

INDEPENDENT AUDITOR'S REPORT

To
THE MEMBERS OF NATIONAL HOUSING BANK

1. We have audited the accompanying financial statements of the National Housing Bank ('the Bank'), which comprises of the Balance Sheet as at 30th June, 2018, the Profit and Loss Account and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Management of the Bank is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the bank in accordance with the National Housing Bank Act, 1987 as amended ('the Act'), and the Regulations framed there under for General Fund and for special fund in accordance with the provisions of National Housing Bank (Slum Improvements and Low Cost Housing Fund) Regulation, 1993, the accounting principles generally accepted in India, including the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and applicable RBI guidelines as issued from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

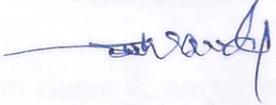


4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to the said financial statements, give the information in accordance with the requirements of the Act and the Regulations framed thereunder and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) In the case of the Balance Sheet, of the state of affairs of the General Fund and special fund of the Bank as at 30th June 2018.
 - ii) In the case of the Profit and Loss Account, of the profit for the year ended 30th June 2018.

For S. N. Nanda & Co.
Chartered Accountants
FRN: 000685N


S. N. Nanda
Partner
M. No. 005909



Place: New Delhi
Date: 28th August 2018