



**NATIONAL HOUSING BANK**

**YEARLY ACCOUNTS**  
**2014-15**  
**(July, 2014 To June, 2015)**

# National Housing Bank



## Balance Sheet

Previous Year ₹ in Crore	Liabilities	Schedules	Current Year ₹ in Crore
450.00	1. Capital	I	450.00
3,631.48	2. Reserves	II	4,345.59
0.00	3. Profit and Loss Account	III	0.00
11,174.74	4. Bonds and Debentures	IV	8,830.02
18,545.84	5. Deposits	V	29,022.13
9,739.27	6. Borrowings	VI	6,006.96
161.31	7. Deferred Tax Liability (net)		218.36
1,309.91	8. Current Liabilities and Provisions	VII	1,374.05
35.46	9. Other Liabilities	VIII	35.46
2.03	10. HLA deposits with banks and HFCs-as per contra		2.03
<b>45,050.04</b>	<b>TOTAL</b>		<b>50,284.60</b>

Sd/-  
**Amit Sinha**  
Regional Manager

Sd/-  
**K. Chakravarthy**  
Deputy General Manager

Sd/-  
**R. S. Garg**  
Executive Director

Sd/-  
**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer

### Directors

Sd/-  
**Dr. Urjit R. Patel**

Sd/-  
**G. M. Rao**

Sd/-  
**Alok Tandon**

**Vijaya Srivastava**

**Sanjeev Kumar**

Sd/-  
**Malay Shrivastava**

**Sadakant**

New Delhi, August 11, 2015

as at 30th June, 2015



Previous Year ₹ in Crore	Assets	Schedules	Current Year ₹ in Crore
2,047.04	1. Cash and Bank Balances	IX	1,864.43
2,480.99	2. Investments	X	2,951.00
39,931.60	3. Loans and Advances	XI	44,737.27
24.68	4. Fixed Assets	XII	23.19
563.70	5. Other Assets	XIII	706.68
2.03	6. HLA deposits with banks and HFCs - as per contra		2.03
<b>45,050.04</b>	<b>TOTAL</b>		<b>50,284.60</b>
<b>54.10</b>	<b>Contingent Liability</b>	<b>XIV</b>	<b>32.08</b>
	<b>Notes forming part of Accounts</b>	<b>XV</b>	

As per our attached Report of even date

For V K VERMA & Co.  
Chartered Accountants  
Firm No. 000386N

Sd/-  
**Vivek Kumar**  
Partner  
Membership No. 503826

**National Housing Bank**



**Profit & Loss Account**

Previous Year ₹ in Crore	Expenditure	Current Year ₹ in Crore
2,554.51	1. Interest	2,638.75
11.60	2. Staff Salaries, Allowances etc. and Terminal Benefits	16.46
0.03	3. Directors' and Committee Members Fees and Expenses	0.01
0.09	4. Audit Fees	0.11
3.30	5. Rent, Taxes, Electricity and Insurance	2.42
0.59	6. Postage, Telegrams, Telex and Telephones	0.46
0.12	7. Law Charges	0.10
	8. Stationery, Printing, Advertisement, etc.	
1.66	(i) Stationery and Printing	0.29
0.96	(ii) Advertisement	0.46
3.39	9. Depreciation on Fixed Assets	3.59
22.61	10. Brokerage, Guarantee Fee and Other Expenditure on Borrowings	7.73
4.08	11. Stamp duty on Borrowings	3.91
1.82	12. Travelling Expenses	1.15
14.66	13. Other Expenditure	12.18
7.42	14. Loss/(Gain) on Revaluation of Foreign Deposits and Borrowings	(54.01)
0.51	15. Depreciation/Amortisation on Investment	0.30
45.62	16. Provision for Non Performing Assets/ Restructured Account	6.03
22.43	17. Provision for Standard Assets	18.10
40.35	18. Provision for Bad & Doubtful Debts u/s 36(1)(viii)(c) of Income Tax Act, 1961	54.50
0.11	19. Wealth Tax	0.10
37.88	20. Deferred Tax	57.05
260.50	21. Income Tax	358.00
486.81	22. Profit carried to Balance Sheet (Refer Schedule III)	746.68
<b>3,521.05</b>	<b>TOTAL</b>	<b>3,874.37</b>

Sd/-  
**Amit Sinha**  
Regional Manager

Sd/-  
**K. Chakravarthy**  
Deputy General Manager

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**Vijaya Srivastava**

**Sanjeev Kumar**

Sd/-  
**Malay Shrivastava**

**Sadakant**

New Delhi, August 11, 2015

for the year ended 30th June, 2015



Previous Year ₹ in Crore	Income		Current Year ₹ in Crore
	1. Interest and Discount:		
3,143.02	(i) Loans and Advances	3,439.52	
219.16	(ii) Bank Deposits	<u>179.91</u>	3,619.43
139.60	2. Income from Investments		228.33
0.00	3. Profit on Sale of Investments		1.16
0.66	4. Profit on Purchase and Sale of Mutual Fund		9.08
(0.03)	5. Discount/ (Premium) on Forward Exchange Contract		(6.08)
0.01	6. Profit/ (Loss) on sale of Fixed Assets /demolition of Building		0.01
15.90	7. Other Income		7.32
0.92	8. Gain on revaluation of Forward Exchange Contracts		14.65
1.81	9. Provisions no longer required written back		0.47
<b>3,521.05</b>	<b>TOTAL</b>		<b>3,874.37</b>

As per our attached Report of even date

For V K VERMA & Co.  
Chartered Accountants  
Firm No. 000386N

Sd/-  
**Vivek Kumar**  
Partner  
Membership No. 503826

Schedules to the Balance Sheet as at 30th June, 2015



Previous Year ₹ in Crore	Schedules	Current Year ₹ in Crore
	SCHEDULE - I CAPITAL	
<u>450.00</u>	1. Authorised	<u>450.00</u>
<u>450.00</u>	2. Issued and Paid-up (wholly subscribed by the Reserve Bank of India)	<u>450.00</u>
<u>450.00</u>		<u>450.00</u>

Schedules to the Balance Sheet as at 30th June, 2015

SCHEDULE - II  
RESERVES



Amount ₹ in Crore

Description	Balance as on 01.07.2014	Additions	Deductions	Balance as on 30.06.2015
1. Reserve Fund	2,676.36	563.10	0.00	3,239.46
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	328.43	16.78	0.00	345.21
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	548.13	159.51	0.00	707.64
4. Rural Housing Fund- Corpus	28.52	0.00	28.52	0.00
5. Urban Housing Fund- Corpus	6.05	0.00	6.05	0.00
6. Investment Fluctuation Reserve	20.08	0.00	0.00	20.08
7. Staff Benevolent Fund (SBF)	23.91	9.42 #	0.13	33.20
<b>Total</b>	<b>3,631.48</b>	<b>748.81</b>	<b>34.70</b>	<b>4,345.59</b>

#Including interest earned on bank deposits of ₹ 2.12 Crore/-

# National Housing Bank

Schedules to the Balance Sheet as at 30th June, 2015



Previous Year ₹ in Crore	Schedules	Current Year ₹ in Crore
	<b>SCHEDULE - III</b>	
	<b>PROFIT &amp; LOSS ACCOUNT</b>	
486.81	Balance as per Profit and Loss Account	746.68
	<i>Less: Appropriations:</i>	
101.73	(a) Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	159.50
4.70	(b) Transfer to Staff Benevolent Fund	7.30
28.52	(c) Transfer to Rural Housing Fund- Corpus	0.00
6.05	(d) Transfer to Urban Housing Fund- Corpus	0.00
329.82	(e) Transfer to Reserve Fund	563.10
15.99	(f) Profit of Special Fund (Slum Improvement and Low Cost Housing Fund) transferred to Special Fund A/c	16.78
<u>0.00</u>		<u>0.00</u>
	<b>SCHEDULE - IV</b>	
	<b>BONDS AND DEBENTURES</b>	
777.96	1. Zero Coupon Bonds	837.59
5,424.40	2. NHB Bonds	3,049.40
	3. <i>Priority Sector Bonds:</i>	
4,640.78	(a) Tax-free Bonds	4,640.73
331.60	(b) Special Series Bonds	302.30
<u>11,174.74</u>		<u>8,830.02</u>
	<b>SCHEDULE - V</b>	
	<b>DEPOSITS</b>	
17,278.18	1. Deposits from banks under Rural Housing Fund	22,778.18
1,000.00	2. Deposits from banks under Urban Housing Fund	6,000.00
267.66	3. Other Deposits from Public	243.95
<u>18,545.84</u>		<u>29,022.13</u>
	<b>SCHEDULE - VI</b>	
	<b>BORROWINGS</b>	
	1. <i>From Reserve Bank of India:</i>	
13.15	Line of Credit	10.52
	2. <i>From Other Sources:</i>	
	(a) In India	
540.00	(i) Borrowing against Term Deposits	1,040.00
5,945.00	(ii) Borrowing through Term Loan	1,685.00
903.87	(b) Outside India (Guaranteed by GOI)	963.15
2,337.25	3. CBLO Borrowings	2,308.29
<u>9,739.27</u>		<u>6,006.96</u>



## Schedules to the Balance Sheet as at 30th June, 2015

Previous Year ₹ in Crore	Schedules	Current Year ₹ in Crore
<b>SCHEDULE - VII</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
	1. <i>Interest Payable:</i>	
9.13	(a) Unclaimed Interest	1.48
430.93	(b) Interest Payable on Other Bonds and Debentures	275.75
262.15	(c) Interest Payable on Deposits	410.48
0.59	(d) Interest Payable on CBLO Borrowing	0.46
36.91	(e) Interest Payable on Other Borrowings	31.31
	2. <i>Provision for Retirement Benefits:</i>	
0.80	(a) Medical Expense for Retired Officers	0.86
2.12	(b) Leave Encashment	3.24
2.02	(c) Gratuity	2.81
1.18	(d) Leave Travel Concession	1.01
3.02	(e) Sick Leave	4.46
0.00	(f) Pension	0.64
	3. <i>Other Provisions:</i>	
12.34	(a) Provision for loss on Forward Exchange Contracts	0.00
160.30	(b) Contingent Provision against Standard Assets	178.40
220.37	(c) Provision for Bad and Doubtful Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	274.87
10.00	(d) Provision for Contingencies	10.00
0.22	(e) Provision for HLA Deposits	0.22
0.26	(f) Other Provisions	0.10
2.18	4. Redemption Payable Account	0.75
6.35	5. Capital Gains Bonds Overdue Account	4.64
1.12	6. UN-HABITAT Revolving Fund for Water & Sanitation Projects	1.76
61.47	7. Amount received under 1% Interest Subvention Scheme	43.76
4.56	8. Amount received under Interest Subsidy Scheme for Housing the Urban Poor	1.59
52.35	9. Amount received under MNRE Subsidy Scheme	47.70
25.07	10. Amount received under Rajiv Rinn Yojana	26.94
0.00	11. Amount received under Gujrat Govt. Subsidy Scheme	1.01
4.47	12. Other Liabilities	49.81
<b>1,309.91</b>		<b>1,374.05</b>
<b>SCHEDULE - VIII</b>		
<b>OTHER LIABILITIES</b>		
0.17	1. Unsettled transactions of 1991-92	0.17
35.29	2. Interest Payable on unsettled transactions	35.29
<b>35.46</b>		<b>35.46</b>
<b>SCHEDULE - IX</b>		
<b>CASH AND BANK BALANCES</b>		
@	1. Cash/ Cheques in Hand	@
0.02	2. Current Account with Reserve Bank of India	0.08
	3. Balance with other banks:	
	(a) <i>In India</i>	
165.59	(i) Current Accounts	130.68
1,441.70	(ii) Term Deposits with banks	1,300.04
14.78	(iii) Term Deposits with banks(Staff Benevolent Fund)	24.01
	(b) <i>Outside India</i>	
424.95	Term Deposits with banks	409.62
<b>2,047.04</b>		<b>1,864.43</b>

@ amount less than ₹0.50 lakh



## Schedules to the Balance Sheet as at 30th June, 2015

Previous Year ₹ in Crore	Schedules	Current Year ₹ in Crore
	<b>SCHEDULE - X INVESTMENTS</b>	
	1. Securities of Central and State Government <i>at cost or market value whichever is less</i>	
66.16	(a) Government Securities ( <i>Pledged with CCIL for CBLO operations</i> )	56.15
0.10	Less: Depreciation	0.00
2,292.30	(b) Treasury Bills ( <i>Pledged with CCIL for CBLO operations</i> )	2,531.00
13.95	2. Stock, shares, bonds, debentures and securities of Housing Finance Institutions	17.08
	3. <i>Stocks, Shares, Bonds, Debentures and Securities of other Institutions:</i>	
0.00	(a) Investment in Liquid Fund	250.00
25.00	(b) Subordinated Bonds	15.00
70.55	(c) Shares of Other Institutions	73.74
0.53	(d) Shares of Building Material Company 0.53	
0.53	Less: Depreciation 0.53	0.00
13.13	(e) Subscription to Special Rural Housing Debentures of ARDBs	8.03
<b>2,480.99</b>		<b>2,951.00</b>
	<b>SCHEDULE - XI LOANS AND ADVANCES</b>	
	<b>I Refinance</b>	
	1. <i>Housing Finance Institutions:</i>	
22,021.59	(a) Housing Finance Companies	24,442.90
30.04	(b) Co-operative Housing Finance Societies	19.06
	2. <i>Scheduled Banks:</i>	
16,547.14	(a) Commercial Banks	18,941.09
894.48	(b) Regional Rural Banks	988.87
163.68	(c) Urban Co-operative Banks	140.32
	<b>II Direct Lending</b>	
347.58	3. Housing Boards, Development Authorities, etc.	284.30
0.66	4. Water & Sanitation Projects under UN-HABITAT	0.33
<b>40,005.17</b>	<b>Gross Loans and Advances</b>	<b>44,816.87</b>
73.57	Less: Provisions for Non Performing Assets	79.60
<b>39,931.60</b>	<b>Net Loans and Advances</b>	<b>44,737.27</b>

Schedules to the Balance Sheet as at 30th June, 2015

SCHEDULE - XII  
FIXED ASSETS



Amount ₹ in Crore

Description	COST BLOCK				DEPRECIATION					NET BLOCK		
	As at 01.07.2014	Additions	Deletions	Transfer	As at 30.06.2015	As at 01.07.2014	Additions	Deletions	Transfer	As at 30.06.2015	As at 30.06.2015	As at 30.06.2014
LEASEHOLD LAND	0.87	-	-	-	0.87	0.11	0.01	-	-	0.12	0.75	0.76
PREMISES	33.45	-	-	-	33.45	13.40	0.83	-	-	14.23	19.22	20.05
MOTOR VEHICLE	1.00	-	0.16	-	0.84	0.87	0.10	0.16	-	0.81	0.03	0.13
FURNITURE AND FIXTURE	2.41	0.13	0.19	-	2.35	1.92	0.10	0.18	-	1.84	0.51	0.49
OFFICE EQUIPMENTS	2.63	0.12	0.05	-	2.70	2.13	0.24	0.04	-	2.33	0.37	0.50
COMPUTER AND MICROPROCESSOR	11.35	1.32	-	-	12.67	9.96	1.34	-	-	11.30	1.37	1.39
COMPUTER SOFTWARE	5.08	0.57	-	-	5.65	3.90	0.92	-	-	4.82	0.83	1.18
ASSETS UNDER RESIDENCE FURNISHING SCHEME	0.33	0.01	0.11	-	0.23	0.15	0.04	0.07	-	0.12	0.11	0.18
<b>Total</b>	<b>57.12</b>	<b>2.15</b>	<b>0.51</b>	<b>-</b>	<b>58.76</b>	<b>32.44</b>	<b>3.58</b>	<b>0.45</b>	<b>-</b>	<b>35.57</b>	<b>23.19</b>	<b>24.68</b>
<b>Previous year</b>	<b>53.82</b>	<b>3.56</b>	<b>0.26</b>	<b>-</b>	<b>57.12</b>	<b>29.31</b>	<b>3.38</b>	<b>0.25</b>	<b>0.00</b>	<b>32.44</b>	<b>24.68</b>	<b>24.51</b>

## Schedules to the Balance Sheet as at 30th June, 2015



Previous Year ₹ in Crore	Schedules	Current Year ₹ in Crore
	<b>SCHEDULE - XIII OTHER ASSETS</b>	
	1. <i>Interest Receivable:</i>	
49.82	(a) Bank Deposits	94.16
68.62	(b) Investments	83.70
	2. <i>Advances, Receivables, Advance Tax &amp; Prepaid Expenses:</i>	
3.55	(a) Staff Loans and Advances	5.79
221.27	(b) Advance Tax, FBT, TDS, etc.	238.59
	(c) Miscellaneous Recoverable	
0.46	Considered Doubtful	0.46
0.46	Less : Provisions	0.46
5.94	(d) Prepaid Expenses	4.84
13.20	(e) Deposit with CCIL including interest receivable	13.19
39.49	(f) Amount recoverable from GOI against exchange loss on USAID Borrowing	45.30
8.44	(g) Others	68.45
149.37	3. Unsettled transactions of 1991-92	149.37
4.00	4. Deferred Discount on Forward Exchange Contract	3.29
<u>563.70</u>		<u>706.68</u>
	<b>SCHEDULE - XIV CONTINGENT LIABILITIES</b>	
6.01	1. Income Tax	0.00
47.93	2. Liability on account of Forward Exchange Contract	31.86
0.16	3. Performance Linked Incentives to ED's	0.22
<u>54.10</u>		<u>32.08</u>

## SCHEDULE - XV

### Notes forming parts of the accounts for the year ended 30<sup>th</sup> June, 2015

#### (A) Significant Accounting Policies

##### 1. Basis of Preparation

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, unless otherwise stated and are in accordance with the Generally Accepted Accounting Principles (GAAP) in India, which encompasses applicable statutory provisions, Accountant Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI).

Balance Sheet and Profit and Loss Account are drawn in accordance with the requirements of the National Housing Bank Act, 1987 and National Housing Bank General Regulations, 1988 framed there under.

##### 2. Use of Estimates

The preparation of financial statements requires that management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenue & expenses during the reporting period. Actual result could differ from those estimates. Any revision to the accounting estimates is recognized in accordance with the requirements of the respective accounting standards.

##### 3. Income and Expenditure

3.1. Income and expenditure are accounted on accrual basis except the following, which are accounted on cash basis:

3.1.1. Income by way of penal interest, over and above the normal rate of interest, charged due to delay receipt of loan dues or non-compliance with the terms of loan.

3.1.2. Levy on pre-payment of loan.

3.1.3. Conversion charges for conversion of loan from floating to fixed rate of interest and vice-a-versa.

3.1.4. Interest on non-performing assets

3.1.5. Fee based income such as Trustee Fee and Guarantee Fee is recognized upfront in cases where such income does not exceed ₹ 25,000/- per transaction.

3.1.6. Penalty imposed by NHB for non-compliance with the regulatory requirements or the guidelines issued by NHB from time to time.

3.1.7. Other miscellaneous receipts, such as receipts from sale of scrap/ old news papers, receipts under RTI Act, etc.

3.2. Dividend on investments is accounted for when the right to receive the dividend is established.

3.3. Pre-paid expense not exceeding ₹ 10,000/- per transaction is charged to current period expenditure.

3.4. Expense not exceeding ₹ 10,000/- per transaction is charged to current period expenditure.

3.5. Stamp duty and Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.

#### **4. Investments**

Investments are accounted for in accordance with the extant regulatory guidelines.

##### **4.1. Classification**

In accordance with the RBI guidelines, Investments are classified into as Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT). Under each of these categories, investments are further classified as

- (i) Government Security,
- (ii) Other Approved Securities,
- (iii) Shares,
- (iv) Debentures and Bonds,
- (v) Subsidiaries / Joint Ventures and
- (iv) Others.

##### **4.2 Basis of classification:**

4.2.1. Investments that the Bank intends to hold till maturity are classified as Held to Maturity.

4.2.2. Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading.

4.2.3. Investments, which are not classified in the above two categories, are classified as Available for Sale.

4.2.4. An investment is classified as Held to Maturity, Available for Sale or Held for Trading at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

##### **4.3 Valuation:**

4.3.1. In determining the acquisition cost of an investment:

- a) Brokerage and or commission received on subscriptions are reduced from the cost.
- b) Brokerage, commission, securities transaction tax, etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.
- c) Broken period interest paid / received on debt instruments is treated as interest expense/ income and is excluded from the cost/sale consideration.
- d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.

4.3.2. The transfer of a security from one category to another is accounted for at the least of acquisition cost/book value/ market value on the date of transfer, and the depreciation, if any, on such transfer is fully provided for.

4.3.3. Treasury Bills and Commercial Papers are valued at carrying cost.

#### 4.3.4. Held to Maturity category:

Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period remaining maturity on constant yield basis. Such amortization of premium is adjusted against income under the head “interest on investments”. Investments in subsidiaries, joint ventures and associates are valued at historical cost. A provision is made for diminution, other than Temporary, for each investment individually.

#### 4.3.5. Available for Sale and Held for Trading categories:

Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per RBI guidelines, and only the net depreciation of each group for each category is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual securities remains unchanged after marking to market.

4.3.6. Security Receipts (SRs) issued by an Asset Reconstruction Company (ARC) are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the security receipts issued by the ARC are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the ARC, is reckoned for valuation of such investments.

### **5. Loans / Advances and Provisions thereon**

5.1. Loans and Advances are classified as performing and non-performing, based on the guidelines issued by RBI.

5.2. Non-performing Assets (NPAs) are classified into sub-standard, doubtful and loss assets, based on the guidelines issued by RBI.

5.3. Provisions for NPAs are made as per the extent guidelines prescribed by RBI.

5.4. The sale of NPA is accounted as per the guidelines prescribed by RBI. If the sale is at a price below the net book value (NBV), the shortfall is debited to the profit and loss account, and in case of sale for a value higher than NBV, the excess provision is retained and utilized to meet the shortfall / loss on sale of other financial assets.

5.5. In case of restructured / rescheduled assets, provisions are made in accordance with the guidelines issued by RBI.

5.6. In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it confirms to the guidelines prescribed by RBI.

5.7. Amount recovered against debts written off in earlier years are recognised as revenue in the year of receipt.

5.8. In addition to the specific provision on NPAs, general provisions are also made for standard assets. These provisions are reflected in Balance Sheet under the head ‘Other Liabilities and Provisions’ and are not considered for arriving at net NPAs.

5.9. Advances are stated in Balance Sheet net of provision for NPAs.

5.10. Refinance provided to Agriculture and Rural Development Banks (ARDB’s) by way of Subscription to Special Rural Housing Debentures (SRHDs) deemed to be in the nature of advances are classified as Investments and is subject to the usual prudential norms applicable to loans and advances.

## 6. Derivative transactions

6.1.1. Interest rate swaps which hedge interest bearing assets or liability is accounted for on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost in the financial statement.

6.1.2. Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the assets / liabilities.

## 7. Fixed Assets

7.1. Fixed assets are carried at historical cost less accumulated depreciation.

7.2. Depreciation on assets (including land where value is not separable) is provided on Straight Line Method based on estimated life of the asset. Depreciation on asset has been provided at the rates furnished below:

(a) Leasehold land	Over lease period
(b) Premises	
i) Constructed on free hold land and on lease land where lease period is above 40 years	2.50%
ii) Constructed on lease land where lease period is below 40 years	Over lease period
(c) Furniture and Fixtures	10.00%
(d) Computer and Microprocessors	33.33%
(e) Motor Vehicles	20.00%
(f) Office Equipments	20.00%
(g) Furniture acquired under Residential Furnishing Scheme	10.00%
(h) Electrical/electronic articles acquired under Residential Furnishing Scheme	20.00%

7.3. Fixed assets individually costing ₹ 5,000/- and below are fully depreciated in the year of addition.

7.4. Depreciation on addition to assets is calculated for full period irrespective of the date of addition.

## 8. Employee Benefits

8.1. The Bank has a Provident Fund Scheme managed by the RBI. Contribution to the fund is made on actual basis.

8.2. Employer's contribution to Provident Fund relating to the pension optee (part of Pension Fund) is maintained with RBI.

8.3 Liability for Gratuity, Pension, Sick Leave, Leave Encashment, Medical Retirement Benefits and Leave Travel Concession is determined on the basis of actuarial valuation at the end of the financial year. Incremental / excess liability is provided / written back to the Profit and Loss Account.

## 9. Taxes on Income

9.1. Tax on income for the current period is determined on the basis of taxable income and

the tax credits computed in accordance with the provisions of the Income Tax act, 1961 and based on the expected outcome of assessments / appeals.

9.2. The deferred tax charge or credit is recognized, on timing difference, using the tax rates that have been enacted or substantially enacted as on balance sheet date. In terms of AS-22 issued by ICAI, provision for deferred tax liability is made on the basis of review at each balance sheet date and deferred tax assets are recognized only if there is virtual certainty of realization of such assets in future. Accordingly, Deferred tax liabilities or assets are reviewed at each balance sheet date based on development during the year.

9.3. Wealth Tax is provided in accordance with the provisions of the Wealth Tax Act, 1957.

## **10. Foreign Currency Transactions**

10.1. All assets and liabilities in foreign currency, except USAID borrowing, are translated in Indian Rupee equivalent at the exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) prevailing at Balance Sheet date and the resulting gain or loss on the assets and liabilities, is credited or debited to Profit & Loss Account under the head 'Gain / Loss on revaluation of foreign Deposits and Borrowings'.

10.2. In respect of USAID borrowing, the exchange loss or gain is debited or credited to the head 'Amount Recoverable from GOI against USAID Borrowing' as the exchange loss on USAID borrowing is borne by the GOI.

10.3. Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

10.4. Foreign exchange forward contracts outstanding as at the balance sheet date and not intended for trading are valued at the closing spot rate as notified by FEDAI. The premium or discount arising at the inception of such forward exchange contract is amortized as expense or income over the life of the contract. The resultant gain/loss on revaluation is recognized in the Profit & Loss Account under the head 'Gain / Loss on revaluation of Forward Exchange Contract Account'.

10.5. Contingent liabilities on account of foreign exchange contract are reported at exchange rates notified by FEDAI at the Balance Sheet date.

## **11. Impairment of Assets**

11.1. As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine

- a) the provision for impairment loss or the reversal, if any, required or
- b) the reversal, if any, required for impairment loss recognized in the previous period.

11.2. Impairment loss is recognised when the carrying amount of an asset exceed recoverable amount.

## **12. Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed by way of schedules to Balance Sheet.

## (B) NOTES

### 13. Fixed Assets

- 13.1 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 ₹ 23.99 crores.
- 13.2 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 ₹ 14.85 crores has been capitalised by the Bank on the basis of payments made to IHC.

### 14. External Borrowings

- 14.1 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 ₹47.73 crores (after revaluation) as on June 30, 2015 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. 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 is revaluing USAID borrowings. As a result of this revaluation, liability of borrowing under USAID programme and interest payable thereon increases by ₹32.89 crores and ₹ 0.56 crores respectively, with consequent effect in the balance as 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, 2015, there is adverse balance of ₹ 11.84 cr. as on June 30, 2015.

As per revaluation of the above borrowing, the loss on revaluation is recoverable from GOI. The total amount recoverable from GOI towards loss on revaluation of USAID borrowing as on June 30, 2015, is ₹ 45.30 crores which has been shown under 'Other Assets'.

- 14.2 The Bank had borrowed USD 120 million (equivalent to ₹564 crores outstanding of which, ₹ 349.70 crores as on June 30, 2015) from Asian Development Bank (ADB) in two tranches of USD 100 million and USD 20 million during the year 1997 and 2002, respectively. These loans are guaranteed by the Government of India and repayable in half yearly installments by 2022 and 2025, respectively.

These dollar funds were placed as deposits with Bank of India (USD 50 million), Canara Bank (USD 50 million) and EXIM Bank (USD 20 million) in the overseas branches in terms of agreements with these Banks. The deposits are amortized in half yearly installments maturing by 2022 and 2025, respectively and are utilized for repayment of loans from ADB. In lieu of the USD deposit, these banks have subscribed to Special Series Bonds issued by NHB for ₹ 564 crores (₹302.30 crores is outstanding as on June 30, 2015). These Special Series Bonds are repayable in half yearly installments till 2022 and 2025, respectively

- 14.3 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, Euro 38 million under Portion A (repayable in 18 half yearly installment beginning from June 30, 2014) and Euro 12 million under Portion B (repayable 60 half-yearly installment beginning from June 30, 2021). The Bank has drawn the entire amount of Euro 50 million (equivalent to ₹382.11 crores) and as on June 30, 2015 the outstanding amount is ₹310.93 crores. The principle and interest is hedged against exchange risk.

- 14.4 Under the umbrella of India-UK bilateral development cooperation partnership agreed between the two countries in July 2011, NHB has entered into a collaboration with Department for International Development, Government of U.K. for a project namely “*Making affordable housing market work for faster and sustained economic growth*” in eight low income states of the country. Under the programme, DFID will provide total assistance of £50 million. The loan is repayable in eight equated half yearly instalments starting June, 2017. Till the end of 30<sup>th</sup> June, 2015, the Bank has drawn £19 million (equivalent ₹ 187.86 crore) from DFID. The outstanding borrowing as on June 30, 2015 stood at £19 million equivalent to ₹ 190.08 crore (after revaluation).

- 14.5 NHB has entered into an Agreement with World Bank (WB) on August 14, 2013 followed by subsidiary loan agreement with Government of India on October 04, 2013 for Low Income Housing Finance Project of Special Drawing Rights (SDR) 66.1 million (USD 100 million equivalent). Under this line of credit, World Bank will make disbursements to Government of India (GoI) and GoI in turn would on-lend the rupee equivalent to NHB. The amount on-lent to NHB will be fully repaid by NHB and also has committed to meet the entire liability, including that due to exchange rate variations, on the due dates, if any.

National Housing Bank has submitted its claim to World Bank through GoI under the programme and accordingly World Bank has released eligible claims. The Bank is yet to receive the funds released by the World Bank, about ₹ 64.70 crores (equivalent to about SDR 7 million) from Government of India. The same was shown in the books of the Bank as receivable from Government of India and also as payable to World Bank under LIHF. As per the Agreement, the interest has to be paid semi-annually i.e on 15<sup>th</sup> March and 15<sup>th</sup> September

every year by GoI and a claim will be made on the Bank. Interest expenses and revaluation gain/loss will be shown in the Books of the Bank after receiving the principle amount from GoI.

## **15. Revaluation of Foreign Deposits and Borrowings/Forward Exchange Contracts**

- 15.1 During the year 2014-15 (July-June), the Bank has recognized net gain of ₹54.01 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'.
- 15.2 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 period July 2014 to June 2015, forward exchange contract amounting USD 1.00 million was cancelled. As on June 30, 2015, the Bank has 18 outstanding contracts for an aggregate amount of USD 10.68 million. The total unhedged amount as on June 30, 2015 was USD 2.10 million.
- 15.3 As on June 30, 2015 the Bank has an outstanding borrowing of Euro 43.67 million from KfW, Germany for financing "Energy Efficient New Residential Housing" in India. The borrowing is fully hedged.
- 15.4 As on June 30, 2015 the Bank has an outstanding borrowing of GBP 19 million from DFID, UK a project namely "*Making affordable housing market work for faster and sustained economic growth*" in eight low income states of the country. The borrowing is fully hedged.
- 15.5 As on June 30, 2015 the Bank has shown an outstanding borrowing of SDR 7.00 million from World Bank, under "Low Income Housing Finance". The funds released by the World Bank to Government of India is yet to be received by the Bank.
- 15.6 During the period July'14-June'15, Bank has booked gain on forward exchange contracts of ₹14.65 crores (net) in the Profit and Loss Account under the head 'Loss / (Gain) on revaluation of Forward Exchange Contracts' after adjusting gain of ₹0.94 crores on maturity of contracts.

## **16. Employee Benefits - AS 15 (revised 2005)**

- 16.1 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.
- 16.2 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, 2015, the Bank has contributed ₹0.02 crores to Provident Fund and has charged the same to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.

- 16.3 As per National Housing Bank (Employees') Pension Regulations, 2003, the Bank provides for pension, a defined benefit retirement plan covering all employees who have opted for pension plan. The scheme provides a monthly pension payment to employees on retirement or termination of employment as per Service Regulation. The scheme is managed by a separate trust and the liability for the same is recognized on the basis of actuarial valuation in addition to Bank's monthly contribution to the fund.

The employees, who have joined the services of the Bank on or after 1<sup>st</sup> 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. 1<sup>st</sup> January, 2004 and as modified from time to time. Till 30<sup>th</sup> June, 2015, the employees have contributed ₹0.28 crores under the Scheme and the Bank has also provided for equivalent contribution for the same.

- 16.4 **Defined benefit Obligations:** Gratuity, Leave Encashment, Medical Retirement benefits, Sick Leave, Leave Travel Concession and Pension payable to employees as on 30<sup>th</sup> June, 2015.

- 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:

Change in benefit obligations	Amount in ₹					
	Gratuity	Leave Encashment**	Medical	Sick Leave**	Leave Travel Concession**	Pension
Present Value of Obligation at the beginning of the year	20,228,075	-	7,952,274	-	-	241,195,036
Current Service Cost	1,924,901	-	-	-	-	7,474,159
Interest cost	1,643,417	-	668,613	-	-	19,433,508
Prior Service cost	-	-	-	-	-	-
Actuarial (Gain)/Loss on Obligations	6,787,056	-	576,516	-	-	45,602,711
Benefits paid	(2,514,398)	-	(628,380)	-	-	(14,333,167)
Present Value of Obligation at the end of the year	28,069,051	-	8,569,023	-	-	299,372,247

c) Amount recognized in the statement of Profit & Loss Account

Amount in ₹

Defined Benefits	Gratuity	Leave Encashment**	Medical	Sick Leave**	Leave Travel Concession**	Pension
Current Service Cost	1,924,901	-	-	-	-	7,474,159
Interest Cost	1,643,417	-	668,613	-	-	19,433,508
Prior Service cost	-	-	-	-	-	-
Expected return on plan assets	NA	NA	NA	NA	NA	(21,705,544)
Actuarial (Gain)/Loss	6,787,056	-	576,516	-	-	37,081,587
Expenses/(Income)	10,355,374	-	1,245,129	-	-	42,283,710
Amount contributed by ex-employees	-	-	-	-	-	-
Expenses/(Income) recognized in the statement of Profit and Loss Account	10,355,374	-	1,245,129	-	-	42,283,710

d) Investment details of plan assets:

The Bank has not funded the liability as on June 30, 2015. 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	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.
Salary Escalation Rate	10% p.a.	10% p.a.	NA	10% p.a.	NA	10% p.a.
Expected return on plan assets	NA	NA	NA	NA	NA	8% p.a.
Mortality Rate	Indian Assured Lives Mortality (IALM)(2006-08)(modified) Ult.	Indian Assured Lives Mortality (IALM)(2006-08)(modified) Ult.	Indian Assured Lives Mortality (IALM)(2006-08)(modified) Ult.	Indian Assured Lives Mortality (IALM)(2006-08)(modified) Ult.	Indian Assured Lives Mortality (IALM)(2006-08)(modified) Ult.	Indian Assured Lives Mortality (IALM)(2006-08)(modified) Ult.
Withdrawal	8%	8%	NA	8%	8%	8%
Retirement	60 years	60 years	60 years	60 years	60 years	60 years
Inflation	-	-	-	-	6%	-
Lapsation	-	-	-	-	3%	-
Disability	5%	5%	NA	5%	5%	5%

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	277,384,551
Expected return on plan assets	NA	NA	NA	NA	NA	21,705,544
Actuarial Gain/(Loss)	NA	NA	NA	NA	NA	8,521,125
Benefits paid	NA	NA	NA	NA	NA	(14,333,167)
Employer contributions	NA	NA	NA	NA	NA	2,202,671
Fair value of plan assets at the end of the year*	NA	NA	NA	NA	NA	295,480,724

\* The Bank has funded the liability for pension as on June 30, 2015.

\*\* As per paragraph 132 of the Indian Accounting Standard 15 (revised), no specific disclosures are required for Other Long Term Benefits.

## 17. Revenue Recognition -

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.

## 18. Security Transactions of 1991-92

18.1 Pursuant to the judgment of the Hon'ble Supreme Court, NHB has paid a sum of ₹ 236.78 crores together with cost of ₹ 0.26 crores to SBI and has lodged its claim for return of ₹ 94.20 crores together with interest with the Custodian, Special Court. The application for release of the amount by the Custodian to NHB is still pending before the Special Court. The interest amount, if any, payable to SBI in respect of the said matter and receivable from the Custodian is yet to be decided. NHB is also in the process of claiming the balance amount together with interest etc. from another bank pursuant to an indemnity executed in its favour by the said bank which will be accounted for on actual receipt.

18.2 The disputes between NHB and SBI and NHB and Grindlays Bank (since amalgamated with Standard Chartered Bank) were settled with an understanding that any money to be recovered from the estate of legal heir of Late Sh. Harshad Mehta by SBI and Standard Chartered Bank in accordance with the decrees to be 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.

- 18.3 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 in M.P.No.63 of 1992 has been satisfied in full. RBI has also determined the share and directed SBI to share the amount of ₹706.97 crore in equal proportion less expenses and cost of litigation. NHB is yet to receive the amount from SBI as determined by RBI.
- 18.4 However, Jyoti H.Mehta has filed Civil Appeal No. 9342 of 2010 challenging the decree passed in M.P.No.63 of 1992 and Civil Appeal No. 9339 of 2010 challenging the decree passed in Suit No. 28 of 1995 by the Special Court.
- 18.5 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 per the understanding between NHB and SCB, NHB is also entitled to share the amount realized by SCB in the said decree. 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, after the same is received by SCB. These amounts will be accounted for on actual receipts
- 18.6 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 admitted the receipt of the said sum of ₹27.25 crores and also offered to deposit the same but has denied any transaction with late Sh. Harshad S. Mehta and has filed its reply.

## 19. Segment Reporting

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.

## 20. Related Party Disclosures

### a) *List of Related Parties:*

- i) Key Managerial Personnel: Shri Mohammad Mustafa
- 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 <sup>th</sup> June, 2015
Shri Mohammad Mustafa	Key Management Personnel- Chairman & Managing Director	Remuneration & benefits including perquisites	Nil	Nil
IMGC	Substantial interest in the Share Capital	Equity Capital Contribution	Nil	₹ 70.30 crores

As the Bank is state controlled enterprise within the meaning of AS-18 'Related Party Disclosures', the related party relationship with other state controlled enterprises and transactions with such enterprises are not given.

**21. Income tax**

Additional demand of ₹130.56 crores raised by the Income Tax Department on imposing penalties in respect of disallowance of Bank's claim u/s 36(1)(viii) of the Income Tax Act, 1961 for assessment years (AYs) 2003-04 to 2006-07, 2008-09 and 2009-10, disallowance of business loss of ₹150.45 crores for AY2003-04 and additional demand of ₹91.05 crores for AY2010-11 due to certain additions and disallowances has been paid and is being contested.

The management does not consider it necessary to make any provision in this regard in view of the legal opinion obtained by it.

**22. Deferred Tax**

22.1 As on June 30, 2015, the Bank has recorded net deferred tax liability (DTL) of ₹218.36 crores. A composition of deferred tax assets and liabilities is given below:

		[₹ in crores]	
Sr. No.	Particulars	June 30, 2015	June 30, 2014
	<b>Deferred Tax Assets:</b>		
1	Provision for Medical aid to Retired Staff	0.29	0.27
2	Provision for Leave Encashment	1.11	0.72
3	Provision for Gratuity	0.97	0.69
4	Provision for Leave Travel Concession	0.34	0.40
5	Provision for Guarantee Fee	0.00	0.01
6	Defined Contributory Pension Scheme	0.09	0.08
	<b>Total Deferred Tax Assets (A)</b>	<b>2.80</b>	<b>2.17</b>
	<b>Deferred Tax Liabilities:</b>		
1	Depreciation	3.41	3.42
2	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	217.75	160.06
	<b>Total Deferred Tax Liabilities (B)</b>	<b>221.16</b>	<b>163.48</b>
	<b>Net Deferred Tax Liability (B-A)</b>	<b>218.36</b>	<b>161.31</b>

## 23. Home Loan Account Scheme

- 23.1 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.
- 23.2 The deposits under HLAS held by the banks/HFCs stood at ₹ 2.03 crores as per information received by NHB and the same has been disclosed as contra entries in the balance sheet.
- 23.3 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, 2015 and balance of ₹ 0.22 crores stood as liability as on that date.

## 24. Other Expenditure

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

Particulars	[₹ in crores]	
	2014-15	2013-14
1. Repair and Maintenance	1.76	1.44
2. Research and Development	0.00	0.30
3. Service Tax Expense	0.43	1.49
4. Prior Period Expense	0.06	0.81
5. Conveyance Expense	0.51	0.49
6. Professional Fee	0.36	0.79
7. Conference Expense	0.00	0.14
8. Hospitality Expense	0.04	0.13
9. Expenses on IT related services	1.48	1.54
10. Payment to outsourced services	1.77	1.63
11. Security Service Expense	1.06	1.44
12. Others	4.71	4.46
<b>Total</b>	<b>12.18</b>	<b>14.66</b>

## 25. Investment Fluctuation Reserve Account

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.

## 26. Impairment of assets

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.

## 27. Investment classification

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

[ ₹ in crores ]

Categories of investment	Investments	As on June 30, 2015	As on June 30, 2014
Held to Maturity (HTM)	a) GOI Dated Securities	56.15	56.56
	b) Subordinated Bonds	15.00	25.00
	<b>Sub-total</b>	<b>71.15</b>	<b>81.56</b>
Available for Sale (AFS)	a) GOI Dated Securities	0.00	9.60
	b) Treasury Bills	2531.00	2292.30
	d) Shares of Housing Finance Institutions	17.08	13.95
	e) Shares of Other Institutions#	73.74	70.55
	f) Building Material Company	0.53	0.53
	g) Mutual Fund	250.00	
	<b>Sub-total</b>	<b>2872.35</b>	<b>2386.93</b>
	<b>Gross Investments</b>	<b>2943.50</b>	<b>2468.49</b>
Less:	Depreciation	0.53	0.63
	<b>Net Investments</b>	<b>2942.97</b>	<b>2467.86</b>

#Investments in shares of other institutions includes ₹ 1.00 crores made on 24.09.2014 in the equity capital of SEWA Grih Rin Ltd and ₹ 70.30 crores in the equity capital of India Mortgage Guarantee Corporation Private Limited (IMGC).

27.2 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, 2015 is stood at ₹ 8.03 crores (previous year ₹ 13.13 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.

## 28. Contingent Liability

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

[ ₹ in crores ]		
Particulars	June 30, 2015	June 30, 2014
Opening Balance as on July 1	54.10	139.37
Addition during the period	0.06	0.16
Reduction during the period	(22.08)	(85.43)
<b>Closing Balance as on June 31</b>	<b>32.08</b>	<b>54.10</b>

## 29. Rural Housing Fund

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, 2015, the Bank has received total amount of ₹22,778.18 crores under this fund including ₹4,000 crores during the year 2014 - 15 (July-June) and the same has been shown under the head 'Deposits'. In terms of RBI directions, surplus on income from RHF 2013-14 was to be ploughed back to the respective fund. Accordingly, for the year 2013-14 (July-Jun), an amount of 28.52 crores was taken to RHF Corpus Fund and has been shown in Schedule-VII under the head 'Other Liabilities'.

## 30. Urban Housing Fund

During 2013-14, Urban Housing Fund with contributions from scheduled commercial banks, as allocated by Reserve Bank of India, was set up with NHB to augment its resources and improve credit availability. This Fund will enhance refinancing operations to the urban housing sector and to meet the housing needs of the people in lower income segments residing in urban areas. The same has now been renamed as Fund for Affordable Housing to Urban poor/EWS/LIG. Till June 30, 2015 the Bank has received total amount of ₹6,000 crores including ₹4,000 crores during the year 2014-15 (July-June) and the same has been shown under the head 'Deposits'. In terms of RBI directions, surplus on income from UHF 2013-14 was to be ploughed back to the respective fund. Accordingly, for the year 2013-14 (July-Jun), an amount of 6.05 crores was taken to UHF Corpus Fund and been shown in Schedule-VII under the head 'Other Liabilities'.

## 31. Zero Coupon Bonds

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 ₹59.63 crores discount has been amortised during the financial year 2014-15 (Jul-June). The unamortized balance of discount as on June 30, 2015 is ₹212.41 crores.

## 32. Loans and advances

Of the total principal outstanding loans and advances of ₹44,323.03 Crore (Gross), loans and advances amounting ₹11,953.21 Crore 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 ₹ 32369.82 Crore are unsecured of which ₹ 12,668.63 Crore covered under negative lien.

### **33. Tax Free Bonds**

NHB had mobilized an aggregate amount of ₹ 4,640.13 Crore (₹ 640.13 crores in 2012-13 and ₹ 4,000 crore in 2013-14) excluding premium thereon, through issuance of Tax Free Bonds. These Bonds are secured by way of Pari passu floating first charge on the specific book debts of NHB. As on June 30, 2015, the value of the hypothecated assets given as security for Tax-free Bonds was 5,832.16 Crore.

### **34. Debenture Trustee**

In terms of SEBI circular dated October 29, 2013 the contact details of the Debenture trustee(s) for various Bonds issued by National Housing Bank is as given below-

#### **Debenture Trustee for Tax-free Bonds-**

Compliance Officer  
IL&FS Trust Company Ltd.  
The IL&FS Financial Center  
Plot No. C-22, G Block,  
Bandra Kurla Complex  
Bandra(E), Mumbai 400051  
Phone: +91 22 2659 3612  
Fax : +91 22 2653 3297  
Email: [itcl@ifsiindia.com](mailto:itcl@ifsiindia.com)  
Web : [www.itclindia.com](http://www.itclindia.com)

#### **Debenture Trustee for Other Bonds-**

Compliance Officer  
IDBI Trusteeship Services Limited  
Asian Building, Ground Floor  
17. R. Kamani Marg Ballard Estate  
Mumbai Maharashtra - 400 001  
India  
Phone: +91 022 40807000  
Fax: +91 022 66311776  
Email: [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)  
Web : [www.idbitrustee.com](http://www.idbitrustee.com)

### **35. Consolidation of Special Fund with the General Fund**

35.1 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 30<sup>th</sup> 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

35.2 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.

### 36. Regrouping

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

**Schedules I to XV form an integral part of accounts.**

**Signatures on schedules I to XV for identification.**

Sd/-  
**Amit Sinha**  
Regional Manager

Sd/-  
**K. Chakravarthy**  
Deputy General Manager

Sd/-  
**R. S. Garg**  
Executive Director

Sd/-  
**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer

### Directors

Sd/-  
**Dr. Urjit R. Patel**

Sd/-  
**G. M. Rao**

Sd/-  
**Alok Tandon**

**Vijaya Srivastava**

**Sanjeev Kumar**

Sd/-  
**Malay Shrivastava**

**Sadakant**

As per our attached Report of even date

For V. K Verma & Co.  
Chartered Accountants  
Firm Regn. No. 000386N

Sd/-  
**(Vivek Kumar)**  
Partner  
Membership No. 503826

New Delhi, August 11, 2015

**37. (a) Cash Flow Statement for the year ended June 30, 2015**

(₹ in crore)

<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit as per Profit & Loss Account	746.68
<b>Adjustments for:</b>	
Provision for Tax	358.00
Provision for Wealth Tax	0.10
Provision for Deferred Tax	57.05
Depreciation on Fixed Assets	3.59
Depreciation on investments & amortisation expense	0.30
Provision for Standards Assets	18.10
Provision for Non Performing Assets / Restructured Account	6.03
Loss on revaluation of Forward Exchange Contracts	(13.71)
Provision for Bad Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	54.50
(Profit)/Loss on sale of Fixed Assets	(0.01)
(Gain)/Loss on revaluation of Foreign Deposits & Borrowings	(53.31)
Provisions no longer required written back	(0.47)
Discount on Forward Exchange Contract	6.08
Income from Investments	(228.33)
Profit on purchase and sale of Mutual Funds	(9.08)
Profit on sale of Investments	(1.16)
<b>Operating Profit before working capital changes</b>	<b>944.38</b>
<b>Adjustments for Working Capital</b>	
(Increase)/Decrease in Deposits with Banks	201.07
(Increase)/Decrease in Loans & Advances	(4811.69)
(Increase)/Decrease in Other Assets	281.74
Increase/(Decrease) in Current Liabilities	(400.67)
<b>Net cash from operating activities before taxes paid</b>	<b>(3785.18)</b>
Less : Income Taxes Paid	(417.08)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXTRAORDINARY ITEMS</b>	<b>(4202.26)</b>
Extraordinary Items	0.00
<b>NET CASH FLOW FROM OPERATING ACTIVITIES AFTER EXTRAORDINARY ITEMS (A)</b>	<b>(4202.26)</b>

<b>B) CASH FLOW FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS</b>	
(Increase) / Decrease in Fixed Assets	(2.09)
(Increase)/Decrease in Investments	(470.31)
Income from Investments	228.33
Profit on purchase and sale of Mutual Funds	9.08
Profit on sale of Investments	1.16
<b>NET CASH GENERATED FROM INVESTING ACTIVITES BEFORE EXTRAORDINARY ITEMS</b>	<b>(233.84)</b>
Receipts from sale of equity of HFCs	0.00
<b>NET CASH GENERATED FROM INVESTING ACTIVITES AFTER EXTRAORDINARY ITEMS (B)</b>	<b>(1387.47)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>	
Net income under Staff Benevolent Fund	2.00
Increase / (Decrease ) in Bonds & Debentures	(2344.72)
Increase / (Decrease ) in Deposits	10476.29
Increase/(Decrease) in Borrowings	(3732.32)
<b>NET CASH GENERATED FROM FINANCING ACTIVITES ( C)</b>	<b>4401.25</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(34.85)</b>
Cash and cash equivalents at the beginning of the year	165.61
<b>Cash and cash equivalents at the end of the year</b>	<b>130.76</b>

### 37. (b) Schedule to Cash & Cash Equivalents

<b>Particulars</b>	<b>At the beginning of the year</b>	<b>At the end of the year</b>
Balances with Reserve Bank of India	0.02	0.08
Balance with banks-Current Account	165.59	130.68
<b>Cash and cash equivalent before exchange rate adjustments</b>	<b>165.61</b>	<b>130.76</b>
Effect of exchange rate changes-unrealised gains	0.00	0.00
<b>Cash and cash equivalent after exchange rate adjustments</b>	<b>165.61</b>	<b>130.76</b>

38 Additional Disclosures as per RBI Guidelines

**38.1 Capital:**

Particulars	30.06.2015	30.06.2014
a. (i) Capital to Risk Assets Ratio (CRAR)	15.75%	15.06%
(ii) Core CRAR	14.50%	13.81%
(iii) Supplementary CRAR	1.25%	1.25%

b. Amount of subordinated debt raised and outstanding as Tier II Capital: Nil (Previous Year-Nil)

c. Risk Weighted Assets:

Particulars	[ ₹ Crore]	
	30.06.2015	30.06.2014
(i) On balance sheet items	30198.67	26734.59
(ii) Off balance sheet items	93.37	95.05

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

**38.2 Asset Quality and Credit Concentration:**

e. Percentage of Net NPAs to Net Loans and Advances : 0.32% (Previous Year 0.28%)

f. Amount and percentage of Net NPAs under the prescribed asset classification categories :

Particulars	30.06.2015		30.06.2014	
	Amount	%age	Amount	%age
Sub-Standard	33.84	23.44%	0.71	0.63%
Doubtful	110.53	76.56%	110.52	99.37%
Loss	0.00	0.00	0.00	0.00
<b>Total</b>	<b>144.37</b>	<b>100%</b>	<b>111.23</b>	<b>100%</b>

g. Amount of provisions made during the year:

Particulars	[ ₹ Crore]	
	30.06.2015	30.06.2014
- Standard Assets	18.10	22.43
- Bad Debts u/s 36(1)(viii) of the IT Act, 1961	54.50	40.35
- Non Performing Assets	6.03	45.62
- Investments	0.30	0.51
- Wealth Tax	0.10	0.11
- Income Tax	358.00	260.50
- Deferred Tax	57.05	37.88

h. Movement in net NPAs:

Particulars	[ ₹ Crore]	
	2014-15	2013-14
Opening balance	111.23	156.10
Additions during the year	33.84	0.71
Reductions during the year	0.70	45.58
Closing balance	144.37	111.23

i. Credit exposure as percentage to capital funds and as percentage to Total Assets:

Particulars	30.06.2015		30.06.2014	
	% age to	% age to total	% age to	% age to
- The largest single borrower	73.39%	6.97%	86.32%	7.74%
- The largest borrower group	97.20%	9.22%	137.02%	12.29%
- The 10 largest single borrowers	557.85%	52.94%	593.42%	53.23%
- The 10 largest borrower groups	478.80%	45.44%	598.93%	53.73%

\$ NHB has only Eight borrower groups

j. Credit exposure to the five largest industrial sector as percentage to total loan assets: Not Applicable

### 38.3 Liquidity:

#### k. Maturity Pattern of rupee assets and liabilities

##### 1. Maturity Pattern of foreign currency assets and liabilities

[ ₹ Crore]

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	14,250.71	13,849.92	11,969.24	4,771.66	5,033.44	49,874.97
Foreign Currency Assets	42.55	94.02	107.39	122.74	42.92	409.62
<b>Total</b>	<b>14,293.26</b>	<b>13,943.94</b>	<b>12,076.63</b>	<b>4,894.40</b>	<b>5,076.36</b>	<b>50,284.59</b>
Rupee Liabilities	9,403.79	5,715.17	8,054.75	16,107.72	10,040.01	49,321.44
Foreign Currency Liabilities	141.82	233.37	268.78	190.62	128.56	963.15
<b>Total</b>	<b>9,545.61</b>	<b>5,948.54</b>	<b>8,323.53</b>	<b>16,298.34</b>	<b>10,168.57</b>	<b>50,284.59</b>

##### Previous Year

[ ₹ Crore]

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	17,616.50	11,075.17	8,234.03	3,760.09	3,939.30	44,625.09
Foreign Currency Assets	37.66	83.20	95.00	108.54	100.55	424.95
<b>Total</b>	<b>17,654.16</b>	<b>11,158.37</b>	<b>8,329.03</b>	<b>3,868.63</b>	<b>4,039.85</b>	<b>45,050.04</b>
Rupee Liabilities	13,420.76	5,353.75	6,508.41	9,599.73	9,263.53	44,146.18
Foreign Currency Liabilities	76.92	154.99	217.29	217.50	237.16	903.86
<b>Total</b>	<b>13,497.68</b>	<b>5,508.74</b>	<b>6,725.70</b>	<b>9,817.23</b>	<b>9,500.69</b>	<b>45,050.04</b>

### 38.4 Operating results:

Particulars	2014-15	2013-14
m. Interest Income as a percentage to average Working Funds	8.12%	8.37%
n. Non-interest income as a percentage to average Working Funds	0.04%	0.04%
o. Operating profit as a percentage to average Working Fund	2.47%	2.11%
p. Return on average Assets	1.58%	1.16%
q. Net Profit per employee (Rs. in Crores)	7.39	4.55

### 38.5 Movement in the provisions:

#### I. Provisions for Non Performing Assets (Loan Assets)

[ ₹ Crore]

Particulars	2014-15	2013-14
Opening balance as at the beginning of the financial year	73.57	27.95
Add: Provisions made during the year	6.03	45.62
Less: Write off, write back of excess provision	0.00	0.00
Closing balance at the close of the year	79.60	73.57

#### II. Provisions for Depreciation in Investments

[ ₹ Crore]

Particulars	2014-15	2013-14
Opening Balance at the beginning of the financial year	0.53	0.53
Add: i) Provisions made during the year	0.00	0.00
ii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	0.00	0.00
Less: i) Write off during the year	0.00	0.00
ii) Transfer, if any, to Investment Fluctuation Reserve Account	0.00	0.00
Closing balance at the close of the financial year	0.53	0.53

### 38.6 Restructured Accounts:

[ ₹ Crore]

Particulars	2014-15	2013-14
a) Total Amount of loan assets	181.06	181.70
Sub-standard assets	-	0.68
Doubtful assets	181.06	181.02

## 38.7 Particulars of Restructured Accounts:

[ ₹ Crore]

S.No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	
	Details																						
1	Restructured Accounts as on July 1 of the FY (opening figures)*	No. of borrowers											0	1	3	0	4	0	1	3	0	4	
		Amount outstanding												0	0.68	181.02	0	181.70	0	0.68	181.02	0	181.70
		Provision thereon													0.10	72.34	0	72.44	0	0.10	72.34	0	72.44
2	Fresh restructuring during the year	No. of borrowers																					
		Amount outstanding																					
		Provision thereon																					
3	Upgradation to restructured standard category during the FY	No. of borrowers																					
		Amount outstanding																					
		Provision thereon																					
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers																					
		Amount outstanding																					
		Provision thereon																					
5	Downgradations of restructured accounts during the FY	No. of borrowers											0	1	1	0	0	0	1	1	0	0	
		Amount outstanding											0	(0.68)	0.68	0	0	0	(0.68)	0.68	0	0	
		Provision thereon											0	(0.10)	0.17	0	0.07	0	(0.10)	0.17	0	0.07	
6	Write-offs* of restructured accounts during the FY	No. of borrowers											0	0	0	0	0	0	0	0	0	0	
		Amount outstanding											0	0	0.65	0	0.65	0	0	0.65	0	0.65	
		Provision thereon											0	0	0.10	0	0.10	0	0	0.10	0	0.10	
7	Restructured Accounts as on June 30 of the FY (closing figures*)	No. of borrowers											0	0	4	0	4	0	0	4	0	4	
		Amount outstanding											0	0.00	181.05	0	181.05	0	0	181.05	0	181.05	
		Provision thereon											0	-	72.41	0	72.41	0	0	72.41	0	72.41	

\* represents reduction from existing restructured accounts by way of recovery from two borrowers

**38.8 Financial Assets Sold to Securitisation Company / Reconstruction Company:**

Particulars	[ ₹ Crore]	
	2014-15	2013-14
i) No. of Accounts	0	0
ii) Aggregative value (net of provisions) of accounts sold to SC/RC	0.00	0.00
iii) Aggregate consideration	0.00	0.00
iv) Additional consideration realized in respect of Accounts transferred in earlier years	0.00	0.00
v) Aggregate gain / loss over net book value	0.00	0.00

**38.9 Forward Rate Agreements and Interest Rate Swaps:**

Particulars	[ ₹ Crore]	
	2014-15	2013-14
a) Notional principal of swap agreements	NA	NA
b) Nature and terms of the swaps	NA	NA
c) Losses which would be incurred if the counter parties failed to fulfill their obligations under the agreements	NA	NA
d) Collateral required by the entity upon entering into swaps	NA	NA
e) Concentration of credit risk arising from the swaps	NA	NA
f) The "Fair" value of total swaps book	NA	NA

**38.10 Interest Rate Derivatives:**

S No	Particulars	[ ₹ Crore]	
		2014-15	2013-14
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	Nil	Nil
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 30th June	Nil	Nil
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil	Nil
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil	Nil

**38.11 Investments in Non Government Debt Securities:**
**A. Issuer Categories in respect of investments made**

Current Year							[ ₹ Crore]
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	0.00	0.00	0.00	0.00	0.00	
2	FIs	0.00	0.00	0.00	0.00	0.00	
3	Banks	15.00	15.00	0.00	0.00	0.00	
4	Private Corporates	0.00	0.00	0.00	0.00	0.00	
5	Subsidiaries/Joint Ventures	0.00	0.00	0.00	0.00	0.00	
6	Others	8.03	0.00	0.00	8.03	8.03	
7	Provisions held towards depreciation	0.00	0.00	0.00	0.00	0.00	
	<b>Total</b>	<b>23.03</b>	<b>15.00</b>	<b>0.00</b>	<b>8.03</b>	<b>8.03</b>	

Previous Year							[ ₹ Crore]
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	0.00	0.00	0.00	0.00	0.00	
2	FIs	0.00	0.00	0.00	0.00	0.00	
3	Banks	25.00	25.00	0.00	0.00	0.00	
4	Private Corporate	0.00	0.00	0.00	0.00	0.00	
5	Subsidiaries/Joint Ventures	0.00	0.00	0.00	0.00	0.00	
6	Others	13.13	0.00	0.00	13.13	13.13	
7	Provisions held towards depreciation	0.00	0.00	0.00	0.00	0.00	
	<b>Total</b>	<b>38.13</b>	<b>25.00</b>	<b>0.00</b>	<b>13.13</b>	<b>13.13</b>	

Note: Subscription to Special Rural Housing Debentures of ARDBs of ₹ 8.03 Crore (PY- ₹13.13 Crore), which are in the nature of deemed advances, are classified as investments and is shown under 'Shares of other institutions'.

B. Non performing investments

Particulars	[₹ Crore]	
	2014-15	2013-14
Opening balance	0.53	0.53
Additions during the year	0.00	0.00
Reductions during the year	0.00	0.00
Closing balance	0.53	0.53
Total Provisions held	0.53	0.53

38.12 Consolidated Financial Statements: NHB has no subsidiary

38.13 Disclosure on Risk Exposures in Derivatives:

a) Qualitative Disclosure

- 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 valuations of the outstanding positions 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.

b) Quantitative Disclosure

Sl. No.	Particulars	[₹ Crore]			
		Currency Derivatives		Interest Rate Derivatives	
		2014-15	2013-14	2014-15	2013-14
1	<b>Derivatives (Notional Principal Amount)</b>				
	a) For hedging	684.90	0.00	0.00	200.00
	b) For trading	0.00	0.00	0.00	0.00
2	<b>Marked to Market Position</b>				
	a) Asset (+)	(13.00)	0.00	0.00	0.00
	b) Liabilities (-)	12.40	0.00	0.00	0.00
3	<b>Credit Exposure</b>	31.86	0.00	0.00	0.00
4	<b>Likely impact of one percentage change in interest rate (100*PV01)</b>				
	a) on hedging derivatives	0.00	0.00	0.00	0.00
	b) on trading derivatives	0.00	0.00	0.00	0.00
5	<b>Maximum and Minimum of 100*PV01 observed during the year</b>				
	a) on hedging				
	- Maximum	0.00	0.00	0.00	0.00
	- Minimum	0.00	0.00	0.00	0.00
	b) on trading				
	- Maximum	0.00	0.00	0.00	0.00
	- Minimum	0.00	0.00	0.00	0.00

38.14 Exposures where the FI had exceeded the prudential exposure limits during the year: Nil (Previous Year - Nil)

38.15 Additional Disclosures

I. Floating Provisions

Particulars	[₹ Crore]	
	2014-15	2013-14
Opening balance as at the beginning of the financial year	0.00	0.00
Add: Provisions made during the year	0.00	0.00
Less: Amount of draw down made during the accounting year	0.00	0.00
Closing balance at the close of the year	0.00	0.00

II. Complaints

A. Customer Complaints

Particulars	2014-15	2013-14
(a) No. of complaints pending at the beginning of the year	0	4
(b) No. of complaints received during the year	31	3
(c) No. of complaints redressed during the year	30	7
(d) No. of complaints pending at the end of the year	1	0

B. Awards passed by the Banking Ombudsman : Not Applicable

III. Letters of Comfort (LoCs) issued by banks : Not Applicable

IV. Provision Coverage Ratio 35.54% (Previous Year 39.81%)

V. Bancassurance Business : Not Applicable

VI. Concentration of Deposits, Advances, Exposures and NPAs

	[ ₹ Crore]	
	2014-15	2013-14
<b>1. Concentration of Deposits (public)</b>		
Total Deposits of twenty largest depositors	38.23	39.03
Percentage of Deposits of twenty largest depositors to Total Deposits	15.33%	14.58%
<b>2. Concentration of Advances</b>		
Total Advances to twenty largest borrowers	36972.08	34837.20
Percentage of Advances to twenty largest borrowers to Total Advances	82.48%	87.05%
<b>3. Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers /customers	37,706.34	35497.24
Percentage of Exposure to twenty largest borrowers/customers to Total Exposure on borrowers/customers	79.73%	84.41%
<b>4. Concentration of NPAs</b>		
Total Exposure to top four NPA Accounts	221.92	183.70

VII. Sector-wise NPAs:

Sector	Percentage of NPAs to Total Advances in that Sector	
	2014-15	2013-14
1. Agriculture & Allied activities	Nil	Nil
2. Industry (Micro & Small, Medium & Large)	Nil	Nil
3. Services	Nil	Nil
4. Personnel Loan	Nil	Nil

Note: Bank's total exposure is towards housing sector and NPAs as on 30.06.2014 was Rs.184.79 crores.

VIII. Movement of NPAs

	[ ₹ Crore]	
Particulars	2014-15	2013-14
Gross NPAs (Opening Balance)	184.79	184.05
Additions (Fresh NPAs) during the year	39.81	0.92
Sub-total (A)	224.60	184.97
Less:		
(i) Upgradations	0.00	0.00
(ii) Recoveries (excluding recoveries made from upgraded accounts)	0.64	0.18
(iii) Write-offs	0.00	0.00
Sub-total (B)	0.64	0.18
Gross NPAs (Closing Balance) (A - B)	223.96	184.79

IX. Technical/ Prudential write - offs

	[ ₹ Crore]	
Particulars	2014-15	2013-14
Opening balance of Technical / Prudential written - off accounts as at July 1	0.00	0.00
Add : Technical /Prudential write - offs during the year	0.00	0.00
Sub-total (A)	0.00	0.00
Less : Recoveries made from previously technical /prudential written - offs accounts during the year (B)	0.00	0.00
Closing balance as at June 30 (A-B)	0.00	0.00

X. Overseas Assets, NPAs and Revenue

	[ ₹ Crore]	
Particulars	2014-15	2013-14
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

XI. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms

[ ₹ Crore]

Name of SPV sponsor	
Domestic	Overseas
Nil	Nil

XII. Unamortized Pension and Gratuity Liability: Nil (PY-Nil)

XIV. Disclosures relating to Securitisation : Not Applicable

XV. Credit Default Swaps : Not Applicable

38.16 Sale of Investments held under Held to Maturity (HTM) Category : Nil (PY-Nil)

Schedule I to XV form an integral part of accounts.

Signatures on schedules I to XV for identification.

Sd/-  
**Amit Sinha**  
Regional Manager

Sd/-  
**K. Chakravarthy**  
Deputy General Manager

Sd/-  
**R. S. Garg**  
Executive Director

Sd/-  
**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer

Directors

Sd/-  
**Dr. Urjit R. Patel**

Sd/-  
**G. M. Rao**

Sd/-  
**Alok Tandon**

**Vijaya Srivastava**

**Sanjeev Kumar**

Sd/-  
**Malay Shrivastava**

**Sadakant**

As per our attached Report of even date  
For V K VERMA & Co.  
Chartered Accountants  
Firm No. 000386N

New Delhi, August 11, 2015

Sd/-  
**(Vivek Kumar)**  
Partner  
Membership No. 503826



**NATIONAL HOUSING BANK**

**YEARLY ACCOUNTS**

**2014-15**

**(July, 2014 To June, 2015)**

**(SPECIAL FUND)**



Previous Year ₹ in Crore	Liabilities	Current Year ₹ in Crore
61.82	1. Special Fund (Slum Improvement and Low Cost Housing Fund)	61.82
	2. Reserves:	
45.74	(i) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	47.74
3.00	(ii) Investment Fluctuation Reserve	3.00
262.69	(iii) Reserve Fund -VDS	279.47
	3. Profit & Loss Account:	
0.00	Balance as per last Balance Sheet	0.00
15.99	Add: Profit transferred from the Profit and Loss A/c	16.78
15.99	Less: Transfer to Reserve Fund -VDS	16.78
	4. Current Liabilities and Provisions:	
79.34	(i) Provision for Income Tax	88.34
1.30	(ii) Provision for Standard Assets	0.19
12.81	(iii) Provision for Bad and Doubtful Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	14.31
0.00	(iv) Others	50.00
14.78	5. Deferred Tax Liability	15.18
<b>481.48</b>	<b>TOTAL</b>	<b>560.05</b>
		<b>Profit &amp; Loss Account</b>
Previous Year ₹ in Crore	Expenditure	Current Year ₹ in Crore
@	1. Other Expenditure	0.00
0.22	2. Provision for Non Performing Assets	(0.03)
1.60	3. Provision for Bad and Doubtful Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	1.50
1.76	4. Deferred Tax	0.40
9.35	5. Provision for Income Tax	9.00
18.20	6. Balance of Profit carried down	18.78
<b>31.13</b>	<b>TOTAL</b>	<b>29.65</b>
2.21	7. Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	2.00
15.99	8. Balance Carried to Balance Sheet	16.78
<b>18.20</b>	<b>TOTAL</b>	<b>18.78</b>

@ amount less than ₹ 0.50 lakh

Sd/-  
**Amit Sinha**  
Regional Manager

Sd/-  
**K. Chakravarthy**  
Deputy General Manager

Sd/-  
**R. S. Garg**  
Executive Director

Sd/-  
**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer

#### Directors

Sd/-  
**Dr. Urjit R. Patel**

Sd/-  
**G. M. Rao**

Sd/-  
**Alok Tandon**

**Vijaya Srivastava**

**Sanjeev Kumar**

Sd/-  
**Malay Shrivastava**

**Sadakant**

New Delhi, August 11, 2015



Previous Year ₹ in Crore	Assets	Current Year ₹ in Crore
	1. <i>Cash and Bank Balances:</i>	
0.04	(i) Current Account	0.04
51.67	(ii) Term Deposit with Banks	0.00
	2. <i>Investments(at cost or market value whichever is less):</i>	
238.99	Treasury Bills	269.02
	3. <i>Loans &amp; Advance:</i>	
82.09	Direct Lending	49.63
0.35	Less: Provisions for Non Performing Assets	0.31
	4. <i>Other Assets:</i>	
0.18	(i) Interest Receivable on Bank Deposits	0.01
19.16	(ii) Interest Receivable on Investments	18.72
84.08	(iii) Advance Tax and TDS	94.06
5.62	(iv) Amount Recoverable from General Fund	128.88
<b>481.48</b>	<b>TOTAL</b>	<b>560.05</b>

**for the year ended 30th June, 2015**

Previous Year ₹ in Crore	Income	Current Year ₹ in Crore
	1. <i>Interest on Loans and Advances and Bank Deposits :</i>	
5.84	(i) Loans and Advances	3.96
5.52	(ii) Bank Deposits	3.02
19.76	2. Income from Investments	21.56
0.00	3. Excess Provision for Standard Assets	1.11
<b>31.12</b>	<b>TOTAL</b>	<b>29.65</b>
18.20	5. Balance of Profit brought down	18.78
<b>18.20</b>	<b>TOTAL</b>	<b>18.78</b>

**Notes forming part of Accounts**

- Balance Sheet and Profit & Loss Account of Special Fund have been drawn in accordance with the provisions of National Housing Bank (Slum Improvement and Low Cost Housing Fund) Regulation, 1993.
- NHB (Slum Improvement and Low Cost Housing Fund) represent 40% of the amounts deposited by any person voluntarily in accordance with the NHB Voluntary Deposit Scheme (VDS).
- The Bank do not charge staff expense or other operating expense to Special Fund Account.

**As per our attached Report of even date**

**For V K VERMA & Co.**  
Chartered Accountants  
Firm No. 000386N

Sd/-  
**Vivek Kumar**  
Partner  
Membership No. 503826