NATIONAL INSURANCE COMPANY LTD	300
INE557F08EB5	Union Bank of India	250
INE557F08EB5	ICICI PRUDENTIAL SHORT TERM PLAN	250
INE557F08EB5	HDFC TRUSTEE COMPANY LTD A/C HDFC MEDIUM TERM OPPORTUNITIES FUND	250
INE557F08EB5	ICICI PRUDENTIAL REGULAR SAVINGS PLAN	250
INE557F08EB5	RELIANCE CAPITAL TRUSTEE CO LTD A/C- RELIANCE REGULAR SAVINGS FUND- DEBT OPTION	250
INE557F08EB5	CITIZEN CR CO-OP BNK LTD	250

9.43%NHB Bonds 2015		
ISIN	Name of Bondholders	Bonds
INE557F08EC3	BARCLAYS MERCHANT BANK (SINGAPORE) LTD.	3000
INE557F08EC3	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE SHORT TERM FUND	1000
9.37%NHB Bonds 2015		
ISIN	Name of Bondholders	Bonds
INE557F08ED1	CBT EPF-05-A-DM	1700
INE557F08ED1	CBT EPF-05-C-DM	1512
INE557F08ED1	CBT EPF-05-B-DM	1000
INE557F08ED1	CBT EPF-11-C-DM	743
INE557F08ED1	CBT EPF-11-D-DM	706
INE557F08ED1	CBT EPF-05-D-DM	694
INE557F08ED1	AXIS BANK LIMITED	600
INE557F08ED1	LIC OF INDIA MARKET PLUS 1 NON UNIT FUND	600
INE557F08ED1	CBT EPF-11-B-DM	400
INE557F08ED1	HDFC TRUSTEE COMPANY LTD A/C HDFC MEDIUM TERM OPPORTUNITIES FUND	300
9.65%NHB Bonds 2015		
ISIN	Name of Bondholders	Bonds
INE557F08EE9	J.P.MORGAN SECURITIES ASIA PRIVATE LIMITED	2000
INE557F08EE9	HDFC TRUSTEE COMPANY LIMITED A/C HDFC CASH MANAGEMENT FUND TREASURY ADVANTAGE PLAN	1500
INE557F08EE9	BARODA PIONEER TREASURY ADVANTAGE FUND	750
INE557F08EE9	Union Bank of India	750
INE557F08EE9	RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE MONEY MANAGER FUND	500
INE557F08EE9	BIRLA SUN LIFE TRUSTEE COMPANY PVT LIMITED A/C BIRLA SUN LIFE DYNAMIC BOND FUND	180
INE557F08EE9	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE SAVINGS FUND	150
INE557F08EE9	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE CASH MANAGER	100
INE557F08EE9	DSP BLACKROCK INDIA INVESTMENT FUND	70
Zero Coupon Bond 2015		
ISIN	Name of Bondholders	Bonds
INE557F08EF6	DB INTERNATIONAL (ASIA) LTD	1500

INE557F08EF6	INDIAN DEBT PORTFOLIO FUND LIMITED	872
INE557F08EF6	QIEF MANAGEMENT LLC A/C Q ACPI INDIA FIXED INCOME FUND LIMITED	400
INE557F08EF6	GOLDMAN SACHS INVESTMENTS (MAURITIUS) I LTD	250
INE557F08EF6	ACPI IFI LIMITED	150
INE557F08EF6	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	100
INE557F08EF6	RELIANCE CAPITAL TRUSTEE CO LTD A/C RELIANCE MONTHLY INCOME PLAN	9
9.60%NHB Bonds 2015		
ISIN	Name of Bondholders	Bonds
INE557F08EG4	LIC OF INDIA MARKET PLUS NON UNIT FUND	2500
INE557F08EG4	LIC OF INDIA MONEY PLUS NON UNIT FUND	2500
INE557F08EG4	LIC OF INDIA WEALTH PLUS NON UNIT FUND	1000
INE557F08EG4	LIC OF INDIA FUTURE PLUS NON UNIT FUND	500
INE557F08EG4	LIC OF INDIA MONEY PLUS 1 NON UNIT FUND	500
INE557F08EG4	LIC OF INDIA MARKET PLUS 1 NON UNIT FUND	500
9.50%NHB Bonds 2015		
ISIN	Name of Bondholders	Bonds
INE557F08EH2	HSBC BANK (MAURITIUS) LIMITED	1650
INE557F08EH2	FIRSTRAND BANK LIMITED	250
INE557F08EH2	THE ORIENTAL INSURANCE COMPANY LIMITED	200
INE557F08EH2	ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED	150
INE557F08EH2	CORPORATION BANK	150
INE557F08EH2	THE HONGKONG AND SHANGHAI BANKING CORP.LTD.	100
9.61%NHB Bonds 2015		
ISIN	Name of the Bondholders	BONDS
INE557F08EI0	BANK OF AMERICA SINGAPORE LIMITED	1500
INE557F08EI0	NOMURA SINGAPORE LIMITED	1400
INE557F08EI0	DB INTERNATIONAL (ASIA) LTD	750
INE557F08EI0	ING BANK N. V	650
INE557F08EI0	MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	450
INE557F08EI0	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	250

9.09%NHB Bonds 2015		
ISIN	Name of Bondholders	Bonds
INE557F08EJ8	NOMURA SINGAPORE LIMITED A/C NOMURA INVESTMENTS (SINGAPORE) PTE. LTD.	1500
INE557F08EJ8	NOMURA SINGAPORE LIMITED	1400
INE557F08EJ8	WIPRO LIMITED	1000
INE557F08EJ8	DB INTERNATIONAL (ASIA) LTD	600
INE557F08EJ8	BANK OF AMERICA SINGAPORE LIMITED	500
9.05%NHB Bonds 2015		
ISIN	Name of Bondholders	Bonds
INE557F08EK6	HSBC BANK (MAURITIUS) LIMITED	2000
INE557F08EK6	BANK OF AMERICA SINGAPORE LIMITED	1850
INE557F08EK6	BARCLAYS MERCHANT BANK (SINGAPORE) LTD.	1500
INE557F08EK6	DB INTERNATIONAL (ASIA) LTD	1200
INE557F08EK6	MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	500
INE557F08EK6	NOMURA SINGAPORE LIMITED A/C NOMURA INVESTMENTS (SINGAPORE) PTE. LTD.	250
8.78%NHB Bonds 2015		
ISIN	Name of Bondholders	Bonds
INE557F08EL4	NOMURA SINGAPORE LIMITED A/C NOMURA INVESTMENTS (SINGAPORE) PTE. LTD.	2000
INE557F08EL4	CREDIT SUISSE AG	1000
INE557F08EL4	DB INTERNATIONAL (ASIA) LTD	1000
INE557F08EL4	THE HONGKONG AND SHANGHAI BANKING CORP.LTD.	750
INE557F08EL4	FIRSTRAND BANK LIMITED	250

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	2550
INE557F08EM2	MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	1300
INE557F08EM2	CREDIT SUISSE AG SINGAPORE BRANCH	1000
INE557F08EM2	RELIANCE CAPITAL TRUSTEE CO LTD A/C RELIANCE MEDIUM TERM FUND	1000
INE557F08EM2	RELIGARE TRUSTEE COMPANY LIMITED - A/C RELIGARE SHORT TERM PLAN	1000
INE557F08EM2	CITICORP INVESTMENT BANK (SINGAPORE) LIMITED	500
INE557F08EM2	NOMURA CAPITAL (INDIA) PRIVATE LIMITED	500
INE557F08EM2	BANK OF AMERICA SINGAPORE LIMITED	400
INE557F08EM2	SUNDARAM MUTUAL FUND A/C SUNDARAM MONTHLY INCOME PLAN	300
INE557F08EM2	HDFC TRUSTEE COMPANY LIMITED A/C HDFC CASH MANAGEMENT FUND TREASURY ADVANTAGE PLAN	250
INE557F08EM2	QIEF MANAGEMENT LLC A/C Q ACPI INDIA FIXED INCOME FUND LIMITED	250
INE557F08EM2	FIRSTRAND BANK LIMITED	250
INE557F08EM2	WIPRO LIMITED	250
INE557F08EM2	DEUTSCHE TRUSTEE SERVICES (INDIA) PRIVATE LIMITED A/C DWS PREMIER BOND FUND	250
INE557F08EM2	ACPI IFI LIMITED	200
8.63%NHB Bonds 2016		
ISIN	Name of Bondholders	Bonds
INE557F08EN0	DBS BANK LIMITED	2500
INE557F08EN0	HDFC BANK LTD	2000
INE557F08EN0	NOMURA SINGAPORE LIMITED A/C NOMURA INVESTMENTS (SINGAPORE) PTE. LTD.	500
SS PS BOND 1997-98		
ISIN	Name of Bondholders	Bonds
INE557F09146	BANK OF INDIA	624
SS PS BOND 1998-99		
ISIN	Name of Bondholders	Bonds
INE557F09179	BANK OF INDIA	929

SS PS BOND 1999-00		
ISIN	Name of Bondholders	Bonds
INE557F09203	CANARA BANK-MUMBAI	1357
SS PS BOND 2001-02		
ISIN	Name of Bondholders	Bonds
INE557F09278	EXPORT- IMPORT BANK OF INDIA	406
SS PS BOND 2001-02		
ISIN	Name of Bondholders	Bonds
INE557F09286	EXPORT- IMPORT BANK OF INDIA	408
9.40%NHB Bonds 2013		
ISIN	Name of Bondholders	Bonds
INE557F09302	CBT EPF-11-D-DM	1310
INE557F09302	CBT EPF-05-B-DM	900
INE557F09302	BANK OF AMERICA SINGAPORE LIMITED	300
INE557F09302	ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	250
INE557F09302	CBT EPF-25-C-DM	190
INE557F09302	BAJAJ AUTO LIMITED	150
INE557F09302	ICICI PRUDENTIAL CAPITAL PROTECTION ORIENTED FUND II SERIES VI - 24 MONTHS PLAN	120
INE557F09302	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	100
INE557F09302	BAJAJ HOLDINGS AND INVESTMENT LTD	100
INE557F09302	CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LTD	50
INE557F09302	ICICI PRUDENTIAL CAPITAL PROTECTION ORIENTED FUND II SERIES VII - 24 MONTHS PLAN	30

ZCB SUMERU Bond 2018		
ISIN	Name of Bondholders	Bonds
INE557F09310	SHREE CEMENT LTD	327711
INE557F09310	ITC LIMITED	103785
INE557F09310	TATA AIA LIFE INSURANCE CO LIMITED-LIFE FUND	45000
INE557F09310	AREEZ P KHAMBATTA	36226
INE557F09310	TATA AIA LIFE INSURANCE CO LTD-APEX RETURN LOCK IN FUND-ULIF 032 18/02/09 ARL 110	30000
INE557F09310	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	21000
INE557F09310	ING VYSYA LIFE INSURANCE COMPANY LIMITED	20000
INE557F09310	RASILABEN SEVANTILAL SHAH	15000
INE557F09310	SHANTI BHUSHAN	15000
INE557F09310	RASNA PRIVATE LIMITED	10700
ZCB SUMERU Bond 2019		
ISIN	Name of Bondholders	Bonds
INE557F09336	HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED	150000
INE557F09336	SHREE CEMENT LTD	83760
INE557F09336	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	50000
INE557F09336	NAYANTARA INVESTMENTS PRIVATE LIMITED	2155
INE557F09336	SPELLBOUND TRADING PRIVATE LIMITED	2155
INE557F09336	PARASAKTHI TRADING COMPANY PRIVATE LIMITED	2155
INE557F09336	LAVANYA HOLDINGS AND TRADING PRIVATE LIMITED	2155
INE557F09336	NIHARIKA SYNTHETICS TRADING PRIVATE LIMITED	2155
INE557F09336	NINA B. KOTHARI	1075
INE557F09336	NAYANTARA B KOTHARI	1075
7.04% NHB Bonds 2013		
ISIN	Name of Bondholders	Bonds
INE557F09476	B E S AND T UNDERTAKING PF	150

7.55%NHB Bonds 2013		
ISIN	Name of Bondholders	Bonds
INE557F09492	ICICI BANK LTD	2000
INE557F09492	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	500
INE557F09492	Union Bank of India	350
INE557F09492	BANK OF AMERICA SINGAPORE LIMITED	250
INE557F09492	CIM ASSET MANAGEMENT LTD A/C THE DWM MICROFINANCE FUND J	200
INE557F09492	LIC OF INDIA PROFIT PLUS NON UNIT FUND	150
INE557F09492	HDFC TRUSTEE CO LTD A/C HDFC FMP 18M FEBRUARY 2012(1)	150
INE557F09492	VIJAYA BANK	150
INE557F09492	AMBRE MAURITIUS INVESTMENT LIMITED	150

ANNEXURE C
(CREDIT RATING AND RATIONALE)

CONFIDENTIAL

Ref. no.: AK/FSR/NHB/2012-13/1973

February 20, 2013

Mr. K. Chakravarthy
Assistant General Manager
National Housing Bank
Core, S-A, 3rd Floor
India Habitat Centre
Lodhi Road
New Delhi - 110 003.

Dear Mr. Chakravarthy,

Re: CRISIL Rating for the Rs. 20.0 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,


Suman Chowdhury
Director – Financial Sector Ratings


Anil Kalan
Manager – Financial Sector Ratings

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@crsil.com or at (+91 22) 3342 3001 – 09.

CRISIL Limited

Registered Office: CRISIL House, Central Avenue, Hirwani Business Park, Powai, Mumbai - 400 078 Phone: +91 (22) 3342 3000 Fax: +91 (22) 3342 3050
Web: www.crsil.com



Annexure
Details Of the Rs. 20.0 billion Non-Convertible Debenture Issue of National Housing Bank

	1st tranche		2nd tranche		3rd tranche	
<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.

CONFIDENTIAL

Ref. no.: SN/FSR/NHB/2012-13/1891

February 5, 2013

Mr. R. S. Garg
Executive Director
National Housing Bank
Core, 5-A, 3rd Floor
India Habitatte Centre
Lodhi Road
New Delhi - 110 003.
Tel: 011-24649031-35 / Fax: 011-24649037



Dear Mr. Garg,

Re: CRISIL Rating for the Rs.100.0 Billion Long Term Borrowing Programme of National Housing Bank.

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please refer to our rating letter dated January 4, 2013 bearing ref no AK/FSR/NHB/2012-13/1731

CRISIL has, after due consideration, reaffirmed "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.

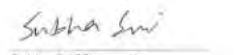
In the event of your company not making the issue within a period of 180 days from the date of this letter, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,


Sunan Chowdhury
Director – Financial Sector Ratings


Subha Sri Narayanan
Manager – Financial Sector Ratings

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 CRISIL.ratings@crsil.com or at (+91 22) 3342 3001 – 09.

CRISIL Limited

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Web: www.crsil.com

CONFIDENTIAL

Ref. no.: AK/FSR/NHB/2012-13/1731

January 4, 2013

Mr. R. S. Garg
Executive Director
National Housing Bank
Core, 5-A, 3rd Floor
India Habitate Centre
Lodhi Road
New Delhi - 110 003.
Tel: 011-24649031-35 / Fax: 011-24649037



Dear Mr. Garg,

Re: CRISIL Rating for the Rs.100.0 Billion Long Term Borrowing Programme of National Housing Bank.

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please refer to our rating letter dated December 3, 2012 bearing ref no AK/FSR/NHB/2012-13/1462

CRISIL has, after due consideration, reaffirmed "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.

In the event of your company not making the issue within a period of 180 days from the date of this letter, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revaluation from CRISIL will be necessary.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Handwritten signature of Rupali Shanker in black ink.

Rupali Shanker
Director – Financial Sector Ratings

Handwritten signature of Amol Kalan in black ink.

Amol Kalan
Manager – Financial Sector Ratings

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.

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Web: www.crisil.com



Rating Rationale

February 20, 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.20 Billion Non-Convertible Debenture	CRISIL AAA/Stable (Assigned)
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)
Bonds aggregating Rs.20 Billion	CRISIL AAA/Stable (Withdrawn)

CRISIL has assigned its rating of 'CRISIL AAA/Stable' to National Housing Bank's (NHB's) non-convertible debenture of Rs.20 billion; the ratings on NHB's other borrowing and fixed deposit programmes and bank facilities have been reaffirmed at 'CRISIL AAA/Stable/FAAA/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 this sector. NHB is also the regulator for HFCs. NHB is currently entirely owned by the Reserve Bank of India (RBI); however, 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). RBI is likely to take over the function of regulating and licensing of 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 nearly nil non-performing assets (NPAs) as on June 30, 2012. It primarily lends to banks and HFCs with strong credit-worthiness. NHB also has a large capital base; its healthy capitalisation is underpinned by a high Tier-1 capital base of Rs.31.5 billion and a regulatory Tier-I capital ratio of 18.6 per cent of its risk-weighted assets as on June 30, 2012.

However, NHB's core earnings profile is average, marked by low interest spreads. This is because the institution has been lending at competitive rates, and has increasingly inclined towards borrowing at market rates. Nevertheless, NHB's core profitability, measured by its net profitability margin (NPM) post credit costs, improved to 1.0 per cent in 2011-12 (refers to financial year, July 1 to June 30), from 0.8 per cent in 2010-11. This was primarily driven by improvement in interest spreads by 30 basis points to 1.28 per cent in 2011-12 supported by a higher increase in yields on average funds deployed vis-à-vis borrowing costs.

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. 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-level apex cooperative housing finance societies, and state cooperative agriculture and rural development banks. Additionally, NHB manages the Rural Housing Fund (RHF) – commercial banks

: CRISIL Ratings :

deposit the shortfall in their priority sector advances with the fund. Moreover, NHB is the regulator for HFCs, and extends guarantee support to the bonds issued by the HFCs. NHB also advises state governments in formulating state housing policies.

Incorporated in 1988 under the National Housing Bank Act 1987, NHB began operations with an initial capital of Rs.1 billion. Over the years, RBI has infused capital into the institution; as on June 30, 2012, NHB had a capital base of Rs.4.5 billion. In 2011-12, NHB extended refinance support aggregating Rs.145 billion—up from Rs.120 billion in the previous year. For 2011-12, NHB reported a profit after tax (PAT) of Rs.3.9 billion on a total income of Rs.24.7 billion, as against a PAT of Rs.2.8 billion on a total income of Rs.19.2 million for 2010-11. For six months ended December 31, 2012, it reported a PAT of Rs.2.3 billion on a total income of Rs.14.4 billion, as against a PAT of Rs.1.7 billion on a total income of Rs.11.2 billion in the previous year period.

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	

Media Contacts	Analytical Contacts	Customer Service Helpdesk
<p>Shweta Ramchandani Communications and Brand Management CRISIL Limited Tel: +91-22- 3342 1886 E-mail: shweta.ramchandani@crisil.com</p> <p>Tanuja Abhinandan Communications and Brand Management CRISIL Limited Tel: +91-22- 3342 1818 Email: tanuja.abhinandan@crisil.com</p>	<p>Pawan Agrawal Senior Director – CRISIL Ratings Tel: +91-22-3342 3301 Email: pawan.agrawal@crisil.com</p> <p>Suman Chowdhury Director – CRISIL Ratings Tel: +91-22-3342 3293 E-mail: suman.chowdhury@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.

Cril complexity levels are assigned to various types of financial instruments. The cril complexity levels are available on www.crisil.com/complexity-levels. Investors are advised to refer to the cril complexity levels for instruments that they desire to invest in. Investors may also call the Customer Service Helpdesk with queries on specific instruments.

About CRISIL LIMITED

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Ratings

CRISIL Ratings is India's leading rating agency. We pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we have a leadership position. We have rated over

50,000 entities, by far the largest number in India. We are a full-service rating agency. We rate the entire range of debt instruments: bank loans, certificates of deposit, commercial paper, non-convertible debentures, bank hybrid capital instruments, asset-backed securities, mortgage-backed securities, perpetual bonds, and partial guarantees. CRISIL sets the standards in every aspect of the credit rating business. We have instituted several innovations in India including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We pioneered a globally unique and affordable rating service for Small and Medium Enterprises (SMEs). This has significantly expanded the market for ratings and is improving SMEs' access to affordable finance. We have an active outreach programme with issuers, investors and regulators to maintain a high level of transparency regarding our rating criteria and to disseminate our analytical insights and knowledge.

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Last updated: April 30, 2012

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February 20, 2013

<http://www.crisil.com>

CRISIL has revised its rating symbols and definitions with effect from July 11, 2011, to comply with the SEBI circular, "Standardisation of Rating Symbols and Definitions". The revised rating symbols carry the prefix, 'CRISIL'. The rating symbols for short-term instruments have been revised to 'CRISIL A1', 'CRISIL A2', 'CRISIL A3', 'CRISIL A4', and 'CRISIL D' from the earlier 'P1', 'P2', 'P3', 'P4', and 'P5', respectively. The revision in the rating symbols and definitions is not to be construed as a change in the ratings. For details on revised rating symbols and definitions, please refer to the document, "Revision of Rating Symbols and Definitions", at the link, <http://www.crisil.com/ratings/credit-rating-scale.html>

Mr. R.V.Verma,
Chairman & MD
National Housing Bank
India Habitat Center, - 5th Floor,
Lodhi Road,
New Delhi - 110 003

B-47, 3rd Floor, Inner Circle
Connaught Place, New Delhi-110001
Tel. : + 91 11 45333200, 23716199
Fax : + 91 11 45333238, 23318701
Website : www.careratings.com

January 28, 2013

Confidential

Dear Sir,

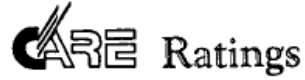
Revalidation of ratings of Proposed Market Borrowing Programme of Rs.6,745 crore

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 be entitled to publicize / disseminate such suspension / withdrawal / revision in the

JVF

[Signature]




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,


Jyotsna Gadgil
[Joint General Manager]

Yours faithfully,

Pallavi Jain
[Analyst]

Encl : As above

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.

Shri R.V.Verma,
Chairman & MD
National Housing Bank
India Habitat Center, - 5th Floor,
Lodhi Road,
New Delhi – 110 003

December 07, 2012

Confidential

Dear Sir,

**Credit rating for outstanding bonds of Rs.55.00 Cr (reduced from Rs.326 Cr)
and proposed market borrowing programme of Rs.6745.00 Cr**

On a review of recent developments including operational and financial performance of your company for FY12, our Rating Committee has *reaffirmed* the rating of CARE AAA [Triple A] to the outstanding bonds of Rs.55 crore and proposed market borrowing programme of Rs.6745 crore. (Details of the instruments outstanding have been given in Annexure I).

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 / 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,

J. Ankita

Jyotsna Gadgil
Joint General Manager

Yours faithfully,

Pallavi Jain

Pallavi Jain
Analyst

Encl : As above

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.

"Credit Analysis and Research Limited is proposing, subject to market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed a red herring prospectus ("RHP") with the Registrar of Companies, Mumbai, Maharashtra. The RHP is available on the website of SEBI at www.sebi.gov.in and on the websites of the Book Running Lead Managers at www.investmentbank.kotak.com, www.dspml.com, www.edelweissfin.com, www.icicisecurities.com, www.idbicapital.com and www.sbicaps.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section titled "Risk Factors" on page 15 of the RHP."

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Annexure I
Details of outstanding bonds

Type of Instrument	Amount outstanding as on September 30,2011 (Rs. Cr)	Rating	Rate of Interest	Redemption Date
5.75% NHB Tax Free PS Bonds 2002-03	55.00	CARE AAA	5.75%	27-Dec-12
Proposed Market Borrowing Programme	6745.00	CARE AAA	-	-
	6800.00			

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.

NATIONAL HOUSING BANK
Rating

Instrument	Amount (Rs. crore)	Ratings	Remarks
Bonds	55	CARE AAA (Triple A)	Reaffirmed
Proposed Market Borrowing Programme	6,745	CARE AAA (Triple A)	Assigned
Total	6,800		

Rating Rationale

The ratings continue to factor the status of National Housing Bank (NHB) as apex financial institution for the housing sector and regulator for the housing finance companies. The rating also factors NHB's strong parentage (wholly-owned subsidiary of the Reserve Bank of India), strong asset quality and comfortable capitalization levels. The continuing strategic importance of NHB for the Government of India (GoI) by the virtue of its role in the development of housing finance sector in India and the ability to maintain profitability and 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 wholly-owned by the RBI and is notified as a Public Financial Institution (PFI) under section 4A of the Companies Act, 1956. NHB is chartered to function as a principal agency to promote housing finance and housing finance institutions, and to provide financial and other operational support to such institutions.

Operations
Role of apex financial institution and regulator

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. NHB's statutory functions provide for developing a healthy housing finance sector through refinance of housing loans and also supervision of the sector. NHB also plays the role of regulator for the housing finance companies. It 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. 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.

Strong parentage

NHB is the wholly-owned subsidiary of the RBI and it continues to perform its supervisory and refinancing role for the housing finance sector under the guidance from the RBI. The board of directors of NHB includes senior professionals nominated by the RBI and the central government. In April 2010, GoI agreed to transfer ownership and shareholding of NHB from the Reserve Bank to GoI. However, presently NHB continues to be wholly-owned subsidiary of the RBI.

Strong asset quality

NHB follows stringent internal criteria for the sanctions in order to maintain its asset quality and recovery performance. The asset quality of NHB continues to remain robust. There has been a marginal slippage in NPA of Rs. 3.56 crore in FY12 (refers to the period July 1 to June 30). The net NPA ratio stood at 0.01% as on June 30, 2012. The same is comfortable considering that NHB primarily lends to the scheduled commercial banks and Housing Finance Companies (HFCs) with a strong credit-worthiness.

Comfortable capitalisation levels

NHB's reported healthy capitalisation levels with robust net-worth base on the account of accretion of profits and capital adequacy ratio of 19.82% as on June 30, 2012 (June 30, 2011:- 20.65%).

Comfortable liquidity position

The maturity profile of the assets and liabilities in short and medium term remain comfortable considering its diversified borrowing profile and strong financial flexibility (with NHB being a subsidiary of the RBI).

Healthy profitability and spreads

During FY12, total income of NHB has shown healthy growth of 23% in FY12 to Rs.2,499 crore led by 28% rise in interest income on loans portfolio. NHB has reported improved spreads from 1.57% in FY11 to 1.79% in FY12 on account of higher yield on interest-earning assets and also due to increased contribution (from 22% in FY11 to 29% in FY12) from Rural Housing Funds (RHF) deposits carrying concessional rate of interest leading to lower cost. As on June 30, 2012, the RHF deposits accounted for one-third of NHB's total borrowings. The spreads continue to remain comfortable given the high operating efficiency and robust asset quality. Furthermore, supported by the growth in net interest income, low operating cost structure and comfortable asset quality structure, NHB reported 39% increase in PAT to Rs.387 crore in FY12.

Consistent business growth

The loans and advances of NHB have shown a growth of 26% in FY12 from Rs.22,581 crore as on June 30, 2011 to Rs.28,491 crore as on June 30, 2012. The same can be attributed to a healthy increase of 22% in refinance disbursements made during FY12 over FY11 (from Rs.11,723 crore in FY11 to Rs.14,390 crore in FY12). Out of the total refinance disbursements of Rs.14,390 crore, 39% (Rs.5,608 crore) were made for rural housing loans, under the RHF Scheme and the Golden Jubilee Rural Housing Scheme. The balance was disbursed by NHB to scheduled commercial banks in FY12.

Comfortable resource profile

NHB has the flexibility of raising resources by way of various instruments like taxable and tax-free bonds, loans from banks and other multilateral agencies (ADB, KfW). In the last three years, NHB's borrowing profile has become more diversified with access to Rural Housing Fund (RHF). RHF deposits are allocated by the RBI to NHB and carry relatively lower rate of interest (ranging between 4%-6%). During the year, NHB mobilized higher funds under the RHF from scheduled commercial banks resulting in increase in their proportion from 26% of total funding profile at the end of FY11 to 33% of total funding profile at the end of FY12 (from Rs.5,778 crore at the end of FY11 to Rs.8,778 crore at the end of FY12). As on June 30, 2012, the total borrowings of NHB aggregated to Rs.26,803 crore. Market borrowings continue to dominate the funding profile with NHB bonds constituting 47% (Rs.12,493 crore) followed by deposits from banks under RHF and other deposits from public at 34% (Rs.8,997 crore) and balance constituting other borrowings (through term loans, against term deposits, commercial papers, etc at Rs.5,313 crore).

Prospects

Going forward, NHB's continuing strategic role in development of housing finance market and support of the government along with the ability to maintain stable earnings and reasonable spreads would be the key rating drivers.

Financial Results

Particulars as on/For year ended	(Rs. crore)		
	30-June-10	30-June-11	30-June-12
Interest Income	1,444	1,878	2,411
Total Income	1,553	2,038	2,499
Interest Paid	1,075	1,496	1,861
Net Interest Income	369	383	550
PBT	422	487	544
PAT (excluding prior period item)	280	279	387
Financial Position			
Tangible Net Worth	2,522	2,802	3,189
Borrowings	19,460	21,852	26,803
Capital Employed	21,982	24,656	29,993
Loan Portfolio	19,837	22,581	28,490

Particulars as on/For year ended	30-June-10	30-June-11	30-June-12
Key Ratios %			
Increase in Total Income	-7.07	31.24	22.65
Increase in PAT	18.94	-0.47	38.78
Increase in Loan Portfolio	17.72	13.84	26.17
NIM	2.01	1.80	2.16
Operating expenses/Average Capital Employed	0.12	0.09	0.14
ROCE	1.36	1.20	1.42
ROTA	1.31	1.15	1.36
RONW	11.76	10.48	12.92
Overall Debt / Equity ratio (times)	7.71	7.80	8.40
Interest Coverage Ratio (times)	1.41	1.35	1.32
Capital Adequacy Ratio (%)	19.59	20.65	19.82
Gross NPA ratio (%)	-	-	0.01
Net NPA ratio (%)	-	-	0.01

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ANNEXURE D
(CONSENT LETTER FROM THE BOND TRUSTEE)



ITCL

IL&FS Trust Company Limited

Ref: 2856
Date: February 20, 2013

National Housing Bank
Core 5-A, 3rd Floor
India Habitat Centre, Lodhi Road
New Delhi- 110 003

Kind Attn: Mr. K Chakravarthy, DGM

Dear Sirs,

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 ₹ [10,000] (HEREINAFTER REFERRED TO AS "BONDS") EACH HAVING TAX BENEFITS UNDER SECTION 10 (15) (iv) (b) OF THE INCOME TAX ACT, 1961 AS AMENDED ("BONDS") AN AMOUNT AGGREGATING UP TO RS. 3,750 CRORES ("ISSUE 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 prospectus (hereinafter referred to as "**Draft Prospectus**") to be filed with BSE Limited and/or National Stock Exchange of India (hereinafter referred to as "**Relevant Stock Exchanges**") where the Bonds are proposed to be listed for the purposes of public comments and Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), and the prospectus (hereinafter referred to as "**Prospectus**") to be filed with SEBI and Relevant Stock Exchanges, which NHB intends to issue in respect of the proposed issue of the Bonds and also all related advertisements and the subsequent communications sent to the holders of Bonds pursuant to the Issue.

We hereby authorize you to deliver this letter of consent to the Relevant Stock Exchanges, SEBI and 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
Tel: 022 – 2659 3333

 Fax: 022 – 2653 3297
Regd. Office : IL&FS 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-26B, 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

E-mail: vineet.kumar@ilfsindia.com

Investor Grievance e-mail: investorgrievancesitel@ilfsindia.com

Website: www.itclindia.com

Contact Person: Mr. Vineet Kumar

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 regarding our registration with SEBI in the required format is attached hereto as **Annexure**.

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.



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 Vaishali Urkude
Designation: AVP – Operations

Encl: SEBI registration certificate

डिबेंचर न्यासी

फॉर्म B
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनियम बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA
(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000 2 1 3

(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 प्रावधानों के तहत प्रदान की गई शक्तों का उपयोग करते हुए, अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदान 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 कोड है।
2) Registration Code for the debenture trustee is **IND000000452**

- 3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिवत 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