



New Delhi, the 12th July, 2018

Notification No. NHB.HFC.DIR.21/MD&CEO/2018 - In exercise of the powers conferred by sections 30A and 31 of the National Housing Bank Act, 1987 (53 of 1987) and of all the powers enabling it in this behalf, the National Housing Bank, having considered it necessary in the public interest, and on being satisfied that for the purpose of enabling it to regulate the housing finance system of the country to its advantage, it is necessary so to do, hereby directs that the Housing Finance Companies (NHB) Directions, 2010 (hereinafter referred to as the principal Directions) shall, with immediate effect, be amended in the following manner, namely -

1. Amendment to Paragraph 2

In sub-paragraph (1) of Paragraph 2 of the principal Directions, after clause (d), the following clause shall be *inserted* -

“(da) "companies in the same group" shall mean an arrangement involving two or more entities related to each other through any of the following relationships: (i) Subsidiary - Parent, Joint Venture, Associate, A Related Party as defined under the Companies Act, 2013, Indian Accounting Standards (Ind AS), (ii) Promoter - Promotee (as provided in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011) for listed companies, (iii) Common Brand Name, and (iv) investment in equity shares of 20% and above;”

2. Amendment to Paragraph 32

(i) In sub-paragraph (1) of Paragraph 32 of the principal Directions, the following shall be *inserted* -

“Provided that the ceiling on the investment in shares of another company shall not be applicable in respect of investment in the equity capital of an insurance company up to the extent specifically permitted, in writing, by National Housing Bank.

Provided further that nothing contained in sub-paragraph (1) shall apply to-

(a) investments of a housing finance company in shares of

(i) its subsidiaries;

(ii) companies in the same group,

to the extent they have been reduced from owned funds for the calculation of net owned fund and

(b) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with-

(i) subsidiaries of a housing finance company; and

(ii) companies in the same group,
to the extent they have been reduced from owned fund for the calculation of net
owned fund.

Provided further that the exposure of a housing finance company to group companies
involved in real estate construction/purchase and sale of real estate activities shall be
subject to the ceiling applicable to credit/investment as contained in sub-paragraph
(1)."

(ii) Sub-paragraph (2) of Paragraph 32 of the principal Directions shall stand *deleted*.

(iii) After note (5), the following Notes shall be *inserted* -

"(6) Owned fund shall mean 'owned fund' as defined under sub-paragraph (1)(w) of
paragraph 2 of these Directions and with respect to its position as per the published
accounts as on March 31st of the previous year.

(7) The infusion of capital, after such published balance sheet date may be taken into
account for determining the exposure ceiling but the housing finance company shall
not take exposure in excess of the ceiling in anticipation of infusion of capital at a
future date. The Housing Finance Company shall furnish to the National Housing
Bank, statutory auditor's certificate on completion of the augmentation of capital
before reckoning the same for above purpose.

(8) Other accretions to capital funds by way of quarterly profits etc., shall not be
eligible to be reckoned to compute 'owned fund' for the purpose of determining the
exposure ceiling."

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