

वार्षिक रिपोर्ट Annual Report 2017-18

30 लक्ष्यों को उपलब्धियों में परिवर्तित करते 30 वर्ष
30 YEARS
OF TURNING GOALS INTO MILESTONES



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK



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vkokl cd
**NATIONAL
HOUSING BANK**

Annual Report 2017-18 (July 2017 - June 2018)

दक्षिता दास

प्रबन्ध निदेशक एवं मुख्य कार्यपालक अधिकारी

Dakshita Das

Managing Director & Chief Executive Officer



Letter of Transmittal

NHB (ND)/MD&CEO/OUT00231/2018-19
December 13, 2018

The Secretary
Government of India
Ministry of Finance
Department of Financial Services
Jeevandeep Building, Parliament Street
New Delhi - 110001

Sir,

In accordance with the provision of sub-section (5) of Section 40 of the National Housing Bank Act, 1987, I forward herewith a copy of the Annual Report along with the Annual Accounts of the National Housing Bank for the year 2017-18.

Yours faithfully,

(Dakshita Das)

Encl. : As above

कोर 5-ए, इंडिया हैबिटेड सेंटर, लोधी रोड, नई दिल्ली-110003
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Department of Economic Affairs
North Block
New Delhi - 110001

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प्रबन्ध निदेशक एवं मुख्य कार्यपालक अधिकारी

Dakshita Das

Managing Director & Chief Executive Officer



Letter of Transmittal

NHB (ND)/MD&CEO/OUT00233/2018-19

December 13, 2018

The Governor
Reserve Bank of India
18th Floor, Central Office Building
Shahid Bhagat Singh Marg
Mumbai - 400023

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ABBREVIATIONS

ACB	Audit Committee of the Board
ACHFS	Apex Cooperative Housing Finance Societies
ADB	Asian Development Bank
AFS	Available for Sale
AHF	Affordable Housing Fund
ALCO	Asset Liability Management Committee
AML	Anti-Money Laundering
ARDBs	Agriculture and Rural Development Banks
BPL	Below Poverty Line
CAGR	Compound Annual Growth Rate
CBHFL	Cent Bank Home Finance Limited
CBLO	Collateralized Borrowing and Lending Obligation
CEO	Chief Executive Officer
CERSAI	Central Registry of Securitization Asset Reconstruction and Security Interest of India
CLO	Chief Liaisoning Officer
CIGVA	Centre for Integrity Governance and Training in Vigilance Administration
CLSS	Credit Linked Subsidy Scheme
CNA	Central Nodal Agency
CoR	Certificate of Registration
CPGRAMS	Centralized Public Grievance Redress and Monitoring System
CPs	Commercial Papers
CRAR	Capital to Risk Weighted Assets Ratio
CRGFTLIH	Credit Risk Guarantee Fund Trust for Low Income Housing
CRMC	Credit Risk Management Committee
CSR	Corporate Social Responsibility
CTR	Cash Transaction Report
CVO	Chief Vigilance Officer
DARPG	Department of Administrative Reforms and Public Grievances
DEA	Department of Economic Affairs
DTL	Deferred Tax Liability
EC	Executive Committee of Directors
ED	Executive Director
EWS	Economically Weaker Section
FEDAI	Foreign Exchange Dealers Association of India
FIFO	First In First Out



Abbreviations

FIPB	Foreign Investment Promotion Board
FIU-IND	Financial Intelligence Unit- India
GoI	Government of India
GRIDS	Grievance Registration & Information Database System
HDFC	Housing Development Finance Corporation Limited
HFCs	Housing Finance Companies
HFT	Held for Trading
HLAS	Home Loan Account Scheme
HPI	Housing Price Index
HTM	Held to Maturity
HUDCO	Housing and Urban Development Corporation Limited
ICAI	Institute of Chartered Accountants of India
IDA	International Development Association
IFC	International Finance Corporation
IHC	India Habitat Centre
IHFD	India Housing Finance and Development Limited
IIBF	Indian Institute of Banking & Finance
IIM	Indian Institute of Management
IMF	International Monetary Fund
IMGC	India Mortgage Guarantee Corporation Private Limited
IPA	Institute of Public Administration
IRDAI	Insurance Regulatory and Development Authority of India
ISC	Information Security Committee
ISHUP	Interest Subsidy Scheme for Housing the Urban Poor
ISP	Information Security Policy
IT	Information Technology
ITC	Information Technology Committee
ITP	Information Technology Policy
IUHF	International Union of Housing Finance
JDA	Joint Development Agreement
KYC	Know Your Customer
LRS	Liberalized Refinance Scheme
LIG	Lower Income Group
MFIs	Micro Finance Institutions
MIG	Middle Income Group



MNRE	Ministry of New and Renewable Energy
MoHUA	Ministry of Housing and Urban Affairs
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
MRHFL	Mahindra Rural Housing Finance Limited
NAREDCO	National Real Estate Development Council
NBFC	Non-Banking Financial Company
NHB	National Housing Bank
NPA	Non-Performing Asset
NPV	Net Present Value
OBC	Other Backward Classes
ORMC	Operational Risk Management Committee
ORMIS	Online Reporting Management Information System
PAT	Profit After Tax
PLIs	Primary Lending Institutions
PMAY-G	Pradhan Mantri Awas Yojana - Gramin
PMAY-U	Pradhan Mantri Awas Yojana - Urban
PMLA	Prevention of Money Laundering Act, 2002
POS	Principal Only Swap
PSBs	Public Sector Banks
RBI	Reserve Bank of India
RC	Reservation Cell
RERA	Real Estate (Regulation and Development) Act, 2016
RESIDEX	Residential Property Price Index
RFCTLARR	Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013
RFS	Residential Furnishing Scheme
RHF	Rural Housing Fund
RHISS	Rural Housing Interest Subsidy Scheme
RMAC	Risk Management Advisory Committee
RO	Regional Office
RRBs	Regional Rural Banks
RRO	Regional Representative Office
RRY	Rajiv Rinn Yojana
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002



Abbreviations

SBF	Staff Benevolent Fund
SBI	State Bank of India
SC	Scheduled Caste
SCBs	Scheduled Commercial Banks
SDR	Special Drawing Right
SEBI	Securities and Exchange Board of India
SGRL	Sewa Grih Rin Limited
SLCC	State Level Coordination Committee
SLNA	State Level Nodal Agency
SLR	Statutory Liquidity Ratio
SMAC	Special Mention Accounts Committee
SR	Security Receipt
SRHD	Special Rural Housing Debenture
ST	Scheduled Tribe
STR	Suspicious Transaction Report
TAC	Technical Advisory Committee
TNIDB	Tamil Nadu Investment Development Board
TNIFMC	Tamil Nadu Infrastructure Fund Management Corporation Limited
TOLIC	Town Official Language Implementation Committee
UCBs	Urban Co-operative Banks
UHF	Urban Housing Fund
ULBs	Urban Local Bodies
UT	Union Territory
VPN	Virtual Private Network
WB-ULIH	World Bank - Urban Low Income Housing





CHAPTER 1: INTRODUCTION

About National Housing Bank

Governance Structure

Board of Directors



1.1 About National Housing Bank

The National Housing Bank (NHB) is a development financial institution, established in 1988, under an Act of Parliament, viz. the National Housing Bank Act, 1987 (Central Act no. 53 of 1987). NHB operates as a principal agency to promote housing finance institutions and to provide financial and other support to such institutions. It is committed towards establishment of a sound and sustainable housing finance system in the country by way of promoting institutional framework and market infrastructure.

Vision

Promoting Inclusive Expansion with Stability in Housing Finance Market.

Mission

To harness and promote the market potentials to serve the housing needs of all segments of the population with the focus on low and moderate income housing.

Objectives

NHB has been established to achieve, inter alia, the following objectives :

- To promote a sound, healthy, inclusive and viable housing finance system to cater to all segments of the population and to integrate the housing finance system with the overall national financial system;

- To develop a network of dedicated housing finance institutions to adequately serve all regions and sections in the society;
- To facilitate finance and other resources for development of housing and create a framework for institutions for enhancing the quality of credit and affordability;
- To regulate and supervise the activities of Housing Finance Companies (HFCs);
- To innovate and develop new products in housing finance to cater to the specialized needs of different categories of the population;
- To create an appropriate environment for the development of sustainable habitat and housing finance system through eco-friendly housing using energy efficiency and sustainable practices by partnership and collaboration with domestic and international agencies.

Functions

- NHB performs multidimensional activities in pursuit of its objectives, under three broad functions, viz. regulation & supervision, financing and promotion & development. As a regulator of HFCs, NHB is entrusted with the responsibility of issuing Certificate of Registration (CoR) to HFCs for commencement and carrying on the business of housing finance in India. The supervision of the HFCs is done by



NHB through on-site inspection and off-site surveillance, market intelligence and coordination with other regulators. On the financing front, NHB extends refinance assistance to Primary Lending Institutions (PLIs) including HFCs and Banks for their housing loans to individuals. Refinance is extended at concessional rates for housing loans given to borrowers in rural and urban areas, low income and informal income borrowers and people affected by natural calamities. NHB also extends project finance assistance to public agencies and public private partnership entities for their housing projects. The promotion and development activities of NHB are aimed at strengthening the operating milieu of the housing finance sector as well as development of new products and market infrastructure.

- Training and capacity building for the personnel of the sector is carried out with the objective of not only streamlining the processes but also for better information dissemination.
- NHB assists in the formulation of the central and state housing and habitat policies and has also been playing the role of Central Nodal Agency (CNA) in implementation of Government Schemes for housing to the targeted segments. The institution is also the Knowledge Partner for the Shelter Fund in Tamil Nadu.
- NHB is a CNA for the Credit Linked

Subsidy Scheme (CLSS), the second vertical of the Pradhan Mantri Awas Yojana and the Rural Housing Interest Subsidy Scheme (RHSS) under the Housing for All by 2022 Mission of the Government of India.

1.2 Governance Structure

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's highest echelons. Corporate Governance encompasses a set of systems and best practices to ensure that the affairs of the organization are being managed in a manner which ensures compliance with the laws and adherence to the highest standards of transparency and business ethics. NHB would continue to strengthen its principles of fairness and accountability to generate long term value for its stakeholders on continuous and sustainable basis.

1.2.1 Amendments in the National Housing Bank Act, 1987

During the year, amendments in the National Housing Bank Act, 1987 have been made by the Finance Act, 2018. The amended provisions of the Act have come into effect from June 1, 2018 vide Gazette Notification dated May 31, 2018. Major amendments, inter alia, include:

- Subscribed capital of NHB by the Reserve Bank of India (RBI) shall stand transferred to and vested in the Central



Government upon payment of face value of the subscribed capital to the RBI from such date as may be notified by the Central Government;

- The Central Government may increase the authorized capital of NHB upto rupees two thousand crore or such other amount as determined by it from time to time;
- Provision of nomination of two of its directors by RBI on the Board of NHB has been reduced to one;
- Approval of Central Government is required to be obtained by NHB for establishing new branches, offices and agencies outside India.
- Certain provisions in the Act, which required consultation with the RBI have been dispensed with.

1.2.2 Composition of the Board

General superintendence, direction and management of the affairs of the business of the NHB are vested in the Board of Directors, which acts on business principles with due regard to public interest. The Board of Directors has been constituted in accordance with the provisions of the National Housing Bank Act, 1987. The Board had been headed by Shri Sriram Kalyanaraman as Managing Director and Chief Executive Officer until August 14, 2018, who was appointed under

Section 6 (1)(a) of the Act. Smt. Dakshita Das, Additional Secretary to Government of India, Ministry of Finance, Department of Financial Services has taken over the additional charge as Managing Director and Chief Executive Officer of NHB, with effect from August 16, 2018. The following changes took place in the composition of the Board of Directors of NHB during the year 2017-18 :

- Dr. Prasanna Kumar Mohanty, Director, Central Board of RBI was appointed as RBI Nominee Director with effect from March 7, 2018.
- Shri Nitin Ramesh Gokarn, Principal Secretary, Housing and Urban Planning Department, Government of Uttar Pradesh, was appointed as Director with effect from March 20, 2018 vice Shri Mukul Singhal.
- Shri Vivek Aggarwal, Principal Secretary, Urban Development and Housing Department, Government of Madhya Pradesh, was appointed as Director with effect from January 4, 2018 vice Shri Malay Shrivastava.

1.3 Board of Directors

As on July 20, 2018, apart from Managing Director and Chief Executive Officer, NHB, appointed by the Government of India under Section 6(1)(a) of the National Housing Bank Act, 1987, there were seven other directors on the Board, as per the following composition :



- one non-official Director appointed by the Central Government under Section 6(1)(b) of the Act;
- one non-official Director appointed by the Central Government under Section 6(1)(c) of the Act;
- one Director from among the Board of Directors of RBI, nominated by the RBI under Section 6(1)(d) of the Act;
- two Directors from amongst the officials of the Central Government, appointed by the Central Government under Section 6(1)(e) of the Act; and
- two Directors from amongst the officials of the State Government, appointed by the Central Government under Section 6(1)(f) of the Act.

1.3.1 Committees Constituted by the Board

The Board has constituted seven Committees to enable better and focused attention on the affairs of NHB, viz.

- Executive Committee of Directors (EC),
- Audit Committee of the Board (ACB),
- Remuneration Committee of Directors (RC),
- Human Resource Committee of the Board (HRC),
- Regulatory Committee of the Board,
- Supervisory Committee of the Board, and
- Review Committee of the Board on Non-Cooperative Borrowers and Wilful Defaulters of the Bank.

The functions of the various Committees of the Board are well-defined. The Board / Committee meetings are held at regular intervals. During the year 2017-18, the Board met eight times, the ACB met five times, the EC, the HRC and the Regulatory Committee of the Board met four times and the Review Committee of the Board on Non-Cooperative Borrowers and Wilful Defaulters of the Bank met once.

Executive Committee of the Board

- Smt. Dakshita Das, Chairman
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member

Audit Committee of the Board

- Shri Pankaj Jain, Chairman
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member
- Dr. Prasanna Kumar Mohanty, Member

Remuneration Committee of the Board

- Dr. Prasanna Kumar Mohanty, Chairman
- Shri Pankaj Jain, Member
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member

Human Resource Committee of the Board

- Smt. Dakshita Das, Chairman
- Shri Kamalkishore C. Jani, Member
- Shri Prasant Kumar, Member



Regulatory Committee of the Board

- Smt. Dakshita Das, Chairman
- Shri Pankaj Jain, Member
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member

Supervisory Committee of the Board

- Smt. Dakshita Das, Chairman
- Shri Prasant Kumar, Member

Review Committee on Non-Cooperative Borrowers and Wilful Defaulters

- Smt. Dakshita Das, Chairman
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member



BOARD OF DIRECTORS



Dakshita Das



Dr. Charan Singh



Kamalkishore C. Jani



Dr. Prasanna Kumar Mohanty



Pankaj Jain



Prasant Kumar





CHAPTER 2: PERFORMANCE

Operational Highlights
Key Metrics



2.1 Operational Highlights

Share Capital

- Equity share capital of NHB stood at ₹ 1,450 crore, which is fully subscribed to by the RBI.

Regulation & Supervision

- During the year, 13 HFCs have been granted CoRs under Section 29A of the National Housing Bank Act, 1987. As on June 30, 2018 the total HFCs registered with NHB stood at 96.

Financing

- Disbursements of ₹24,921 crore were made.
- Five PLIs were added to the refinance clients list.
- Recoveries of Non-Performing Assets (NPAs) aggregating to ₹ 29.29 crore were made, without further loan slippage into NPA category.
- Maintained the status of 'Nil' Net NPA Institution.

Promotion & Development

- NHB RESIDEX - Housing Price Indices are published for 50 cities at quarterly intervals, with base year as 2012-13.

- Disbursed interest subsidy of ₹2,695 crore to 1,16,852 households under PMAY-CLSS for EWS/LIG, and ₹841 crore to 40,062 households under PMAY-CLSS for MIG.
- Conducted 16 training programmes across India, covering more than 770 participants from various PLIs.

Governance

- Appeared before the Joint Committee on Financial Resolution and Deposit Insurance Bill, 2017 and the Standing Committee on Urban Development and Drafting and Evidence Sub-Committee of Parliament Committee on Official Language

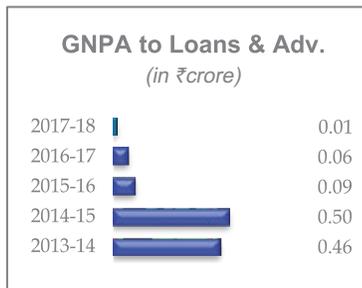
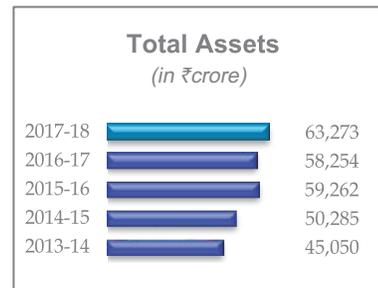
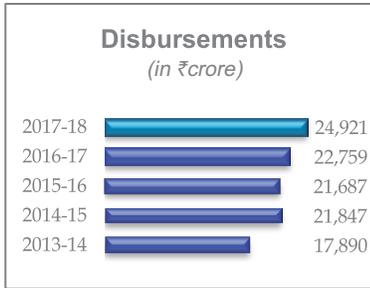
Awards & Recognition

- NHB's in-house magazine 'Aawas Bharti' received the first prize from the Delhi Town Official Language Implementation Committee (TOLIC) for the year 2016-17.
- 'Aawas Bharti' also received third prize from RBI for the year 2016-17.

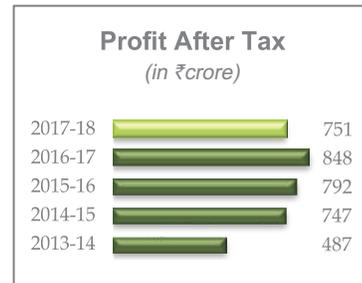
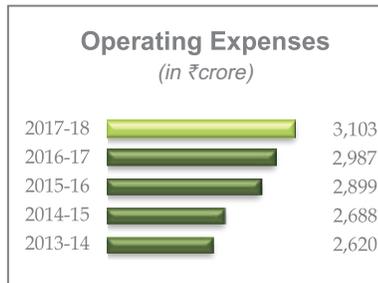


2.2 Key Metrics

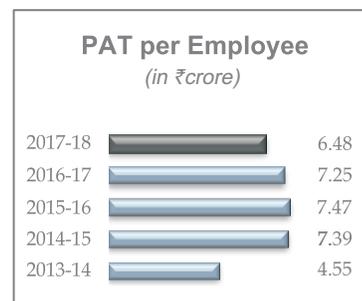
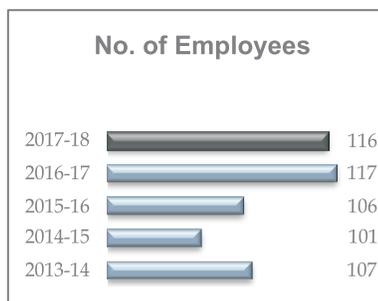
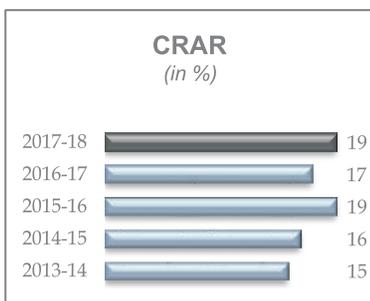
Balance Sheet Metrics



Profit & Loss Metrics



Efficiency Metrics







CHAPTER 3: OVERVIEW OF HOUSING TRENDS



3.1 In India, housing is the single largest asset of a household, especially for Economically Weaker Sections (EWS) and Lower Income Group (LIG). Housing has always been and continue to have major socio-economic implications, assuming a crucial role as it contributes significantly to the national economy and nation building. Affordable housing shortage continue to be a major concern in the country. However, major policy pronouncements leading to a conducive environment have created a sense of optimism among the stakeholders. Affordable housing sector is now being recognized as an opportunity that will drive the momentum of the housing sector in the years to come. Inclusion of affordable housing as a new sub-sector under the category of “Social and Commercial Infrastructure” in the updated Harmonized Master List of Infrastructure Sub-sectors, Tax (Income Tax and GST) concessions, and revision in the RBI’s Priority Sector Lending norms for housing loans to bring about convergence with the Pradhan Mantri Awas Yojana, are expected to provide fillip to the affordable housing market.

3.2 Housing finance market in India has had sound, stable and sustainable growth since the last decade, due to its availability, accessibility and affordability. The housing loan disbursements to individuals have increased from ₹1,800 crore in 1990-91 from the formal sector to ₹ 4.3 lakh crore in 2017-18 (for 55 lakh units, out of which 39% was for loans upto ₹10 lakh) from HFCs and Public Sector Banks (PSBs). The loan-size wise

break-up is given in **Appendix I**.

3.3 One of the major domestic policy developments during the year 2017-18 was the introduction of RERA. The Real Estate (Regulation and Development) Act (RERA) was notified on May 1, 2016, and has come into effect nationwide from May 1, 2017. While the Central Act was model Act, States were asked to prepare and notify respective rules in tandem with the Act, so it could be effectively implemented. So far, twenty three (23) States and Union Territories (UTs) have either established their permanent or interim regulatory authorities.

3.4 RERA and the Government’s model code aim to create a more equitable and fair transaction between the sellers and the buyers of properties, especially in the primary market. RERA shall make real estate purchase simpler, by bringing in better accountability and transparency, provided that states do not dilute the provisions and the spirit of the Act. RERA will give the Indian real estate industry its first regulator. RERA makes it mandatory for each state and UT to form its own regulator and frame the rules that will govern the functioning of the real estate industry.

3.5 The realty market is experiencing consolidation as unorganized players are struggling to cope with stringent compliance norms under RERA. It is now clear that only credible developers will survive in the future. This is good from the buyer’s perspective as one is assured of a quality product within stipulated timelines. With



RERA in place, home buyers can also hope for a risk-averse journey. Under RERA, the developer has to provide a written affidavit to the buyer stating that the legal title to the land on which the construction is planned contains legitimate documents of ownership.

3.6 The affordable housing which was hitherto overlooked by developers, investors and financial institutions is now being looked upon as an opportunity with potential demand. With rising purchasing power, continuously rising population, growing aspirations, increasing nuclear families, rapid urbanization, government's intervention to provide affordable housing and so on, the housing sector in India is anticipated to register an even stronger growth in the coming years.

3.7 Developing affordable housing projects is eminent today for India's developers as there is so much of real requirement in this segment. The Government is determined to provide "Housing for All" and they are giving support as well to the developers through new reforms in policies in order to achieve the target.

3.8 Banks have come into this sector at a time when credit offtake in the industrial sector has been low. With lot of funds waiting to be deployed, the housing scene presented an attractive option to the banks to channelize their funds. This was particularly so, because in the housing sector advances are given against mortgage of assets, which continue to carry value, and therefore make the loans considerably safe. Even by the

experience of the housing sector in India, NPAs have been one of the lowest as compared to any other sector of advances.

3.9 Based on past trends, the housing finance market in the country is expected to grow annually at an average of over 18 per cent, in the next five years. The growth of the housing finance industry over the coming years is a function of growth in both the supply side and the demand side. Banks and HFCs have been playing a key role in not just the demand side, but also the supply side. The demand side is addressed by offering retail loans to individuals in the low, middle and high-income households. The supply side is addressed by offering construction finance to developers. Developers who build residential projects are often in need of funds to complete their projects. Several banks and HFCs offer construction finance to developers to complete their projects and make the units available for sale. Similarly, it is the affordable housing segment which is driving the home loan growth in India. The total disbursement of housing loans is significant for the lower slabs. Housing loans upto ₹ 10 lakh recorded a good growth.

3.10 In the past few years, the Government of India, through various initiatives at Central and State levels, has carried out a considerable amount of work in the housing sector. The primary objective of all these measures was to fulfill the basic need for shelter to Below Poverty Line (BPL), EWS and LIG categories of households. The total housing shortage in urban areas put together



has been revised to around 1 crore houses from the earlier estimates of 1.8 crore houses. The re-structured rural housing scheme PMAY-G aims to construct 2.95 crore houses by 2022. In the first phase the target is construction of one crore pucca houses by March 31, 2019.

3.11 The spill-over effect of demonetization, implementation of RERA and the Goods & Services Tax (GST) - a triple ripple - had a dramatic impact on India's Real Estate Sector in 2017. These three consequential reforms invited a complete overhaul in the housing sector, its form and practices. Now, with the dust gathered by RERA and GST settling down, the realty sector is on the verge of incarnation and ready to embrace 2018, but with full of challenges and opportunities.

3.12 House prices are an important determinant of household sector's gross and net wealth and thereby of consumption and savings. If house prices are not aligned with the fundamentals they can threaten the economic and financial stability of the country mainly because of the macro-financial linkages.

3.13 With the above in mind, NHB launched India's first official Housing Price Index (HPI), i.e. NHB RESIDEX to track movement in prices of residential properties across select cities. For the period January to March, 2018 the HPI @ Assessment Prices had shown an overall increase in 32 cities, decrease in 13 cities and no change in 5 cities on Q-o-Q basis, and increase in 26 cities, decrease in 22

cities and no change in 2 cities on Y-o-Y basis. For the same period, the HPI @ Market Prices for Under Construction Properties had shown an overall increase in 34 cities, decrease in 8 cities and no change in 8 cities on Q-o-Q basis, and increase in 39 cities, decrease in 10 cities and no change in 1 city on Y-o-Y basis.

3.14 Risk Mitigation Framework for the affordable housing segment has been put in place viz. Credit Risk Guarantee Fund Trust for Low Income Housing, India Mortgage Guarantee Corporation etc.

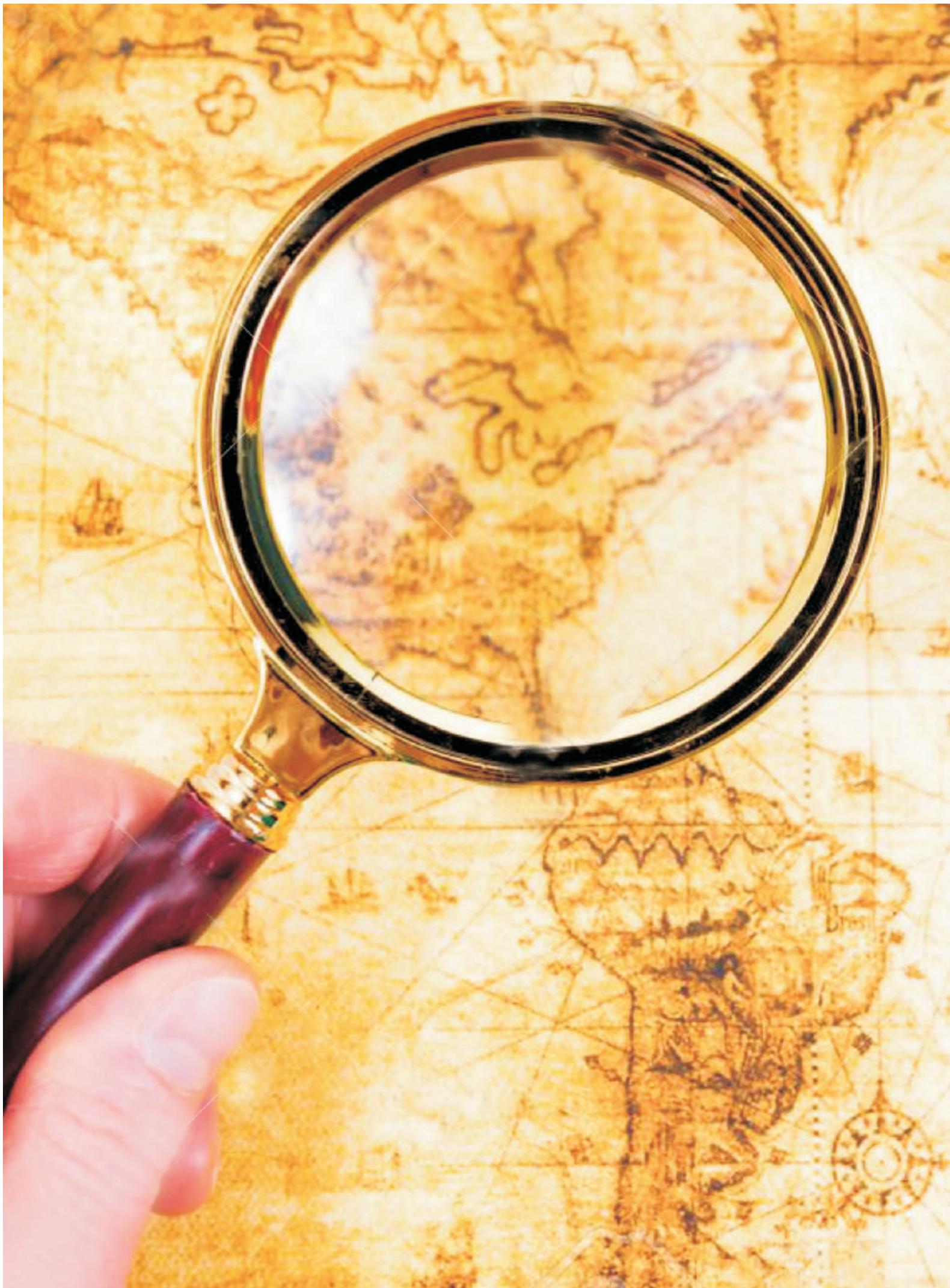


Box 3.1 - Economic Survey 2017-18 and Union Budget 2018-19¹

- (1) The share of real estate sector which includes ownership of dwellings accounted for 7.7 per cent in India's overall Gross Value Added in 2015-16. The growth of this sector decelerated in the last three years from 7.5 per cent in 2013-14 to 4.4 per cent in 2015-16. This was mainly due to growth of the ownership of dwelling segment decelerating from 7.1 per cent in 2013-14 to 3.2 per cent in 2015-16. Despite the subdued demand, the housing prices did not fall, with the NHB RESIDEX showing housing price increase in 36 cities out of 50, with 13 cities witnessing housing price decline.
- (2) Amendment in the National Housing Bank Act, 1987, permitting the Central Government to increase, by notification, the authorized share capital of NHB to ₹2,000 crore or such amount as may be determined by it from time to time, and transfer of equity of the NHB from the RBI to the Central Government.
- (3) Establishment of a dedicated Affordable Housing Fund in National Housing Bank, funded from priority sector lending shortfall and fully serviced bonds authorized by the Government of India.
- (4) ₹6,505 crore has been provided for PMAY(U) as against ₹6,043 crore in 2017-18, including allocations for CLSS. Additionally, Internal and Extra Budgetary Resources of ₹25,000 crore under PMAY(U) have been made available for 2018-19.
- (5) Allocation of ₹ 1,000 crore for CLSS for EWS & LIG.
- (6) Allocation of ₹ 900 crore for CLSS for MIG.
- (7) Allocation of ₹21,000 crore for PMAY(G) as against ₹23,000 crore in 2017-18. The total resource requirement is projected at ₹33,000 crore, comprising of ₹21,000 crore Gross Budgetary Support and ₹12,000 crore Extra Budgetary Resources.

¹Point No. 1 Economic Survey, 2017-18, Ministry of Finance, Government of India

Point Nos. 2-7 Union Budget, 2018-19, Ministry of Finance, Government of India





CHAPTER 4: OPERATIONS

Resource Mobilization

Refinance

Project Finance

Regulation and Supervision

Promotion and Development

Risk Management

Information Technology

Human Resources

Rajbhasha

Knowledge Centre

Corporate Social Responsibility

Regional Office and Regional Representative Offices

Audit



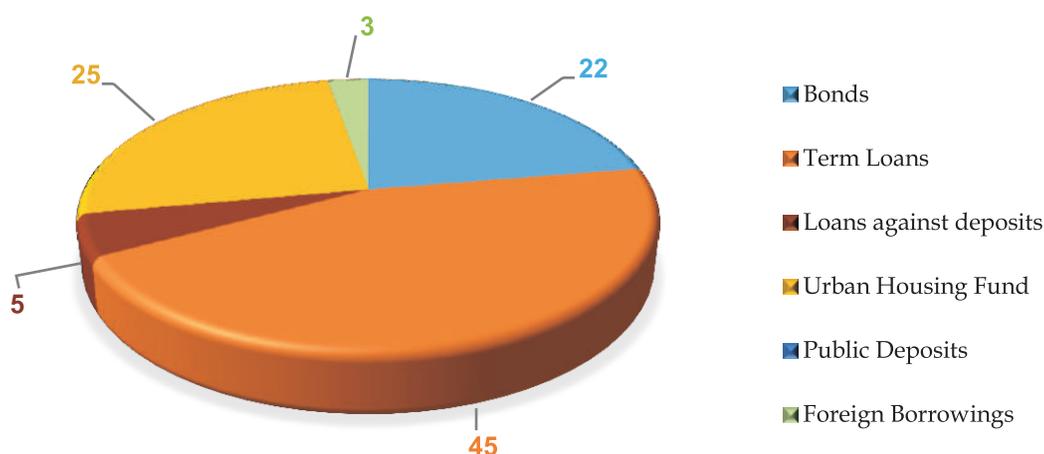
4.1 Resource Mobilization

4.1.1 Resources Mobilized

The NHB raised net incremental resources aggregating ₹8,891 crore in 2017-18. **Chart 4.1** depicts the instrument-wise break-up of net

resources mobilized during the year. Amounts mobilized through different instruments are given in **Appendix II**.

Chart 4.1 - Net Resources Mobilized (%)



4.1.2 Deposits under Rural Housing Fund

The Hon'ble Finance Minister, in the Union Budget Speech for 2008-09, announced the establishment of the Rural Housing Fund (RHF) in NHB to enable PLIs to access funds for extending housing finance to target segments in rural areas at cheaper rates. The corpus of the RHF was contributed by Scheduled Commercial Banks (SCBs) from out of their priority sector lending shortfall. Quantum of funds to be contributed by each SCB and the applicable interest rate were determined by the RBI depending upon the priority sector shortfall of the respective SCB.

Tenor of the deposits under RHF is seven years. Since inception, total amounts of ₹31,278 crore were received under the RHF.

4.1.3 Deposits under Urban Housing Fund

The Hon'ble Finance Minister, in the Union Budget Speech for 2013-14, announced the establishment of the Urban Housing Fund (UHF) in NHB to enable PLIs to access funds for extending housing finance to target segments in urban areas at cheaper rates. The corpus of the UHF was contributed by SCBs from out of their priority sector lending



shortfall. Quantum of funds to be contributed by each SCB and the applicable interest rate were determined by the RBI depending upon the priority sector shortfall of the respective SCB. Tenor of the deposits under UHF is seven years. Since inception, total amounts of ₹10,500 crore were received under the UHF.

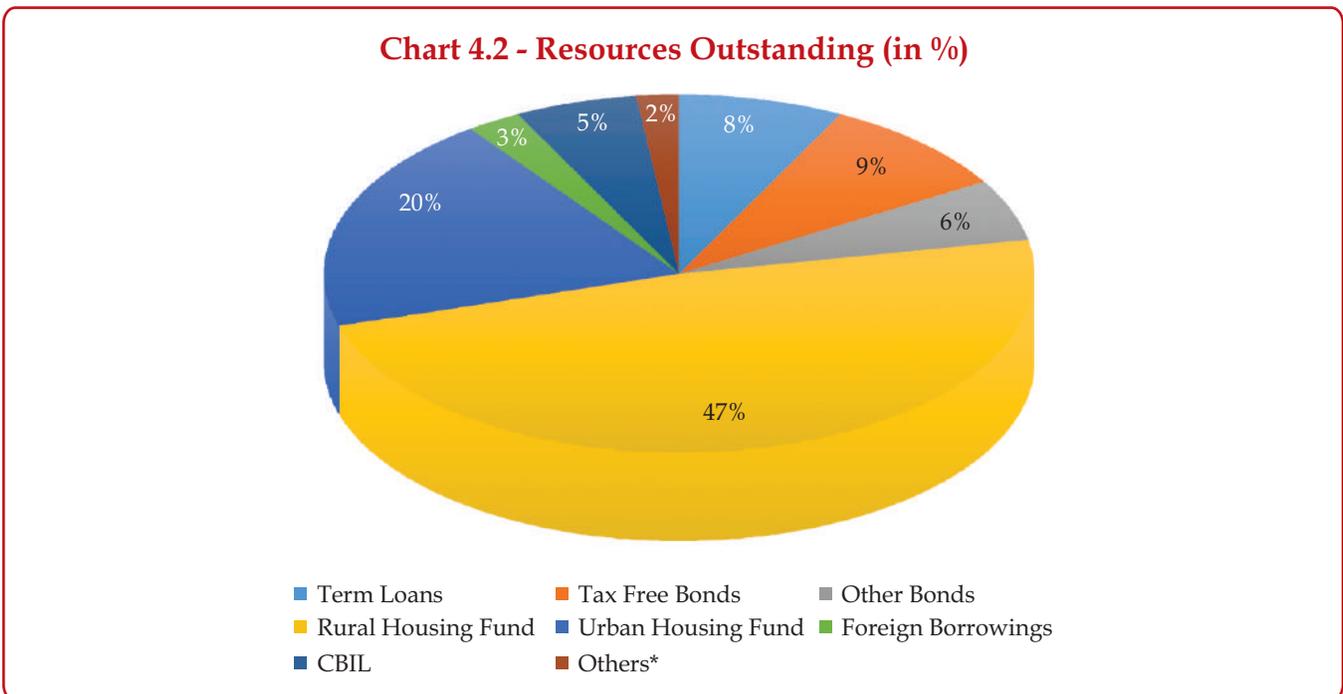
4.1.4 Deposits under Affordable Housing Fund

The Hon'ble Union Finance Minister in the Union Budget for 2018-19, presented to the Parliament on February 1, 2018, announced the establishment of a dedicated Affordable Housing Fund (AHF) in NHB, funded from priority sector lending shortfall and fully serviced bonds authorized by the

Government of India. Pursuant to the announcement, the RBI on July 4, 2018 has communicated the establishment of AHF with a corpus of ₹10,000 crore. The AHF corpus shall be contributed by SCBs having shortfall in achievement of their priority sector targets/sub-targets. The purpose of the AHF shall be to support the refinancing operations of NHB for affordable housing to the target segments in rural and urban areas.

4.1.5 Outstanding Borrowings

Chart 4.2 depicts the instrument-wise break-up of NHB's outstanding borrowings of ₹52,686 crore as on June 30, 2018. Amounts outstanding under different instruments are given in **Appendix III**.



*Includes Loans against Deposits, Special Series Bonds, Deposits from Public (Sunidhi & Suvidhi) & Borrowing from RBI.



4.2 Refinance

4.2.1 NHB has started the refinance facility for the PLIs in 1989 and in the initial years separate refinance schemes were formulated for Housing Finance Institutions and Scheduled Banks, which had undergone several amendments, based on feedback received from various stakeholders in sync with the overall market. Refinance disbursements had shown steady increase due to pro-active responses to market players, and also application of segmented approach to stakeholders needs.

4.2.2 In 2003, the NHB announced the launch of an integrated product called Liberalized Refinance Scheme (LRS) for HFCs and Scheduled Banks, with built-in risk mechanism and its pricing. Amendments in the LRS over the years have made it more versatile. The broad features of the LRS are -

- Incorporation of Internal Credit Rating Model;
- Multiple Interest rate options like fixed, floating, maturity based;
- Refinance assistance for prospective disbursements;
- Concessions in interest rate to target segments under single window;
- Refinance under specific concessional funds like RHF and UHF, at cheaper rates with on-lending interest rate caps.

4.2.3 Refinance business of NHB intends to serve a widely diverse market, both in terms of geography as well as socio-economic segments. NHB has encouraged and incentivized the PLIs to improve and strengthen the grass root credit delivery network for housing finance across the country, particularly for the low and middle income group segments. These measures have facilitated the PLIs, especially HFCs in their long term resources.

4.2.4 Access to affordable housing finance is pivotal to the socio-economic development, through establishment of specific funds, the NHB facilitates the PLIs to focus on the supply of affordable housing finance at the 'bottom of the pyramid' at cheaper rates with on-lending interest rate caps.

4.2.5 NHB partnered with various international development agencies to channelize institutional credit flow for energy efficient and green housing, low income and informal income segments, etc. Refinance schemes introduced by NHB, aimed at supporting and incentivizing the PLIs have contributed to the evolution of a new housing finance eco-system, and some of them have also been projected as successful models for replication.

4.2.6 Disbursements

Refinance disbursements in 2017-18 were ₹24,921 crore. Unit-wise, about 90% of the disbursements were for individual housing loans of loan size upto ₹25 lakh. Four HFCs

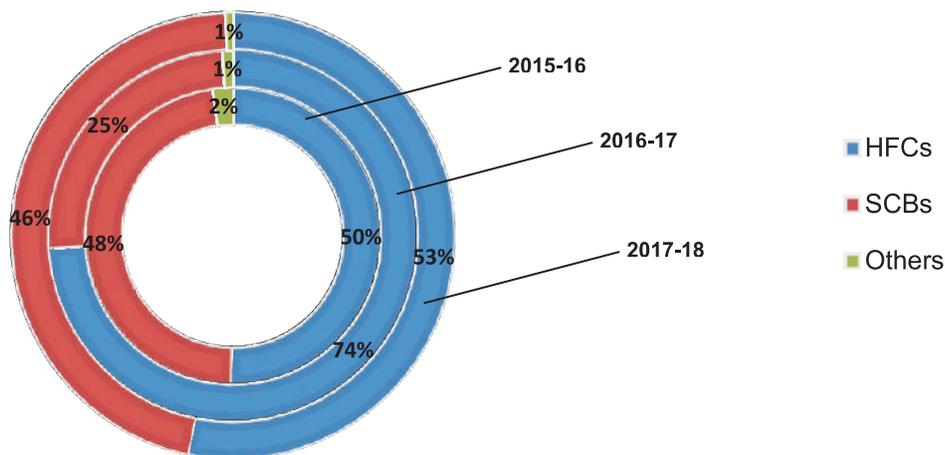


and one SCB were added to the refinance client list. Institution-wise refinance disbursements to various categories of PLIs during the last three years is shown in **Appendix IV**. Scheme-wise and Slab-wise refinance disbursements in 2017-18 are

shown in **Appendix V** and **Appendix VI**, respectively.

Percentage-wise refinance disbursements to various categories of PLIs during the last three years are shown in **Chart 4.3**.

Chart 4.3 - Refinance Disbursements-Institution Category - wise (in %)

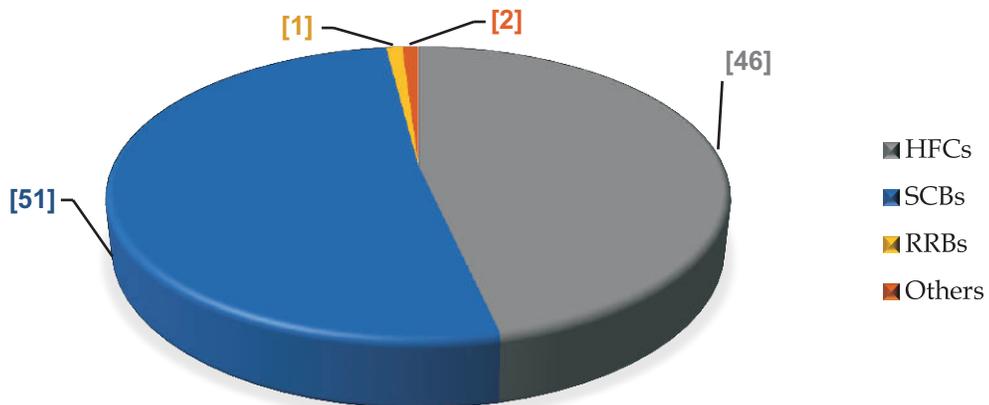


4.2.7 Cumulative Disbursements

Till June 30, 2018, NHB made cumulative refinance disbursements of ₹2,11,527 crore to various categories of PLIs, in respect of their

individual housing loans. Percentage-wise break-ups are shown in **Chart 4.4**. Institution category-wise cumulative refinance as on June 30, 2018 is given in **Appendix VII**.

Chart 4.4 - Cumulative Refinance Disbursements (in %)



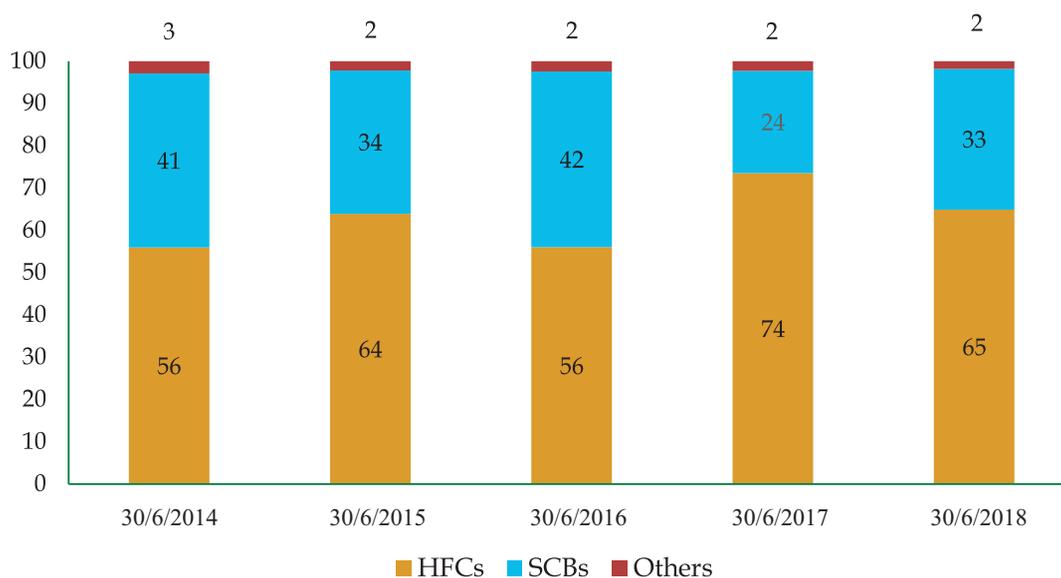


4.2.8 Outstanding

Outstanding refinance of NHB was ₹58,725 crore as on June 30, 2018. Of this, HFCs' share was about 65% with ₹38,146 crore. Share of NHB's outstanding refinance in the outstanding individual housing loan

portfolio of SCBs and HFCs, has increased from 3.7% as on June 30, 2017 to 4.1% as on June 30, 2018. The trend in outstanding refinance to various categories of PLIs in the last five years are given in **Appendix VIII**, and in the **Chart 4.5**.

Chart 4.5 - Refinance Outstanding (in %)



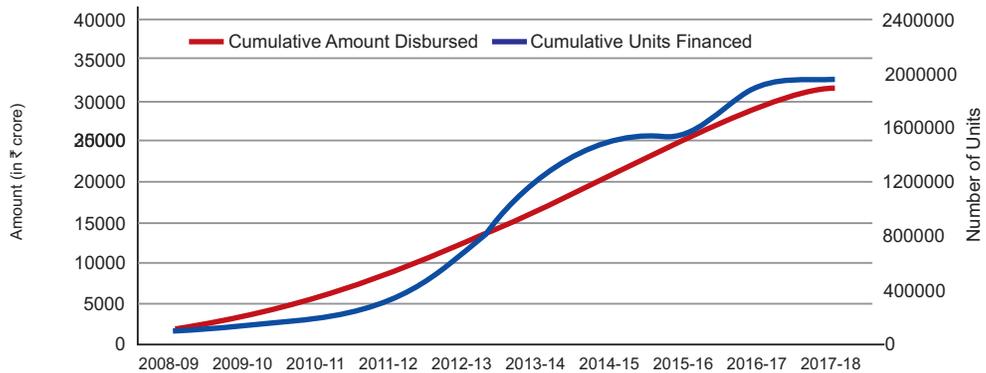
4.2.9 Rural Housing Fund

The RHF was utilized for extending refinance assistance to PLIs in respect of their housing loans extended to borrowers in rural areas belonging to Weaker Sections (as specified in the Master Directions on Priority Sector Lending - Targets and Classification by RBI), Women, and rural population with annual income not exceeding ₹3 lakh. Further, to ensure that the intended benefit of lower interest rates was passed on to the

ultimate borrowers, on-lending interest rates were capped. The RHF was operational from 2008-09 to 2017-18. Under the RHF, refinance assistance of ₹31,311 crore was extended to PLIs in respect of 19.47 lakh dwelling units. The cumulative disbursements under RHF are shown in **Chart 4.6**. The institution category-wise break-ups are given in **Appendix IX**.



Chart 4.6 - Performance under Rural Housing Fund

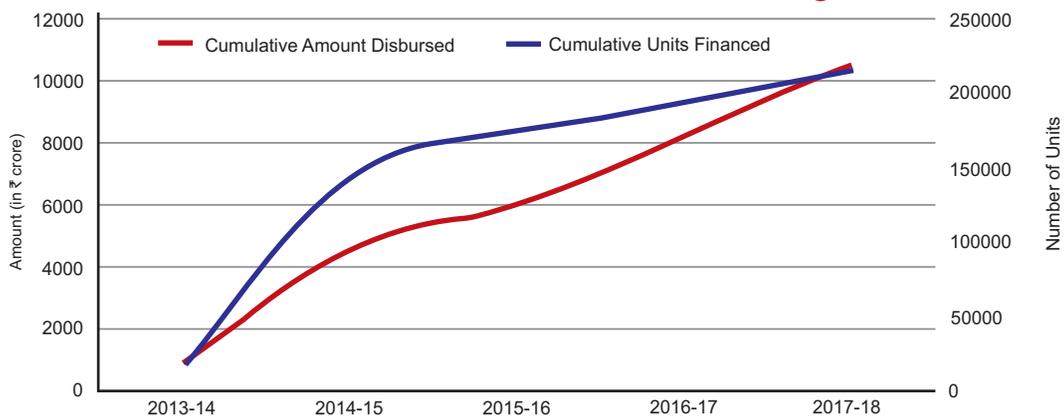


4.2.10 Urban Housing Fund

The purpose of the UHF was to provide refinance assistance in respect of housing loans extended by PLIs in urban areas for the construction / purchase of dwelling units, repairs / renovation / up-gradation of dwelling units and for incremental housing. The eligible loan size was up to ₹20 lakh (₹28 lakh in metropolitan centres with population of ten lakh and above) disbursed on or after April 01, 2011 against the dwelling unit of carpet area upto 60 m² or the cost of dwelling upto ₹25 lakh (₹35 lakh in metropolitan centres). The UHF catered to people with

annual household income not exceeding ₹6 lakh, based on the income ceiling under EWS and LIG categories. Further, to ensure that the intended benefit of lower interest rates reached the ultimate borrowers, on-lending rates were capped. The UHF was operational from 2013-14 to 2017-18. Under the UHF, refinance assistance of ₹10,500 crore was extended to PLIs in respect of their individual housing loans to 2.18 lakh urban households. The cumulative disbursements under UHF are shown in **Chart 4.7**. The institution category-wise break-ups are given in **Appendix X**.

Chart 4.7 - Performance under Urban Housing Fund





4.2.11 Affordable Housing Fund

Pursuant to the announcement in the Union Budget 2018-19, the AHF is being established in NHB with a corpus of ₹10,000 crore to provide refinance assistance to PLIs in respect of their individual housing loans to target segments in rural and urban areas.

4.2.12 Special Urban Housing Refinance Scheme for Low Income Households (WB-ULIH) (Refinance Scheme launched under the NHB-WB Urban Low Income Housing Project)

Government of India entered into an agreement with the International Development Association (IDA), under which, IDA provided a \$100 million equivalent Credit to the Government of India (GoI). IDA also entered into an agreement with NHB for the implementation of the project, which included extending refinance in respect of housing loans to informal segments and households with annual income upto ₹3 lakh per annum. Refinance was provided by NHB to the PLIs in respect of their housing loans, which were secured either through collateral of property financed or were alternatively secured. Refinance assistance was provided under the Scheme to PLIs in respect of their housing loans in the urban areas extended to low income household either directly or through intermediaries like MFIs (having proper systems and procedures for appraisal and follow-up of housing loans including qualified staff for handling such loans to the

satisfaction of the concerned PLI), for the following purposes :

- construction / purchase of new dwelling units
- purchase of existing dwelling units
- repairs / renovation / extension / up-gradation of existing dwelling units

The WB-ULIH was operational from 2013-14 to 2017-18. During 2017-18, an amount of ₹83 crore was disbursed to various PLIs. Cumulative disbursements of ₹588 crore facilitated the construction / up-gradation of 15,541 dwelling units.

4.3 Project Finance

NHB extends loans and advances to eligible entities for residential housing projects under section 14(ba) of the National Housing Bank Act, 1987. Since inception, NHB has taken various initiatives under the project finance window with an endeavour to facilitate the increase in overall housing stock in the country with special emphasis on housing needs of the EWS and LIG segments. Initially, NHB had extended financial assistance for land development and shelter projects (LDSP) and housing infrastructure undertaken by Housing Boards, Development Agencies and Co-operative Housing Societies under its refinance window. Subsequently, the Slum Improvement and Low Cost Housing Fund was established in NHB for project finance

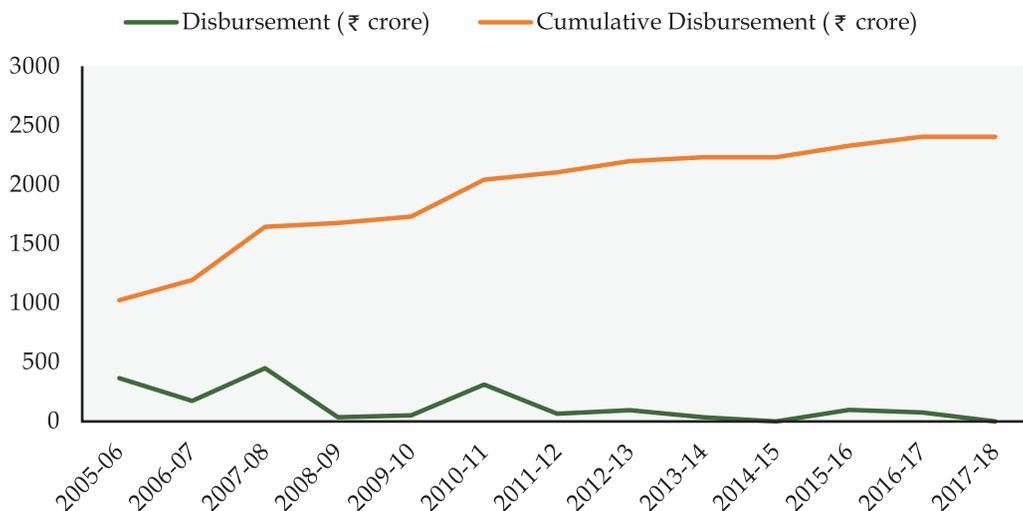


under the Voluntary Deposits (Immunities and Exemptions) Act, 1991. The said Fund has been used for financing slum clearance projects, low cost housing projects for the poor, construction of houses for people affected by natural calamities, etc. along with project finance through General Fund. The project finance assistance is being extended to commercially viable projects in accordance with the NHB's policy and the RBI guidelines to public agencies like State Housing Boards, State Slum Clearance Boards/Authorities, Development

Authorities, Municipal Corporations, Urban Local Bodies, etc. for undertaking residential housing projects.

Till June 30, 2018, NHB has financed 449 projects with project cost of ₹10,228 crore and loan component of ₹5,722 crore. As on June 30, 2018, the cumulative project finance disbursements were ₹2,406 crore. Trend in NHB's project finance disbursements is shown in **Chart 4.8**. The year-wise project finance disbursements are given in **Appendix XI**.

Chart 4.8 - Project Finance Disbursements

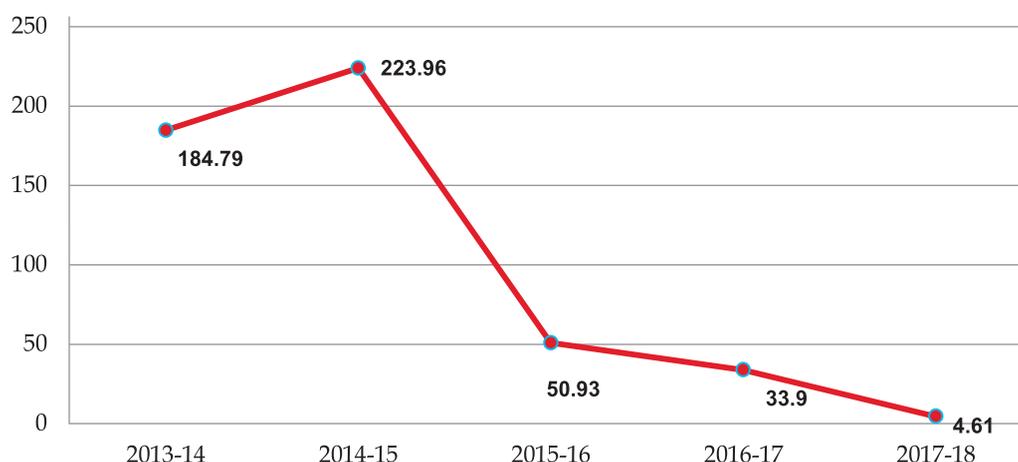


As on June 30, 2018, the Bank had an outstanding project finance exposure of ₹112.67 crore to 13 agencies, which included the exposures to Housing Boards, State Housing Corporations and Micro Finance Institutions (MFIs). As on June 30, 2018, NHB's GNPA's stood at ₹4.61 crore, which were on account of its exposures to six MFIs.

As on June 30, 2017 the NPAs were ₹33.90 crore, which got reduced to ₹4.61 crore as on June 30, 2018. This was due to strengthened recovery efforts through frequent follow-ups and regular visits. This has also helped to avoid any fresh slippage of loan into NPA category. Gross NPAs movements under the project finance during last five years are as shown in **Chart 4.9**.



Chart 4.9 - Movements of Gross NPAs in Project Finance
(in ₹ crore)



4.4 Regulation and Supervision

4.4.1 As per provisions of the National Housing Bank Act, 1987, in public interest, NHB regulates and supervises the HFCs. Regulation and Supervision activities are aimed at preventing the affairs of any HFC being conducted in a manner detrimental to the interest of the depositors and shall not be prejudicial to the operations and the growth of the housing finance sector of the country. As a part of regulations, NHB has issued Directions, Guidelines on Asset Liability Management System, Know Your Customer (KYC) and Anti Money Laundering (AML), Fair Practice Code, etc. and Circulars to the HFCs and their Auditors, from time to time and also amends them to take care of the growing needs of the market within the overall financial system. In 1989, NHB has issued the first directions called 'The Housing Finance Companies (NHB) Directions, 1989' to safeguard the interest of

the depositors and promote healthy and universal growth of HFCs in the country. NHB also undertakes on-site inspections and off-site surveillance of HFCs as a part of its supervisory function to ensure safety and soundness of HFCs.

4.4.2 Section 29A of the Act made compulsorily HFCs to obtain CoR from NHB and also to have the minimum NOF, for commencement of or carrying on the business of a housing finance institution. As on June 30, 2018, total number of HFCs registered with NHB stood at 96, of which 18 HFCs have been granted the CoR with permission to accept public deposits and the balance have been granted the CoR without permission to accept public deposits. Of the 18 HFCs, which have been granted CoR with permission to accept public deposits, 6 are required to obtain prior written permission from NHB before accepting any public deposits. The updated list of HFCs granted the CoR is available on NHB's website.



4.4.3 To provide value to the stakeholders, a Complaint Redressal Cell (CRC) is operating in NHB, to redress the grievance of the customers of HFCs. The 24x7 online portal viz. Grievance Registration & Information Database System (GRIDS) enables customers of the HFCs to have their grievances redressed in a transparent and efficient manner. During the year, the Grievance Redressal Policy was reviewed and the updated policy is available on NHB's website. NHB is also a member organisation of the Centralised Public Grievance Redress and Monitoring System (CPGRAMS) of Department of Administrative Reforms and Public Grievance (DARPG) of the Government of India and Integrated Grievance Redress Mechanism (INGRAM) of the Department of Consumer Affairs, Government of India. During 2017-18, 6,268 complaints were received, and 3,344 were resolved. Remaining complaints are under regular monitoring for early disposal. Comprehensive FAQs were issued, both under housing loans and PMAY-CLSS in order to create more awareness among customers and also to educate on the issues like interest rates types viz., floating and fixed, interest rate resets, loan documentation, loan pre-closures, PMAY CLSS eligibility criteria, etc. In 2017-18, two workshops on grievance redressal mechanism were conducted to sensitize the HFCs.

4.4.4 Registration / Cancellation of Certificate of Registration Granted to HFCs

In 2017-18, 13 HFCs were granted CoR by NHB and the list of such HFCs is given in

Appendix XII. During the year, CoR granted to Rose Valley Housing Development Finance Corporation Limited was cancelled.

4.4.5 Supervision of HFCs

NHB supervises the functioning of HFCs through on-site inspections, market intelligence and off-site surveillance mechanisms, through periodic returns / information and their verification.

On-site Inspections - 76 inspections were carried out during the year, of which 60 were on registered HFCs to ascertain their compliances with various regulatory provisions of the Act, and the Directions, Guidelines, Circulars, etc. issued thereunder. Balance 16 inspections were under the provisions of Section 29A of the Act, for grant of CoR.

Off-site Surveillance - Periodic returns submitted by HFCs, including the quarterly, half-yearly and annual returns prescribed in the Directions were monitored and scrutinized.

Penalties - In order to regulate the HFCs in an efficient manner, penalties for non-compliances for (i) non-maintenance of liquid assets (ii) non-submission of information/returns (iii) non-compliance of NHB Directions, etc. were levied and the details are available on NHB's website.

4.4.6 Notifications, Circulars, and Caution Advices Issued

4.4.6.1 Notifications

During the year, the following amendments



to the Housing Finance Companies (NHB) Directions, 2010 were issued:

1. Amendment to Paragraph 27A, 28 and 30 (Notification No. NHB.HFC.DIR.18/MD&CEO/2017 dated August 02, 2017)

- Paragraph 27A was amended to specify that the Loan to Value (LTV) Ratio shall be computed as a percentage with total outstanding in the account (viz “principal + accrued interest + other charges pertaining to the loan” without any netting) in numerator and the realizable value of the residential property mortgaged to the HFC in the denominator. Further, it was stipulated that HFCs shall be guided by the circular issued by NHB on valuation of properties and empanelment of valuers from time to time.
- Amendment to paragraph 28 was affected whereby reduced provisioning requirement by HFCs for standard individual housing loan assets was prescribed. It was also stipulated that the above revised provisioning norms would be effective prospectively but the provisions held at present towards such loans should not be reversed. However, in future, if by applying the revised provisioning norms, any provisions are required over and above the level of provisions currently held for the standard category of such loans, these should be duly provided for. Sub-paragraph (2) of paragraph 28 was also

substituted to specify that the provisions on standard assets should not be reckoned for arriving at net NPAs.

- Paragraph 30 was amended rationalising the LTV and risk weights norms for individual housing loans of HFCs, in line with the norms made applicable by the RBI to Banks as a countercyclical measure.

The Half-Yearly Return in Schedule II to the Housing Finance Companies (NHB) Directions, 2010 was also amended to incorporate the above amendments.

2. Amendment to Paragraph 30 (Notification No. NHB.HFC.DIR.19/MD&CEO/2017 dated September 28, 2017)

- Paragraph 30 was amended to rationalize the risk-weights assigned by HFCs on their exposure to domestic sovereign debts and investment in fixed deposits/certificate of deposits/bonds of public finance institutions.

The Half-Yearly Return in Schedule II to the Housing Finance Companies (NHB) Directions, 2010 was also amended to incorporate the above amendments.

3. Amendment to Paragraph 6 and 12 (Notification No. NHB.HFC.DIR.20/MD&CEO/2017 dated December 08, 2017)

- Paragraph 6 was amended to the effect that HFCs are required to obtain maturity instructions and details of designated



bank account of the depositor(s) as part of the particulars to be specified in the application form soliciting deposits.

- Paragraph 12 was amended to allow HFCs to repay public deposits to individual depositors, within three months of acceptance of such deposit, if requested so by the depositor to meet certain emergent expenses as specified in the above notification.

4.4.6.2 Policy Circulars

1. NHB(ND)/DRS/Policy Circular No.80/2017-18 dated July 20, 2017 on Valuation of Approved Securities held by HFCs under Section 29B(1) of National Housing Bank Act, 1987 - With a view to putting in place a uniform practice for valuation of the approved securities towards compliance of the provisions of Section 29B(1) of the Act, the procedure for valuation of approved securities on a daily basis was specified.

2. NHB(ND)/DRS/Policy Circular No.81/2017-18 dated August 31, 2017 on Valuation of Properties - Empanelment of Valuers - In terms of the said Circular, HFCs are required to have a Board approved policy in place for valuation of properties including collaterals accepted for their exposures in accordance with the stipulations mentioned in the Circular.

3. NHB(ND)/DRS/Policy Circular No.82/2017-18 dated October 17, 2017 on Model Code of Conduct for Direct Selling

Agents(DSAs)/Direct Marketing Agents(DMAs) - Keeping in view the extensive use of DSAs/ DMAs for business generation by HFCs, a revised Model Code of Conduct for adoption the HFCs in respect of DSAs / DMAs operating as their Agents was issued by NHB. The Code is a set of guidelines designed to ensure that DSAs / DMAs of HFCs act and conduct in conformity with the laid down policies and procedures as set in the Code.

4. NHB(ND)/DRS/Policy Circular No.83/2017-18 dated December 05, 2017 on Submission of data related to suit-filed accounts and non-suit filed accounts of wilful defaulters of ₹25 lakh and above to Credit Information Companies - NHB had issued Guidelines on Wilful Defaulters, including the mechanism of reporting the information on wilful defaults by the HFCs to all Credit Information Companies (CICs) in December 2015. In terms of the said Circular, the HFCs were once again advised to ensure submission of the requisite information to all CICs on a monthly or more frequent basis, latest by 15th of the subsequent month.

5. NHB(ND)/DRS/Policy Circular No.84/2017-18 dated December 06, 2017 on Submission of Credit Information to Credit Information Companies - NHB had in July 2015 advised HFCs to become members of all CICs and furnish credit information collected/maintained by them regularly on a monthly basis or at such shorter intervals as may be mutually agreed upon between the



HFC and the CIC. In terms of the said Circular, HFCs were once again advised to ensure submission of the requisite information to all CICs on a monthly or more frequent basis.

6. NHB(ND)/DRS/Policy Circular No.85/2017-18 dated December 06, 2017 on Aadhaar based e-KYC through OTP / Biometric Authentication - In terms of the said Circular, HFCs may provide an option to the customers for e-KYC through Aadhaar based One Time Pin (OTP). Accounts opened in terms of this proviso i.e., using Aadhaar based OTP, are subject to conditions as specified in the Circular. Further, KYC verification, through Aadhaar based biometric authentication, by the Authorized Person was permitted to be accepted as a valid process for KYC verification subject to the satisfactions of the specified conditions.

7. NHB(ND)/DRS/Policy Circular No.86/2017-18 dated December 29, 2017 on Valuation of Properties - Empanelment of Valuers - Certain modifications were issued to the earlier Circular dated August 31, 2017 issued by NHB on the subject. HFCs were also advised to put in place the Board approved valuation policy in accordance with the provisions contained in the Circular, read along with the Circular dated August 31, 2017, by January 31, 2018.

8. NHB(ND)/DRS/Policy Circular No.87/2017-18 dated February 06, 2018 on Submission of Financial Information to Information Utilities - In terms of the

Circular, all HFCs were advised to adhere to the relevant provisions of the Insolvency and Bankruptcy Code (IBC), 2016 and IBBI (IUs) Regulations, 2017 and the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017 immediately and put in place appropriate systems and procedures to ensure compliance to the provisions of the Code and Regulations.

9. NHB(ND)/DRS/Policy Circular No.88/2017-18 dated April 16, 2018 on Implementation of Indian Accounting Standards (Ind AS) - In terms of the said Circular, HFCs were advised that the companies are required to follow the extant directions on Prudential Norms, including on asset classification, provisioning etc. issued by NHB. With regards to the implementation of Ind AS, HFCs were advised to be guided by the extant provisions of Ind AS, including the date of implementation.

10. NHB(ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018 on Implementation of Indian Accounting Standards (Ind AS) - HFCs were once again advised that the companies are required to comply with the provisions of Ind AS, including the date of implementation. However, for regulatory & supervisory purposes, including various kinds of reporting to NHB, HFCs shall continue to follow the extant provisions of the Act and Housing Finance Companies (NHB) Directions, 2010 including framework on Prudential Norms, and other related



Circulars etc., issued in this regard by NHB from time to time. HFCs are required to provide adequate disclosures/ statements for furnishing compliance in the aforesaid matter in the notes forming part of the financial statements of the HFC.

11. NHB(ND)/DRS/Policy Circular No.90/2017-18 dated June 15, 2018 on Information Technology Framework for HFCs - In terms of the said Circular, Guidelines on Information Technology Framework were issued by NHB, in two parts viz. those which are applicable to public deposit accepting HFCs and HFCs not accepting public deposit with asset size of ₹100 crore and above, as per the last audited balance sheet, and those for HFCs not accepting public deposits with asset size below ₹100 crore. HFCs falling in the first category are required to comply with the Guidelines by June 30, 2019 and the other HFCs by September 30, 2019.

4.4.6.3 Miscellaneous Circular

1. NHB (ND)/DRS/Misc. Circular No.18/2017-18 dated November 17, 2017 on Notification as “Financial Institution” under section 2(1)(iv)(m) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 - In terms of the said Circular, the criteria for recommendation and notification of HFCs under section 2(1)(m)(iv) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as “Financial Institution”,

based on certain benchmarks in terms of asset size, quality of supervisory compliance, loan size etc. were specified by NHB. The criteria required to be fulfilled/complied by the HFCs already notified as “Financial Institution” under the said Act was also specified. In the event of non-fulfillment/non-compliance of the said criteria by any HFC for two consecutive financial years, NHB may recommend to the Central Government for de-notification of such HFCs as “Financial Institution” under the said Act.

4.4.6.4 Other activities

Master Circulars - Master Circulars issued on July 2, 2018 consolidated the instructions issued to HFCs in the form of Directions, Notifications, and Circulars, etc. during 2017-18:

- Master Circular-Housing Finance Companies (NHB) Directions, 2010;
- Master Circular-Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement Basis (NHB) Directions, 2014;
- Master Circular - Fair Practices Code;
- Master Circular-Miscellaneous Instructions to all Housing Finance Companies;
- Master Circular-Housing Finance Companies - Auditor’s Report (National Housing Bank) Directions, 2016;



- Housing Finance Companies - Approval of Acquisition or Transfer of Control (National Housing Bank) Directions, 2016;
- Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016.

All Notifications, Circulars and Guidelines etc. issued are available on NHB's website.

4.4.6.5 Issuance of Caution Advices

An initiative was taken by NHB to issue Caution Advices to all the HFCs on the lines of similar information being shared by the RBI/ Indian Banks Association to member banks. HFCs are required to submit information on fraudulent transactions to NHB on a quarterly basis. Information received from HFCs is shared with all HFCs along with the modus operandi and causative factors involved. The measure is aimed at helping in instituting checks and balances among the various lending institutions, the larger objective being to prevent occurrence/ recurrence of frauds in the housing sector. In 2017-18, 4 caution advices were issued by NHB totalling 213 fraudulent transactions.

4.4.6.6 Coordination with Other Regulatory Bodies

NHB continued the process of coordination with other Regulatory Authorities through its participation in State Level Coordination

Committee meetings coordinated by RBI with participation from State Government through its Ministries/ Departments, State Police Officials including Economic Offences Wing, Registrar of Companies, Company Law Board, Securities and Exchange Board of India, Institute of Chartered Accountants of India, etc. NHB is also attending inter regulatory meetings convened by RBI/IRDA on issues w.r.t. HFCs and their group companies.

4.4.6.7 KYC and AML activities - Meeting of the HFCs with FIU-IND:

Interactive Meeting of the Designated Directors/Principal Officers of HFCs regarding compliance with Prevention of Money Laundering Act, 2002, and Guidelines on KYC and AML measures for HFCs - HFCs have certain obligations under the Prevention of Money Laundering Act, 2002 (PMLA) including reporting of large cash and suspicious transactions to FIU-IND as Cash Transaction Report (CTR) and Suspicious Transaction Report (STR). During 2017-18, NHB organized two Interface Meetings of Financial Intelligence Unit-India with the Designated Directors/Principal Officers of newly registered HFCs in order to sensitize them regarding the development in PMLA and to review their compliances.

4.5 Promotion and Development

4.5.1 The mandate of NHB is to operate as a principal agency that promotes housing finance institutions to improve and



strengthen their credit delivery network for housing finance. In this regard, NHB not only develops new products and promotes new institutions, but also continuously engages in capacity building of participating institutions in housing and housing finance sector. Further, NHB also acts as Nodal Agency in implementation of Central/State Governments Programmes/Schemes.

4.5.2 Equity Participation

NHB has extended its financial support in form of equity participation to the following HFCs / Institutions :

- Cent Bank Home Finance Limited (CBHFL) is a HFC registered with NHB. It is a subsidiary of Central Bank of India. NHB has 16 percent stake in CBHFL since 1991. The total investment made by NHB in the equity share capital of CBHFL as on June 30, 2018 was ₹5.10 crore.
- Mahindra Rural Housing Finance Limited (MRHFL) is a HFC registered with NHB. It is a subsidiary of Mahindra & Mahindra Financial Services Limited. NHB has 12.50 percent stake in MRHFL since 2008. The total investment made by NHB in the equity share capital of MRHFL as on June 30, 2018 was ₹33.22 crore.
- Sewa Grih Rin Limited (SGRL) is a HFC registered with NHB. The Key promoter of the Company is SEWA, which is an organization of poor, self-employed women workers. The total investment made by NHB in the equity share capital of SGRL as on June 30, 2018 was ₹2.11 crore.
- Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) is a company licensed under Section 25 of the Companies Act, 1956. The object of the CERSAI is to maintain and operate a Registration System for the purpose of registration of transactions of securitisation, asset reconstruction of financial assets and creation of security interest over property, as contemplated under Chapter IV of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). The total investment made by NHB in the equity share capital of CERSAI as on June 30, 2018 was ₹2.44 crore.
- Tamil Nadu Infrastructure Fund Management Corporation Limited (TNIFMC), is an Asset Management Company incorporated under the Companies Act, 2013 and has been promoted by Tamil Nadu Investment Development Board (TNIDB), which is a Statutory Board set up for development of infrastructure in Tamil Nadu and governed by TNIDB Act, 2012. The total investment made by NHB in the equity share capital of TNIFMC as on June 30, 2018 was ₹5.40 crore.
- India Mortgage Guarantee Corporation



Private Limited (IMGC) was set up by NHB, Genworth Financial Mauritius Holdings Limited (Genworth), Asian Development Bank (ADB) and International Finance Corporation (IFC). The total investment by NHB in the equity share capital of IMGC as on June 30, 2018 was ₹76 crore.

4.5.3 Participation in various Government Programmes

- **1% Interest Subvention Scheme** was in operation from October 1, 2009 to March 31, 2013 under the Ministry of Finance, Government of India. An interest subvention of 1% was provided on all individual housing loans of upto ₹10 lakh, provided the cost of the unit was upto ₹20 lakh. From the FY 2011-12, the Scheme was extended for housing loans upto ₹15 lakh, where the cost of house was upto ₹25 lakh. The Scheme was implemented through SCBs, Regional Rural Banks (RRBs) & HFCs. From 2012-13, NHB was designated as the common nodal agency for the implementation of the Scheme. NHB disbursed subsidy of ₹815.7 crore for about 18 lakh transactions based on the claims submitted by 95 PLIs (34 SCBs, 30 RRBs and 31 HFCs).
- **Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)** was effective from December 26, 2008 to September 30, 2013, under the Ministry of Housing and Urban Affairs (MoHUA), GoI. Under the Scheme, interest subsidy of 5 percent per

annum for whole duration of the loan (15-20 years) was provided on loans up to ₹1 lakh extended to EWS/LIG beneficiaries by the PLIs. The maximum loan amount was ₹1 lakh for a EWS individual and ₹1.60 lakh for a LIG individual. The interest subsidy was provided on Net Present Value (NPV) and upfront basis. The Scheme was implemented through Banks and HFCs. The Scheme envisaged the appointment of State Level Nodal Agencies (SLNAs) by various States to facilitate the identification and selection of eligible beneficiaries for effective implementation. NHB was designated as Central Nodal Agencies (CNAs) for implementation of the Scheme. Till June 30, 2018, subsidy claims of ₹12.48 crore have been disbursed to 12,318 beneficiaries through 19 PLIs.

- **Rajiv Rinn Yojana (RRY)** was effective from October 1, 2013 to April 16, 2015, under the MoHUA, GoI. The scheme was addressing the housing needs of EWS/LIG segments in urban areas with increase in limit of eligible housing loans from ₹1 lakh to ₹5 lakh. Under RRY, the amount of loan was revised up to ₹5 lakh for EWS and ₹8 lakh for LIG beneficiaries. However, the interest subsidy was made available for a maximum ₹5 lakh for both categories of beneficiaries. The eligible lending institutions under the Scheme were SCBs, HFCs and RRBs. NHB and HUDCO were the two nodal agencies under the Scheme. An Interest Subsidy of



5% (500 bps) was provided to the eligible borrowers availing housing loans from the financial institutions, on quarterly basis for the loan tenure of 15-20 years. Income of the borrowers was to be certified by State Level Nodal Agencies as per the Guidelines of MoHUA. Under RRY, 28 Memorandum of Understanding (MOUs) were signed by PLIs with NHB. Till June 30, 2018, subsidy claims of ₹12.18 lakh have been disbursed to 231 beneficiaries through 5 PLIs.

- With a view to promoting the use of solar energy in the domestic context, the Ministry of New and Renewable Energy (MNRE), GoI, has implemented the **Capital Subsidy Scheme for Installation of Solar Water Heating and Solar Lighting Systems in Homes** under its Jawaharlal Nehru National Solar Mission (JNNSM). The Scheme aims at popularizing the use of solar water heating and solar lighting systems in homes by offering suitable incentives in the form of capital subsidies for purchase and installation of the solar systems. NHB has been designated as a nodal agency for administering and monitoring the scheme. The Scheme has commenced from April 1, 2014 and loans disbursed on or after April 1, 2014 are eligible to be covered under the Scheme. The Scheme was valid till December 31, 2015, or such extended period as may be allowed by the MNRE. An amount of ₹52.35 crore has been received by NHB from MNRE. The Capital Subsidy Scheme for Solar Water

Heating Systems was discontinued by MNRE w.e.f. October 1, 2014. However the subsidy is continued for solar home lighting system on the same terms and conditions as were originally sanctioned by MNRE. In case of solar home lighting system, the amount of subsidy is limited to 40% of the benchmark cost for units up to 300 watts capacity and 30% of the benchmark costs for units above 300 watts to 1000 watts. The benchmark cost is prescribed by MNRE from time to time. The institutions eligible to participate in the Scheme include HFCs, SCBs, RRBs, UCBs, ACHFS and ARDBs. NHB has signed MoUs with seven institutions comprising of 1 PSB, 1 Private Sector Bank, 3 HFCs and 2 RRBs under the scheme. Till June 30, 2018, an amount of ₹30.64 crore (net of refunds) was disbursed by NHB to two Banks, two HFCs and two RRBs for 18,979 beneficiaries.

- The **Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH)** was set up by the MoHUA, GoI on May 1, 2012 to ensure better flow of institutional credit for housing in urban areas to cater to the needs of the targeted segments (EWS/LIG borrowers). The Trust is being managed by NHB. The CRGF Scheme provides guarantee for all housing loans up to ₹8 lakh sanctioned and disbursed by the lending institutions (effective from October 1, 2014), subject to guarantee cover limited upto ₹5 lakh only. Prior to this, all housing loans up to ₹5 lakh were eligible without any collateral security



and/or third party guarantee to the new borrowers in the EWS/LIG categories in urban areas for the purpose of home improvement, construction, acquisition and purchase of new or second hand dwelling units of size upto 430 ft² (40 m²). The Guarantee Cover available under the scheme is to the extent of 90% of the sanctioned housing loan amount up to ₹2 lakh and 85% of the sanctioned loan amount above ₹2 lakh. The major Banks and HFCs have already entered into agreements to implement this initiative of the GoI. As on June 30, 2018, 80 institutions have signed MoU with the Trust under the scheme, and the Trust has issued guarantee cover in respect of 1,978 loan accounts of 14 Member Lending Institutions (MLIs) involving a total loan amount of ₹56.30 crore for EWS/LIG households. These MLIs include 9 SCBs, 4 HFCs and 1 RRB.

- **Pradhan Mantri Awas Yojana (PMAY) under the Mission “Housing for All by 2022”**

Housing for All by 2022 has been implemented under two broad categories namely Pradhan Mantri Awas Yojana (Urban), Pradhan Mantri Awas Yojana (Gramin) under Housing for All by 2022.

Pradhan Mantri Awas Yojana (Urban) - Credit Linked Subsidy Scheme - Promotion of affordable housing for weaker section through credit linked subsidy is one of the four vertical under PMAY (U), which has been implemented

through PLIs viz. SCBs, HFCs, RRBS, Co-operative Banks, Small Finance Banks (as approved by the RBI) and Non-Banking Financial Company - Micro Finance Institutions (NBFC-MFIs) (registered with the RBI). NHB has been identified as a CNA by the GoI, MoHUA to implement the CLSS vertical of PMAY. The CLSS vertical is one of the important components of the Housing for All Mission and is a Central Sector Scheme. The CLSS now covers two categories, namely, CLSS for EWS/LIG and CLSS for MIG. Till June 30, 2018, NHB conducted 24 regional workshops to sensitize the PLIs regarding implementation of the scheme. The workshops were held in Guwahati (2), Chennai, Mumbai (2), Raipur, Bangalore (2), Bhopal, Hyderabad, Lucknow, Patna, Srinagar, Thiruvananthapuram, Ranchi, New Delhi (4), Ahmedabad, Kolkata, Kohima, Ernakulum and Itanagar. The details of CLSS for EWS/LIG and CLSS for MIG are given below.

CLSS for EWS/LIG - The scheme is effective from June 17, 2015 to March 31, 2022. Household belonging to EWS (with annual income upto ₹3 lakh) and LIG (with annual income more than ₹3 lakh and upto ₹6 lakh) seeking housing loans from Banks, HFCs and other such notified institutions would be eligible for an interest subsidy at the rate of 6.5% for a maximum tenure of 20 years or the actual tenure of the loan whichever is less (earlier, upto December 31, 2016,



maximum tenure was 15 years). As on June 30, 2018, 198 PLIs, comprising of 84 HFCs, 19 PSBs^[1], 17 Private Sector Banks, 39 RRBs, 22 Co-operative Banks, 8 Small Finance Banks and 9 NBFC-MFIs have signed MoU with NHB as CNA and NHB has received the advance subsidy of ₹3,425.00 crore from GoI, MoHUA, for implementation of the Scheme. Out of this fund and interest earned thereon, the NHB has made total disbursements (Subsidy Released+Processing Fees-Subsidy Refund) of ₹3,439.35 crore (loan disbursement amounting to ₹16,731.99 crore) to 134 PLIs benefitting 1,56,242 households.

CLSS for MIG

This scheme is effective from January 1, 2017 to March 31, 2019. The CLSS for MIG covers two annual income segments viz. above ₹6 lakh and upto ₹12 lakh under MIG-I for dwelling unit having carpet area upto 160 m² and above ₹12 lakh and upto ₹18 lakh under MIG-II for dwelling unit having carpet area upto 200 m². In the MIG-I, an interest subsidy of 4% has been provided for loan amount up to ₹9 lakh while in MIG-II, an interest subsidy of 3% has been provided for loan amount upto ₹12 lakh. As on June 30, 2018, 189 PLIs, comprising of 82 HFCs, 19 PSBs, 18 Private Sector Banks, 34 RRBs, 20 Co-operative Banks, 9 Small Finance Banks and 7 NBFC-MFI, have signed MoUs with NHB as CNA and NHB has received the advance subsidy

of ₹1,180.00 crore from GoI, MoHUA, for implementation of the Scheme. Out of this, the Bank has made total disbursement (Subsidy Released+ Processing Fees-Subsidy Refund) of ₹846.03 crore (loan disbursement amounting to ₹9,066.35 crore) to 98 PLIs benefitting 40,301 households.

Rural Housing Interest Subsidy Scheme

Pradhan Mantri Awas Yojana - Gramin (PMAY-G) for rural areas has been launched from April 1, 2016 with an objective to provide a pucca house with basic amenities to all houseless and households living in kutchha houses by 2022. However, to ensure that adequate resources are made available to such households which requires construction/modification of their dwelling units and have not been covered under PMAY-G, Ministry of Rural Development (MoRD), Government of India has launched the RHISS under Housing for All by 2022 to provide easy access to institutional loan to needy households for construction/modification of their dwelling units who are not covered under PMAY (Urban). The beneficiaries, eligible to receive central assistance under this scheme, will include any rural household which does not appear/figure on the permanent waitlist for PMAY-G and not availing benefit under PMAY (U). This scheme is effective from March 1, 2017 and beneficiaries would be eligible for an interest subsidy at the rate of 3.0% for loan amount up to ₹2 lakh for

^[1] State Bank of Bikaner & Jaipur (SBBJ), State Bank of Mysore (SBM), State Bank of Travancore (SBT), State Bank of Patiala (SBP) and State Bank of Hyderabad (SBH) and Bhartiya Mahila Bank (BMB) have merged with SBI w.e.f. April 1, 2017



maximum tenure of 20 years or the actual tenure of the loan whichever is lesser, with the NPV discount rate of 9.0%. RHISS will cover entire India, excluding the statutory towns and dwelling units covered under PMAY (U). It will be implemented through PLIs viz. SCBs, HFCs, RRBs, Co-operative Banks, Small Finance Banks and NBFC-MFIs. NHB has been identified as the CNA by the GoI, MoRD to implement the RHISS vertical of Housing for All Mission. Till June 30, 2018, NHB has executed MoUs with 83 PLIs for implementation of the scheme.

4.5.4 Research Studies

As part of its research initiatives, historically, NHB has undertaken many research studies in association with reputed research institutions for the development of housing and housing finance market on sound lines. These research studies have helped in developing new products and in applying renewed thrust on policies and directions, for the overall development of housing and housing finance sector.

The “Study on Property Insurance in New and Existing Housing” inter alia, covers the current property insurance market structure in India, the causes for low penetration of property insurance and suggest standardized underwriting approaches for risk pricing based on market experiences and best international practices. The study report was forwarded to Insurance Regulatory and Development Authority of India (IRDAI) for obtaining their suggestions/comments.

Other study on “Impact of changes in Stamp Duty and Registration Charge on residential property, and suggest a revenue neutral model for enabling affordable housing for all” is underway.

4.5.5 NHB-RESIDEX

Transformation of NHB-RESIDEX

NHB RESIDEX, India’s first official HPI, was launched in July, 2007, to track the movement in prices of residential properties in select cities on quarterly basis, taking 2007 as the base year.

With a view to reflect the current macroeconomic scenario, NHB RESIDEX has been revamped to include cluster of indices with updated base year, revised methodology and automated processes. The revamped NHB RESIDEX - HPI covers 50 cities under two housing price indices viz. HPI@Assessment Prices and HPI@Market Prices for Under Construction Properties. NHB RESIDEX also includes Composite HPI@Assessment Prices and Composite HPI@Market Prices for Under Construction Properties for 50 cities. HPIs details from the quarters Jan. - Mar. 2017 to Jan. - Mar. 2018 are available as **Appendix XIII** and **XIV**. The 50 cities coverage is spread across 21 states in India, including 18 State/UT capitals and 33 smart cities. The HPIs track the movement in prices of residential properties on a quarterly basis, taking FY 2012-13 as the base year. The housing prices are classified on the basis of carpet area size at city level for units under



three product category levels namely $\leq 60 \text{ m}^2$, $>60 \text{ \& \leq 110 m}^2$, and $>110 \text{ m}^2$. The indices are computed using Laspeyres Methodology, followed by calculation of a Four Quarter Weighted Moving Average with application of dynamic weights at product category level and static base year weights on the weighted moving average product category level prices, across all the quarters starting from the base year.

A NHB RESIDEX Technical Advisory Committee monitors progress of the project and guides in developing new systems/processes for the preparation and publication of the indices. It consists of representatives from GoI, RBI, NHB, PLIs and NAREDCO, and academics/experts.

4.5.6 Training and Capacity Building

Capacity building and sensitizing the personnel in the sector has been one of the endeavours of NHB since the beginning. A multi-pronged strategy has been adopted to address the needs of this sector with regards to training and development of personnel working in the sector. Besides conducting training programmes, seminars and symposiums providing design and faculty support as well as sponsoring programmes conducted by other institutes remains one of the strong pillars of NHB's promotional and development roles. These programmes are on subjects related to housing and other current topics relevant to the sector for the officials of various PLIs viz. HFCs, Banks, RRBs, SFB etc.

4.5.7 During the year, 2017-2018, NHB conducted 16 training programmes across India, with more than 770 participants from various PLIs. The programmes ranged from orientation programmes on housing finance to specialized programmes on Rural Housing Finance, Regulatory Framework, and Prevention of Fraudulent Practices in Housing finance, etc. Customized programs for various RRBs/UCBs were also conducted in Rajasthan, Gujarat, Andhra Pradesh, Chhattisgarh, Tripura and Haryana. NHB also collaborated with Wharton School of Pennsylvania and Habitat for Humanity by convening the First International Collaboration Training Programme at New Delhi.

4.5.8 Co-Hosting of 41st (Association of Development Financing Institutions in Asia and the Pacific) ADFIAP.

NHB co-hosted the 41st Annual Meeting of Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) during February 20-22, 2018 at New Delhi. The theme of the meeting was 'Sustainable and Inclusive Development - Role of DFIs' with a technical session on Affordable Housing. Around 110 CEOs and senior officials from different countries and institutions participated in the event, which provided a platform to exchange views and ideas through structured sessions built around the theme.

4.5.9 Corporate Communication

- The efforts of the communications of



NHB are towards creating awareness and also transparency in the sector. Besides, regular press releases and public notices, NHB has also endeavoured to partner with leading industry bodies and institutions by providing knowledge inputs and support as also participating and co-sponsoring select events relating to the housing finance sector. Some of the leading events co-sponsored during the year included 13th Edition of CII Conference on Real Estate organized by Confederation of Indian Industry (CII) in July, 2017 on 'CII Realty 2017, Real Estate 2020 - Footprint for The Future'. The Bank also sponsored 'My Liveable City - Affordable Housing, Liveable Cities Conference' in November, 2017.

- The focus of the communication objectives of NHB are intended towards making the general public at large aware of its initiatives and schemes. As such, advertisements have been released in regional/vernacular magazines/newspapers. The Bank has been featured in national and regional media, both electronic and print, from time to time for its activities and contributions in the housing finance sector.
- In view of increasing public awareness, the website of NHB is integrated with social media like Facebook, Twitter and LinkedIn. All important releases get tweeted and also uploaded on LinkedIn as soon as they are published on the website.

4.6 Risk Management

4.6.1 NHB's business operations bears the following risks -

- Credit risk - the risk arises when borrowers will fail to discharge their repayment obligations and thereby cause a financial loss.
- Liquidity risk - the risk arising from Bank's inability to meet net funding requirements. This may be because of market disruptions or downgrade of 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 the assets and liabilities, thus impairing our net interest income.
- Foreign Exchange Risk - borrowings of the Bank from overseas institutions attract foreign exchange risk.
- Operational and other risks - the risk of loss arising from inadequate or failed internal processes, people, systems and/or from external events, including legal risk.

4.6.2 To mitigate and monitor the above risks, NHB has its Risk Management System in place. For this purpose the Bank has constituted the following Committees :

- **Rating Committee** for awarding risk



rating of existing clients as well as new clients

- **Asset Liability Management Committee (ALCO)** for monitoring the management of liquidity risk and interest rate risk
- **Credit Risk Management Committee (CRMC)** for monitoring the credit risk
- **Operational Risk Management Committee (ORMC)** for monitoring the operational risk
- **Special Mention Accounts Committee (SMAC)** for monitoring of special mention accounts

4.6.3 NHB also has in place a Board appointed Risk Management Advisory Committee (RMAC) with two external members who are experts in banking and finance. During the year, the Committee met four times to review NHB's risk management policies and functions in relation to the three areas of risk i.e. Market Risk, Credit Risk and Operational Risk.

4.7 Information Technology

4.7.1 Information Technology (IT) is an enabling resource for responding quickly to the dynamics of the fast changing environment. In order to keep pace with the technological innovation curve in this dynamic landscape, NHB is continuously updating and improving its IT systems. Some of the key initiatives are:

- **Mobile App for CLSS**

NHB, as CNA for PMAY-CLSS has developed a mobile app along with web portal to capture basic information related to CLSS, like borrowers interested in CLSS, number of applications approved and no. of applications rejected. The mobile app along with web portal has gone live on July 10, 2017.

- **Network upgradation**

NHB upgraded its network infrastructure for better manageability, performance, controlled communication and robust security. This has not only ensured security and robustness in the Line Area Network environment but also helped to protect the network from outside threat viz., penetration of network, unauthorized access through Internet, Denial of Service attacks and BOT attacks etc. To achieve redundant wired and wireless connectivity for Bank's users, Bank has setup redundant Firewall & core switches, access layer & wireless points through Network up-gradation.

- **GRIDS**

As a part of Government of India's digital India initiative and in pursuance of Grievance Redressal Policy, NHB launched GRIDS as a grievance redressal monitoring tool for borrowers of HFCs on its 27th foundation day on July 9, 2015. GRIDS enabled efficiency, accuracy and transparency in the system of redressal of



grievances. The system proved to be a success in reducing the turnaround time in grievances redressal. The GRIDS portal has been updated and enhanced with additional features to address and resolve the PMAY-CLSS related complaints also.

4.7.2 IT Committee

To provide focused attention on IT security issues, NHB has formulated an Information Technology Policy (ITP). NHB has also prescribed the formulation and adoption of a detailed and comprehensive Information Security Policy (ISP) which is implemented and maintained through a specific structure which is called Information Security Organization (ISO). The first component of the ISO is the Information Security Committee (ISC) which is an integral part of Information Technology Committee (ITC). The ITC is headed by the MD & CEO of NHB. Besides the officers from NHB, the ITC also has nominated external IT Security experts, senior IT security functionaries in other organizations into the committee. The role of ITC broadly includes the following :

- Review and approve functional Information Security Policy (ISP) and define responsibilities of various functionaries;
- Monitor significant changes in the exposure of information assets to various threats;
- Identify, classify and periodically review the criticality and confidentiality

requirements of all types of information resources;

- Ensure that information security issues are appropriately addressed in the Business Plan;
- Monitor and review the security incidents;
- Approve major initiatives to enhance the information security.

4.8 Human Resources

4.8.1 NHB aims at recruitment and retention of skilled, well balanced and motivated employees and is committed to continuous development of its employees through on-the-job training and participation in in-house as well as external training courses and conferences and seminars.

Recruitments and Promotions

- In 2017-18, one officer in Top Executive Grade, two officers in Senior Management Grade and one officer in Junior Management Grade joined the NHB's service.
- Promotion exercises were undertaken for eligible officers in various scales, as per the schedule.

4.8.2 To upgrade skills and enhance their proficiency, NHB deputed its officers for various external training and management development programmes offered by reputed institutions and also in in-house training programmes.



- 39 officers were nominated to programmes at various institutes such as National Institute of Bank Management, RBI Staff College, Chennai, Centre for Advanced Financial Research and Learning (CAFRAL), Institute of Public Enterprise, SCOPE, Administrative Staff College of India, Indian Institute of Banking & Finance (IIBF), The Institute for Development & Research in Banking Technology (IDRBT), CBI Academy, and National Productivity Council. Out of these 39 officers, 5 officers attended multiple training programmes. CVO was also nominated to attend a training programme organized by CBI Academy, Ghaziabad.
- 27 officers attended conferences, summits, workshops and meetings. Out of these 27 officers, 5 officers attended multiple programmes.
- 6 officers were deputed to International programmes in various countries.
- 30 officers attended in-house training programmes.

4.8.3 NHB's guidelines/policies with respect to Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs) are in consonance with the guidelines issued by the Government of India, wherever applicable NHB uploads the final Reservation Rosters on its website as per Government directions. The representation of SCs, STs, and OBCs as on June 30, 2018 is given in **Appendix XV**.

4.8.4 NHB has constituted a Reservation Cell consisting of Chief Liaison Officer and Liaison Officers for SC/ST and OBC Categories. The Liaison Officers of NHB:

- Ensure compliance of orders and instructions pertaining to the reservation of vacancies in favor of SC/ST/OBC and other benefits admissible to them;
- Submit SC/ST/OBC Report - I and Report - II;
- Extend necessary assistance if required to the National Commission for SC and the National Commission for ST in the investigation of complaints received by the Commission;
- Review the reservation registers / rosters in the Bank with a view to ensuring proper implementation of the reservation orders.

4.8.5 Sexual Harassment Committee has been constituted for considering complaint relating to sexual harassment of women at the workplace, as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaint was received during the year 2017-18. Further, NHB organised two workshops to educate and sensitize the staff on conduct that constitute sexual harassment under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

4.9 Rajbhasha

NHB is committed to successful and effective



implementation of Official Language Policy of the Government of India and has taken relevant and effective measures for progressive use of Hindi language. NHB complies with the provisions relating to issuing replies in Hindi for the Hindi/bilingual letters received, issuance of bi-lingual documents under Section 3(3) of Official Language Act, publishing reports and NHB's publications in bi-lingual form etc. Workshops are also organized regularly in NHB to enhance the usage of Hindi. 'Aaj ka Shabd' (Today's word) is regularly uploaded on intranet portal. During the year, the following activities/initiatives were undertaken to strengthen the Official Language implementation:

- Four meetings of official language implementation committee were organized at Head Office.
- Inspection of RO/RROs and departments at Head Office as mandated under annual programme issued by GoI, Ministry of Home Affairs was undertaken.
- Hindi competitions/workshops were organized.
- Hindi Chetna Maas was celebrated from August 16, 2017 to September 15, 2017. Eight competitions were organized, and 29 Officers were awarded prizes under various Hindi Competitions/Schemes. A Hindi Documentary was also shown during the Chetna Maas.
- Hindi competition was organized for all members' banks/FIs under the aegis of

Delhi Bank TOLIC.

- On the occasion of World Habitat Day, special issue of Aawas Bharati was released by Shri Hardeep Singh Puri, Hon'ble Minister of State (I/C) for Housing and Urban Affairs, Government of India.
- Aawas Bharati received the first prize for in-house magazine from TOLIC for the year 2016-17 and also third prize from RBI for the year 2016-17.

4.10 Knowledge Centre

Knowledge Centre at Head Office has undergone many changes, including the transformation from manual to automated system. All functions of Knowledge Centre are managed through library automation software LIBSYS, thus making it a fully automated library. LIBSYS, which is an integral part of Knowledge Centre has made available the information to more users at affordable cost and it also saves valuable space. The Knowledge Centre has a large number of e-books in various formats like PDF, EPUB etc. on CD-ROMs, and Kindle e-book readers. Knowledge Centre has also availed the membership of leading libraries such as the British Council Library. An e-newsletter for the officers is also being published to keep them abreast of the developments in the Knowledge Centre. Knowledge Centre has a unique collection of more than 7000 Books/Bound Journals/Reports and more than 30 Reputed International and National Journals/Magazines on subjects like Housing and



Housing Finance, Banking, Economics, General Management, Law, Leadership, Quantitative Methods, Rural Developments, Microfinance, IT etc. in English and Hindi Language. Along with the above books, Knowledge Centre also has a collection of various reports and publication of various reputed institutions such as RBI, International Monetary Fund, World Bank, IUHF.

Since 2016-17, Knowledge Centre has initiated the process of book review and during the year book reviews received from the Officers were uploaded on the intranet. During the year, subject-wise revamping of Knowledge Centre has been accomplished for the benefit of the Officers.

4.11 Corporate Social Responsibility

NHB believes in making sustainable social change, especially in the lives of people at the bottom of the pyramid. In February, 2017, the Board of Directors has approved a policy for Corporate Social Responsibility (CSR), as voluntary act. In 2017-18, for the first time, Rs.2 crore was allocated towards CSR activities in the Bank's budget. From the allocated amount, contribution of Rs.1 crore each were made to Swachh Bharat Kosh and National Skill Development Fund preferably for the training and skill development of construction workers.

4.12 Regional Office and Regional Representative Offices

Regional Office (RO) at Mumbai and the Regional Representative Offices (RROs) at various places play an important role in the achievement of the NHB's Vision, Mission

and Objectives. The RO and RROs are closely involved in liaisoning and coordination at the local level within their geography. They provide vital support to the financing, resource raising, capacity building and other functions to the Head Office.

4.13 Audit

M/s. S.N. Nanda & Co. is the Statutory Auditor of NHB appointed by the RBI.

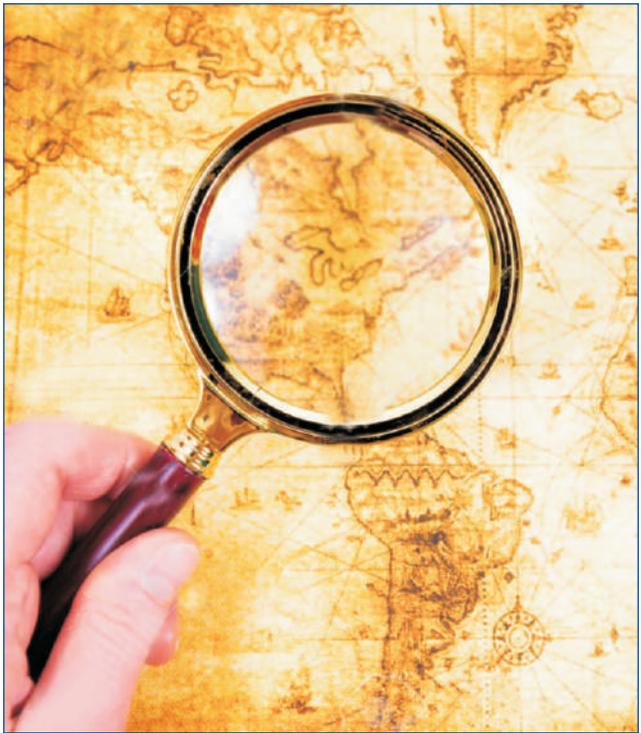
M/s. Anjali Jain & Associates is the concurrent auditor of NHB and carry out concurrent audit for Accounts and Treasury on monthly basis.

To strengthen and streamline the audit activities, an Audit Framework is being prepared with help from M/s. KPMG. The Audit framework includes Audit Policy, Gap Report and Audit Charter.

Box 4.1 - Appearances before Parliamentary Committees

During the year, NHB appeared before the following Parliamentary Committees :

- Drafting and Evidence Sub-Committee of Parliament Committee on Official Language at Hyderabad on September 01, 2017
- Joint Committee on Financial Resolution and Deposit Insurance Bill, 2017 at New Delhi on November 14, 2017
- Study Visit of the Standing Committee on Urban Development to Udaipur, Mumbai and Goa from December 5, 2017 to December 8, 2017.





**ANNUAL
ACCOUNTS
2017-18
(July 01, 2017 to
June 30, 2018)**



S. N. NANDA & CO.
CHARTERED ACCOUNTANTS

E-mail : snnco@snnco.net
: info@snnco.net

C 43, PAMPOSH ENCLAVE
GREATER KAILASH - I NEW DELHI - 110 048

PH: 91-11-26227853, 41731475
FAX: 91-11-26227853

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 June 30, 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 June 30, 2018.
 - ii) In the case of the Profit and Loss Account, of the profit for the year ended June 30, 2018.

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

Place: New Delhi
Date: August 28, 2018

S.N. Nanda
Partner
M. No. 005909



National Housing Bank

Balance Sheet

Previous Year ₹ in Crore	Liabilities	Schedules	Current Year ₹ in Crore
1,450.00	1. Capital	I	1,450.00
4,776.52	2. Reserves	II	6,367.74
1,213.19	3. Profit And Loss Account	III	376.10
6,709.95	4. Bonds And Debentures	IV	7,858.53
36,008.89	5. Deposits	V	36,190.01
5,715.57	6. Borrowings	VI	8,637.06
273.34	7. Deferred Tax Liability (net)		340.60
2069.32	8. Current Liabilities and Provisions	VII	2017.18
35.46	9. Other Liabilities	VIII	35.46
2.03	10. HLA Deposit with Banks and HFCs- as per contra		0.06
58,254.27	TOTAL		63,272.74

Amit Sinha
Assistant General Manager

Rakesh Awasthi
Chief Financial Officer

Dr. Ashwani Kumar Tripathi
Executive Director

Dakshita Das
Managing Director & Chief Executive Officer

Pankaj Jain
Director

New Delhi, August 28, 2018



as at June 30, 2018

Previous Year ₹ in Crore	Assets	Schedules	Current Year ₹ in Crore
1,704.19	1. Cash and Bank balances	IX	1,208.12
1,528.31	2. Investments	X	3,644.81
54,384.89	3. Loans and advances	XI	57,683.62
30.09	4. Fixed Assets	XII	37.21
604.76	5. Other Assets	XIII	698.92
2.03	6. HLA Deposit with Banks and HFCs- as per contra		0.06
58,254.27	TOTAL		63,272.74
48.48	Contingent Liability	XIV	96.81

Schedules I to XV form an integral part of accounts

As per our attached Report of even date

FOR S.N.NANDA & CO.
Chartered Accountant
Firm No. 000685N

(S.N.NANDA)
Partner
Membership No. 005909



National Housing Bank

Profit & Loss Account

Previous Year ₹ in Crore	Expenditure	Current Year ₹ in Crore
2,887.55	1. Interest	3,031.62
20.50	2. Staff Salary, Allowances etc. and Terminal Benefits	19.69
0.01	3. Director's & Committee Members Fees & Expenses	0.07
0.12	4. Audit Fees	0.12
2.15	5. Rent, Taxes, Electricity & Insurance	2.32
0.57	6. Postage, Telegram, Telex & Telephone	0.60
0.51	7. Law Charges	1.31
	8. Stationary, Printing & Advertisement, etc	
0.30	(i) Stationery and Printing	0.33
1.03	(ii) Advertisement	0.84
6.68	9. Depreciation on Fixed Assets	7.06
6.15	10. Brokerage, Guarantee Fee and Other Expenditure on Borrowings	7.26
2.27	11. Stamp Duty on Borrowings	3.07
1.96	12. Travelling Expenses	2.85
0.00	13. Corporate Social Responsibility Expenditure	2.00
@	14. Prior Period Expenses	0.87
22.97	15. Other Expenditure	23.44
6.34	16. Depreciation/ Amortisation on Investment	7.32
3.37	17. Exchange Loss/(Gain)	21.19
(1.45)	18. Loss on sale of Investments	4.39
(0.06)	19. Loss on Sale of Fixed Assets	0.07
34.65	20. Interest paid on SWAP deals	44.63
0.02	21. Provision for Non Performing Assets/ Restructured Account	0.00
29.84	22. Provision for Standard Assets	26.94
58.28	23. Provision for Bad & Doubtful Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	54.44
129.25	24. Deferred Tax	67.26
458.27	25. Income Tax	349.31
847.53	26. Profit carried to Balance Sheet	751.11
4,518.81	TOTAL	4,430.11

@ amount less than ₹0.50 lacs.

Amit Sinha
Assistant General Manager

Rakesh Awasthi
Chief Financial Officer

Dr. Ashwani Kumar Tripathi
Executive Director

Dakshita Das
Managing Director & Chief Executive Officer

Pankaj Jain
Director

New Delhi, August 28, 2018


for the year ended June 30, 2018

Previous Year ₹ in Crore	Income	Current Year ₹ in Crore
	1. Interest and Discount	
3,969.07	(i) Loans & Advances	4,131.75
126.57	(ii) Bank Deposits	11.30
196.78	2. Income from Investments	4,143.05
23.37	3. Profit on Purchase and Sale of Mutual Fund	197.85
17.11	4. Other Income	25.22
189.83	5. Provisions no longer required written back	4.75
(4.01)	6. Amortisation of Premium on Forward Exchange Contracts	46.46
0.07	7. Amortisation of premium on bonds	4.66
0.02	8. Prior Period Income	0.05
4,518.81	TOTAL	4,430.11

Schedules I to XV form an integral part of accounts

As per our attached Report of even date

FOR S.N.NANDA & CO.
Chartered Accountant
Firm No. 000685N

(S.N.NANDA)
Partner
Membership No. 005909



Schedules to the Balance Sheet as at June 30, 2018

SCHEDULE - I CAPITAL

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
1,450.00	1. Authorised	1,450.00
1,450.00	2. Issued and Paid-up Capital (wholly subscribed by Reserve Bank of India)*	1,450.00
1,450.00		1,450.00

*Please refer to Para No. 41 of Notes to Accounts.



Schedules to the Balance Sheet as at June 30, 2018

SCHEDULE - II RESERVES

Description	Balance as on 01.07.2017	Additions	Deductions	Balance as on 30.06.2018
1. Reserve Fund	3,498.65	1,397.38	0.00	4,896.03
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	410.35	12.33	0.00	422.68
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	793.52	178.49	0.00	972.01
4. Investment Fluctuation Reserve	20.08	0.00	0.00	20.08
5. Staff Benevolent Fund (SBF)	53.92	3.53 [#]	0.51	56.94
Total	4,776.52	1,591.73	0.51	6,367.74

[#]Including interest earned on bank deposits of ₹3.53 crore.



SCHEDULE - III

National Housing Bank

Schedules to the Balance Sheet as at June 30, 2018

Previous Year ₹ in Crore	Schedules	Current Year ₹ in Crore
	PROFIT & LOSS ACCOUNT	
0.00	Balance of Profit brought forward	1,213.19
847.53	Balance as per Profit and Loss Account	751.11
586.94	Add: (a) Transfer from Reserve Fund	<u>0.00</u> 0.00
	Less: Appropriations:	
191.50	(a) Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	178.49
8.23	(b) Transfer to Staff Benevolent Fund	0.00
0.00	(c) Transfer to Reserve Fund	1,397.38
21.55	(d) Profit of Special Fund (Slum Improvement and Low Cost Housing Fund) transferred to Special Fund A/c	12.33 1,588.20
1,213.19		376.10

**SCHEDULE - IV****BONDS AND DEBENTURES
CAPITAL**

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
957.01	1. Zero Coupon Bonds	1,016.63
875.00	2. NHB Bonds	2,000.00
	3. Priority Sector Bonds:	
4,640.64	(a) Tax-free Bonds	4,640.60
237.30	(b) Special Series Bonds	201.30
6,709.95		7,858.53



SCHEDULE - V

DEPOSITS

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
27,514.72	1. Deposit from banks under Rural Housing Fund	25,500.00
8,255.12	2. Deposit from banks under Urban Housing Fund	10,500.00
239.05	3. Other Deposits from Public	190.01
36,008.89		36,190.01



SCHEDULE - VI BORROWINGS

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
	1. From Reserve Bank of India:	
5.25	Line of Credit	2.61
	2. From Other Sources:	
	(a) In India	
221.00	(i) Borrowings against Term Deposits	400.00
3,100.00	(ii) Borrowings through Term Loan	4,400.00
1,277.19	(b) Outside India	1,365.77
1,112.13	3. CBLO Borrowings	2,868.68
5,715.57		8,637.06



SCHEDULE - VII

CURRENT LIABILITIES AND PROVISIONS

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
	1. Interest Payable	
1.47	(a) Unclaimed Interest	1.48
213.10	(b) Interest Payable on other Bonds & Debenture	237.66
470.08	(c) Interest payable on deposits	509.72
0.19	(d) Interest Payable on CBLO Borrowings	0.98
28.10	(e) Interest payable on other Borrowings	22.73
5.70	(f) Interest Payable on SWAP deals	11.51
	2. Provision for Retirement Benefits:	
1.31	(a) Medical Expenses for Retired Officers	1.08
4.71	(b) Leave Encashment	5.28
6.74	(c) Gratuity	6.81
1.73	(d) Leave Travel Concession	1.81
6.08	(e) Sick Leave	6.01
4.43	(f) Pension	4.22
	3. Other Provisions:	
217.55	(a) Contingent Provision against Standard Assets	231.15
388.95	(b) Provision for Bad and Doubtful Debts u/s 36(1)(viiia)(c) of Income Tax Act, 1961	443.39
0.09	(c) Provision for Diminution in the Value of Restructured A/c	0.02
10.00	(d) Provision for Contingencies	10.00
0.22	(e) Provision for HLA deposits	0.22
0.02	(f) Other Provisions	0.20
27.68	(g) Statutory Liabilities & Others	32.07
0.68	4. Redemption Payable Account	0.71
3.63	5. Capital gain bonds overdue account	3.27
2.89	6. Sunidhi/Suvridhi Overdue	4.33
1.76	7. UN-HABITAT Revolving Fund for Water & Sanitation Projects	1.76
32.96	8. Amount received under 1% Interest Subvention Scheme	15.34
1.20	9. Amount received under Interest Subsidy Scheme for Housing the Urban Poor	1.22
26.23	10. Amount received Under MNRE Subsidy Scheme	27.83
30.81	11. Amount received under Rajiv Rinn Yojana	32.64
538.35	12. Amount received under Credit Linked Subsidy Scheme (CLSS)	351.15
42.66	13. Other Liabilities:	44.06
0.00	14. IOT	8.53
2,069.32		2,017.18



SCHEDULE - VIII

BORROWINGS

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
0.17	1. Unsettled Transactions of 1991-92	0.17
35.29	2. Interest Payable on Unsettled transactions	35.29
35.46		35.46



SCHEDULE - IX

CASH AND BANK BALANCES

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
@	1. Cash / Cheques in Hand	@
0.02	2. Current Account with Reserve Bank of India	0.04
	3. Balance with Other Banks	
	(a) In India	
635.52	(i) Current Accounts	460.36
700.04	(ii) Term Deposits with Banks	400.00
42.26	(iii) Term Deposits with Banks (Staff Benevolent Fund)	53.96
	(b) Outside India	
326.35	Term Deposits With Banks	293.76
1,704.19		1,208.12

@ amount less than ₹0.50 lacs.



SCHEDULE - X
INVESTMENTS

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore	
	1. Securities of Central and State Government at cost or market value whichever is less		
559.77	(a) Govt Security(Pledged with CCIL for CBLO Operations)	100.05	
2.40	Less: Depreciation	6.98	93.07
846.67	(b) Treasury Bills (Pledged with CCIL for CBLO operations)		2,785.27
40.43	2. Stock, Shares, Bonds, Debentures and Securities of Housing Finance Institutions		40.43
	3. Stock, Shares, Bonds, Debentures and Securities of other Institutions:		
0.53	(a) Shares of Building Material Company	0.53	
0.53	Less: Depreciation	0.53	0.00
83.84	(b) Share of other Institutions	726.04	726.04
1,528.31			3,644.81



SCHEDULE - XI

LOANS AND ADVANCES

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
	I Refinance	
	1. Housing Finance Institutions:	
39,540.67	(a) Housing Finance Companies	37,194.66
2.02	(b) Co-Operative Housing Finance Societies	0.26
		37,194.92
	2. Scheduled Banks:	
13,431.92	(a) Commercial Banks	19,369.20
1,057.59	(b) Regional Rural Banks	846.74
156.92	(c) Urban Co-Operative Banks	164.70
		20,380.64
	II Direct Lending	
229.67	3. Housing Boards, Development Authorities etc.	112.67
54,418.79	Gross Loans and Advances	57,688.23
33.90	Less: Provisions for Non Performing Assets	4.61
54,384.89	Net Loans and Advances	57,683.62



Schedules to the Balance Sheet as at June 30, 2018

SCHEDULE - XII

FIXED ASSETS

Description	COST BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.07.2017	Additions	Deletions	Adjustments	As at 30.06.2018	Additions	Deletions	Adjustments	As at 30.06.2018	As at 30.06.2017	
	(Amount ₹ in Crore)										
LAND - LEASEHOLD	6.32	-	-	7.63	13.95	0.10	-	(1.10)	0.34	13.61	4.98
LAND - FREEHOLD	-	-	-	3.94	3.94	-	-	-	-	3.94	-
PREMISES	30.94	-	-	(11.57)	19.37	0.83	-	(5.74)	8.21	11.16	17.81
MOTOR VEHICLE	1.91	-	0.00*	-	1.91	0.34	-	-	1.20	0.71	1.05
FURNITURE AND FIXTURE	2.63	0.15	0.19	-	2.59	0.20	0.13	-	1.64	0.95	1.07
OFFICE EQUIPMENTS	2.62	0.19	0.20	-	2.61	0.16	0.20	-	2.32	0.29	0.26
COMPUTER AND MICROPROCESSOR	16.78	5.55	0.11	-	22.22	4.24	0.09	(0.82)	16.89	5.33	3.23
COMPUTER SOFTWARE	7.76	1.51	-	-	9.27	1.18	-	0.82	8.10	1.17	1.66
RESIDENCE FURNISHING SCHEME	0.15	0.04	0.05	-	0.14	0.01	0.03	-	0.09	0.05	0.03
Total	69.11	7.44	0.55	0.00	76.00	7.06	0.45	(6.84)	38.79	37.21	30.09
Previous year	62.14	7.74	0.77	-	69.11	6.82	0.86	-	39.03	30.09	29.07

*Amount less than ₹ 0.50 Lacs

Description	COST BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.07.2017	Additions	Deletions	Adjustments	As at 30.06.2018	Additions	Deletions	Adjustments	As at 30.06.2018	As at 30.06.2017	
	(Amount ₹ in Crore)										
COMPUTER SOFTWARE	7.76	1.51	-	-	9.27	1.18	-	0.82	8.10	2.82	1.66

*Details of Intangible Assets



SCHEDULE - XIII

OTHER ASSETS

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
	1. Interest Receivable:	
52.89	(a) Banks Deposits	3.98
42.84	(b) Investment	122.54
		<u>126.52</u>
	2. Advances, Receivables, Advance Tax & Prepaid Expenses:	
10.56	(a) Staff Loans and Advance	14.66
157.54	(b) Advance Tax, FBT, TDS etc	178.25
	(c) Miscellaneous Recoverable	
0.46	Considered Doubtful	0.46
0.46	Less : Provisions	<u>0.46</u>
		0.00
4.26	(d) Prepaid Expenses	3.83
24.13	(e) Deposit with CCIL including Interest Receivable	43.14
51.35	(f) Amount recoverable from GOI against exchange loss on USAID Borrowing	54.63
150.22	(g) Others	<u>67.80</u>
		362.31
149.37	3. Unsettled Transaction of 1991-92	176.62
(38.40)	4. Provision for (Loss)/Gain on Foreign Exchange Contracts	33.47
604.76		698.92

SCHEDULE - XIV

CONTINGENT LIABILITIES

Previous Year ₹ in Crore	Description	Current Year ₹ in Crore
48.12	1. Liability on account of Forward Exchange Contract	96.36
0.36	2. Performance Linked Incentives to ED's	0.45
48.48		96.81



SCHEDULE - XV

Notes forming parts of the accounts for the year ended June 30, 2018

(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 and 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-versa.
 - 3.1.4. Interest on non-performing assets.
 - 3.1.5. Penalty imposed by NHB for non-compliance with the regulatory requirements or the guidelines issued by NHB from time to time.



3.1.6 Amount received from Housing Finance Companies/ Banks on account of credit inspection charges.

3.1.7. Other miscellaneous receipts, such as receipts from sale of scrap/ old newspapers, 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. Prior period 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.

3.6 Training fees received from HFCs /Banks is also recognized on accrual receipt basis.

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
- (vi) Others.



4.2 Basis of classification:

- 4.2.1. Investments that the Bank intends to hold till maturity are classified as HTM.
- 4.2.2. Investments that are held principally for resale within 90 days from the date of purchase are classified as HFT.
- 4.2.3. Investments, which are not classified in the above two categories, are classified as AFS.
- 4.2.4. An investment is classified as HTM, AFS or HFT 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 HTM, AFS and HFT 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. HTM category:

Investments under HTM 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. AFS and HFT 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 in case of AFS. 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. 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.
- 6.2. 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) Land

i) Land Freehold	Nil
ii) Land – Leasehold	
1. Period of Leasehold - Perpetual	Nil
2. Other than above	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 ₹10,000/- and below are to be fully depreciated in the year of addition (Excluding assets purchased under RFS).
- 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. The employees, who have joined the services of the Bank on or after April 1, 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. January 1, 2004 and as modified from time to time.
- 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.

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.

10. Foreign Currency Transactions

- 10.1. All assets and liabilities in foreign currency 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 " Exchange Gain/ (Loss)".
- 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 Exchanges Gain/(Loss).
- 10.5. In accordance with AS 11 'The Effects of changes in Foreign Exchange Rates', contingent liabilities in respect of outstanding foreign exchange forward contracts, derivatives, guarantees, endorsements, Principle Only Swaps (POS) and other obligations are stated at the exchange rates notified by FEDAI corresponding to the balance sheet date.

11. Impairment of Assets

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 disclosed by way of schedules to Balance Sheet.

13. NPA/Overdue Accounting

The appropriation of amount recovered from NPA Account is carried out account wise and installment wise in FIFO basis. The order of appropriation within an account/ installment is first Additional Interest is settled followed by Interest and then Principal amount. Further parallel ledger is maintained for accrual of interest in overdue account without booking the same in the Profit and Loss Account.

14. Residential Furnishing Scheme

No asset will be created under revised Residential Furnishing Scheme and the amount sanctioned will be treated as monetary perquisite to the employees. The Bank will pay tax on the same and the tax so paid will be treated as an allowance to the officer and included in his taxable income for the relevant year.



SCHEDULE - XV

Notes forming parts of the accounts for the year ended June 30, 2018

(B) NOTES

15. Fixed Assets

- 15.1 Registration formalities are in progress in respect of office space 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 crore.
- 15.2 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, Government of India (GOI), IHC and institution concerned (i.e. NHB). As such, on the basis of payments made to IHC, a sum of ₹14.85 crore had been capitalized by the Bank in Premises (₹14.44 crore) and Leasehold Land (₹0.41 crore).
- 15.3 Till previous year, in the absence of bifurcation of cost of land and premises, the Bank has charged depreciation on premises.
- 15.4 During the year, based on the registered valuer's certificate, an amount of ₹ 29.66 crore earlier shown under the head Premises was bifurcated into Leasehold Land (₹7.63 crore), Land - Freehold (₹3.93 crore) and Premises (₹18.09 crore). Accordingly, accumulated amortization on leasehold land is transferred from Premises to Leasehold Land as per the Bank's policy. Further, an amount of ₹6.84 crore towards depreciation charged earlier years has been reversed and the same has been shown in the Profit and Loss Account as prior period income.
- 15.5 Fully depreciated assets still in use are held in the books at ₹ 1/-.

16. External Borrowings

- 16.1 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 for a tenure of 30 years. The loan is repayable in forty equal half yearly installments commencing from October, 2001. The outstanding balance of ₹25.98 crore (after revaluation) as on June 30, 2018 is included under the head "borrowings from other sources-outside India". Government of India (GOI) has guaranteed the loan.

As per letter received from Government of India in 1990, they would bear, exchange loss, if any on the repayments, as also the charges incurred like placement fee, guarantee fee etc. Further, GOI agreed to rupee-tie this loan at a notional interest rate. In



case payment obligations to foreign lenders exceed the payment obligation of the Bank to GOI due to exchange rate fluctuations, the difference will be borne by the GOI.

The exchange loss on account of revaluation amounting ₹18.26 crore (principal) and ₹0.30 crore (interest) is shown as amount recoverable from GOI under the head 'Other Assets'. The total amount recoverable from GOI towards above as on June 30, 2018, is ₹54.63 crore as the same is recoverable on the completion of loan repayment.

- 16.2 The Bank had borrowed USD 120 million (equivalent to ₹564 crore outstanding of which, ₹241.57 crore as on June 30, 2018) 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 the Bank for ₹564 crore (₹201.30 crore is outstanding as on June 30, 2018). These Special Series Bonds are repayable in half yearly installments till 2022 and 2025, respectively.

- 16.3 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 crore) and as on June 30, 2018, the outstanding borrowing stood at Euro 31.00 million equivalent to ₹247.32 crore (after revaluation). The principal and interest is hedged against foreign exchange risk.

- 16.4 Under the umbrella of India-UK bilateral development cooperation partnership agreed between the two countries in July 2011, the Bank has entered into a collaboration with Department for International Development, Government, 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. The Bank has drawn the entire loan amount of £40 million (equivalent ₹380.87 crore). The outstanding borrowing as on June 30, 2018 stood at £27.29 million equivalent to ₹245.68 crore (after revaluation). The principal and interest is hedged against exchange risk.

16.5 The Bank 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 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 the Bank. The amount on-lent to the Bank will be fully repaid by the Bank and also has committed to meet the entire liability, including that due to exchange rate variations, on the due dates, if any.

The Bank has submitted its claim to World Bank through GoI under the programme and accordingly World Bank has released eligible claims to the extent of ₹579.61 crore (equivalent to SDR 63.22 million/USD 89.05 million) to Government of India. Out of which, the Bank has received ₹515.88 crore as on June 30, 2018 and the balance amount of ₹63.73 crore have been shown in the books of the Bank as receivable from Government of India. As on June 30, 2018 the loan outstanding is ₹605.23 crore (after revaluation) (equivalent to SDR 63.22 million/USD 89.05 million). Out of total USD 89.05 million, the Bank has hedged USD 87.26 million.

17. Revaluation of Foreign Deposits and Borrowings/Forward Exchange Contracts/PoS

17.1 NHB borrowed USD 20 million from Asian Development Bank (ADB) in 2002 including a front end fee of USD 0.4 million and the total liability amounted to USD 20.4 million. The forex loan amount thus raised was placed as deposit of USD 20 million with EXIM Bank. However, an amount of USD 13 million was repaid to ADB in 2004. NHB explored the possibility of unwinding part of the swap arrangement with EXIM Bank. However, the corresponding deposit could not be cancelled with EXIM Bank due to high cost of premature cancellation. This resulted in excess dollar inflows from dollar deposit over dollar outflows post meeting loan obligations. 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 ended June 30, 2018, forward exchange contract amounting USD 1.13 million was cancelled. As on June 30, 2018, the Bank has 15 outstanding contracts for an aggregate amount of USD 9.42 million.

17.2 As on June 30, 2018, the Bank has an outstanding borrowing of Euro 31.00 million from KfW, Germany for financing “Energy Efficient New Residential Housing” in India. The



borrowing is fully hedged.

- 17.3 As on June 30, 2018 the Bank has an outstanding borrowing of GBP 27.29 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.
- 17.4 As on June 30, 2018, the Bank has shown an outstanding borrowing of SDR 63.22 million (equivalent to USD 89.05 million) from World Bank, under "Low Income Housing Finance" project. The Bank has hedged USD 87.26 million.
- 17.5 During the year the Bank has recognized net loss of ₹89.97 crore on revaluation of foreign deposits and borrowings in the Profit and Loss Account and has been shown under head "Exchange (Loss)/Gain".
- 17.6 During the year, Bank has recognised net gain of ₹68.78 crore on account of revaluation of Principal only Swap (PoS) & forward contracts which is shown under Profit and Loss Account as 'Exchange (Loss)/Gain'.
- 17.7 Net loss of ₹21.19 crore on account of Para 17.5 & 17.6 has been considered and shown in the Profit and Loss Account as 'Exchange (Loss)/Gain'.

18. Employee Benefits - AS 15 (revised 2005)

- 18.1 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.
- 18.2 The Bank is transferring contribution of provident fund to Reserve Bank of India and Other parent organizations in respect of employees including who are on deputation from Reserve Bank of India/Other banks. During the year ended June 30, 2018, the Bank has contributed ₹0.08 crore to Provident Fund and has charged the same to Profit and Loss Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.
- 18.3 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 as on June 30, 2018 is ₹4.22 crore in addition to Bank's monthly contribution to the fund.



18.4 The employees, who have joined the services of the Bank on or after April 1, 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. January 1, 2004 and as modified from time to time. During the year, the employees have contributed ₹0.50 crore under the Scheme and the Bank has also provided for equivalent contribution for the same.

18.5 *Defined Benefit Obligations:* Gratuity, Leave Encashment, Medical Retirement Benefits, Sick Leave, Leave Travel Concession and Pension payable to employees as on June 30, 2018. The liability, wherever necessary, has been accounted for on actuarial valuation.

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) 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	7.51% p.a.
Mortality Rate	Indian Assured Lives Mortality (IALM)(2006-08)(modified) Ult.					



- c) 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	6,73,95,082	-	1,30,61,588	-	-	38,54,11,040
Contribution Received By Fund (Employees) during the period (July 1, 2017 to June 30, 2018)	-	-	50,081	-	-	-
Current Service Cost	66,22,915	-	-	-	-	95,23,185
Interest cost	48,79,404	-	9,45,659	-	-	2,79,03,759
Prior Service cost	-	-	-	-	-	-
Actuarial (Gain)/Loss on Obligations	(97,54,729)	-	(22,26,494)	-	-	96,99,390
Benefits paid	(10,18,050)	-	(10,11,047)	-	-	(2,07,52,867)
Present Value of Obligation at the end of the year	6,81,24,622	-	1,08,19,787	-	-	41,17,84,507

- d) Investment details of plan assets:
The Bank has not funded the liability as on June 30, 2018. As such there is no fair value of assets except for pension liability which is managed by a separate trust



e) Change in plan assets Amount recognized in the statement of Profit & Loss Account.

(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	34,11,56,124
Expected return on plan assets	NA	NA	NA	NA	NA	2,72,92,490
Actuarial Gain/ (Loss)	NA	NA	NA	NA	NA	1,84,43,314
Benefits paid	NA	NA	NA	NA	NA	(2,07,52,867)
Employer contributions	NA	NA	NA	NA	NA	34,78,918
Fair value of plan assets at the end of the year*	NA	NA	NA	NA	NA	36,96,17,979

f) Amount recognized in Balance Sheet

(Amount in ₹)

Defined Benefits	Gratuity	Leave Encashment**	Medical	Sick Leave**	Leave Travel Concession**	Pension
Present Value of Obligation at the end of the year	6,81,24,622	-	1,08,19,787	-	-	41,17,84,507
Fair value of plan assets at the end of the year*	NA	NA	NA	NA	NA	36,96,17,979
Funded Status deficit/ (surplus)	(6,81,24,622)	-	(1,08,19,787)	-	-	(4,21,66,528)
Unrecognized actuarial gain/loss	-	-	-	-	-	-
Net Liability/(Asset) recognized in Balance Sheet	(6,81,24,622)	-	(1,08,19,787)	-	-	(4,21,66,528)



g) Amount recognized in the statement of Profit & Loss Accounts

(Amount in ₹)

Defined Benefits	Gratuity	Leave Encashment**	Medical	Sick Leave**	Leave Travel Concession**	Pension
Current Service Cost	66,22,915	-	-	-	-	95,23,185
Interest Cost	48,79,404	-	9,45,659	-	-	2,79,03,759
Prior Service cost	-	-	-	-	-	-
Expected return on plan assets	NA	NA	NA	NA	NA	(2,72,92,490)
Actuarial (Gain)/Loss	(97,54,729)	-	(22,26,494)	-	-	(87,43,924)
Expenses/ (Income)	17,47,590	-	(12,80,835)	-	-	13,90,530
Amount contributed by ex-employees	-	-	-	-	-	-
Expenses/(Income) recognized in the statement of Profit and Loss Account	17,47,590	-	(12,80,835)	-	-	13,90,530

** As per paragraph 132 of the Accounting Standard 15 (revised) issued by Institute of Chartered Accountants of India, no specific disclosures are required for Other Long Term Benefits.

19. Security Transactions of 1991-92

- 19.1 Pursuant to the Judgement of the Hon'ble Supreme Court setting aside the decree passed by the Hon'ble Special Court in Suit No. 2 of 1995 and the directions given by Department of Financial Services (DFS), Government of India, NHB had paid an amount of ₹236.78 crore to SBI. In July, 2016, SBI has filed an Application before the Hon'ble Special Court claiming interest @19% on ₹236.78 crore. NHB has denied the above claim of SBI and prayed for dismissal of the Application as SBI is not adhering to the directions of DFS. Further, as per the directions of DFS, NHB has to receive an amount of ₹353.78 crore from SBI as determined by RBI and interest thereon, for which NHB has filed a counter-claim.
- 19.2 Subsequent to the judgment of the Hon'ble Supreme Court setting aside the decree passed by the Hon'ble Special Court in Suit No. 2 of 1995, NHB has filed two Applications before Special Court. One is Miscellaneous Application 62 of 2016 lodging its claim with the Custodian for return of ₹94.20 crore which was deposited with the Custodian earlier in terms of direction of the Special Court. The order is reserved in the matter. Another Miscellaneous Petition No.2 of 2016 has been filed before Special Court



for recovery of balance i.e. ₹55.18 crore from Standard Chartered Bank (SCB) based on the Letter of Indemnity dated October 1, 1993 given by SCB. The same is pending for adjudication.

- 19.3 As per the understanding between NHB and SCB, NHB is also entitled to a share in 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 crore was shared between NHB and SCB, after the same is received by SCB. The Hon'ble Supreme Court of India vide order dated May 2, 2017 passed by in Civil Appeal No.6326 of 2010 directed the Custodian for release of ₹506.53 crore in favour of the SCB. Till date SCB has received a sum of ₹300.11 crore vide order dated September 8, 2017 in Report of the Custodian No.4 of 2017. We are continuously in touch with our Counsel to take up the matter with SCB and their Counsel for sharing the amount on receipt of the same. However, these amounts will be accounted for on actual receipts.

20. 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.

21. Related Party Disclosures

a) List of Related Parties:

- i) Key Managerial Personnel: Shri Sriram Kalyanaraman
- 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 June 30, 2018
Sh. Sriram Kalyanaraman	Key Management Personnel- Managing Director & Chief Executive Officer	Remuneration & benefits including perquisites	₹ 0.33 crore	Nil
IMGC	Substantial interest in the Share Capital	Equity Capital Contribution	Nil	₹ 76.00 crore



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.

22. Income Tax

For assessment years (AYs) 2003-04 to 2009-10, Assessing Officer (AO) disallowed Bank's claim u/s 36(1)(viii) of the Income Tax Act, 1961 and added ₹75.03 crore for tax and ₹10.23 crore for interest. AO also disallowed business loss of ₹150.45 crore for AY 2003-04. Penalty proceeding were also initiated for assessment years 2003-04 to 2009-10 (excluding 2007-08) amounting to ₹130.56 crore on disallowance of Bank's claim u/s 36(1)(viii) of the Income Tax Act, 1961 and business loss. The Bank had preferred appeals before ITAT against the order of respective authorities and paid the taxes due which was shown as advance tax.

With respect to above mentioned cases, ITAT vide its order dated 14/02/2017 disallowed Bank's claim for deduction u/s 36(1)(viii) of the Income Tax Act, 1961. For which Bank has decided not to go for further appeal.

In respect of disallowance of business loss of ₹150.45 crore for the AY 2003-04, ITAT restored it back to the Assessing officer (AO). Case has been finalized by the assessing officer in F. Y. 2017-18 at the income originally assessed. Income tax appeal has been filed against the order before CIT (A) which is pending. Further penalty proceeding initiated u/s 271 (1) (c) is also pending before assessing officer.

Further, ITAT vide its order dated February 20, 2017, waived off penalty earlier imposed by the AO with respect to Bank's claim u/s 36(1)(viii) of the Income Tax Act, 1961. The same is pending before the Delhi High Court.

For AYs 2010-11 to 2014-15, there are certain disallowances made by AO. For these assessment years, appeals are pending with ITAT from AY 2010-2011 to 2013-2014 and before CIT(A) for the AY 2014-2015. The Bank has paid taxes due and showed the said amount as advance tax in the books. The management does not consider it necessary to make any provision in this regard.

23. Deferred Tax

As on June 30, 2018, the Bank has recorded net deferred tax liability (DTL) of ₹ 340.60 crore. A composition of deferred tax assets and liabilities is given below:





(Amount in ₹ crore)

Sr. No.	Particulars	June 30, 2018	June 30, 2017
	Deferred Tax Assets:		
1	Provision for Medical aid to Retired Staff	0.38	0.45
2	Provision for Leave Encashment	1.84	1.63
3	Provision for Gratuity	2.38	2.33
4	Provision for Leave Travel Concession	0.63	0.60
5	Defined Contributory Pension Scheme	0.03	0.02
	Total Deferred Tax Assets (A)	5.26	5.03
	Deferred Tax Liabilities:		
1	Depreciation	8.28	5.45
2	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	337.58	272.92
	Total Deferred Tax Liabilities (B)	345.86	278.37
	Net Deferred Tax Liability (B-A)	340.60	273.34

24. Home Loan Account Scheme

- 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 ₹0.06 crore as per information received by NHB and the same has been disclosed as contra entries in the balance sheet. During the FY 2017-18, NHB was informed by Kotak Mahindra Bank that an amount of ₹1.97 crore held by ING Vysya Bank had been transferred to Reserve Bank of India's Depositors Education and Awareness Fund.
- 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 October 1, 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 in 2004-05. As per the approved procedure, claims for refund of ₹0.27 crore was paid till June 30, 2018 and balance of ₹0.22 crore stood as liability as on that date.

25. Other Expenditure

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

(Amount in ₹ crore)

Particulars	2017-18	2016-17
1. Repair and Maintenance	3.23	2.82
2. Research and Development	0.49	0.76
3. Service Tax Expense	0.00	2.08
4. GST Expense	1.54	0.00
5. Prior Period Expense	0.87	0.00
6. Conveyance Expense	0.47	1.13
7. Professional Fee	1.09	0.38
8. Conference Expense	0.60	0.50
9. Hospitality Expense	0.00	0.04
10. Expenses on IT related services	2.30	2.21
11. Payment to outsourced services	4.83	3.50
12. Security Service Expense	1.38	1.18
13. Others*	7.51	8.38
Total	24.31	22.98
14. Corporate Social Responsibility Expenses	2.00	0.00

*CSR Expenses although shown as separate line item in P&L, it forms part of Other Expenses.

26. 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. No amount has been transferred to IFR during the year and balance outstanding as on June 30, 2018 is ₹20.08 crore.

27. 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.

28. Prior Period Items

28.1 During the year, the Bank has booked expenditure amounting to ₹0.87 crore in the nature of prior period on account of rectification entries passed in Rural Housing Fund portfolio.

28.2 During the year, the Bank has identified income amounting to ₹8.07 crore in the nature of prior period income. The details of income are given as under:

(Amount in ₹ crore)

Particulars	2017-18	2016-17
1. Rectification entries passed in Rural Housing Fund	1.13	Nil
2. Reversal of Depreciation of account of bifurcation of cost of premises between land and building	6.84	Nil
3. DFID Technical Assistance Component	0.09	Nil
4. Training fee received reconciliation	0.01	Nil
Total	8.07	Nil



29. Investment classification

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

(Amount in ₹ crore)

Categories of investment	Investments	As on June 30, 2018	As on June 30, 2017
Held to Maturity (HTM)	a) GOI Dated Securities	0.00	55.34
	Sub-total	0.00	55.34
Available for Sale (AFS)	a) GOI Dated Securities	100.05	504.44
	b) Treasury Bills	2785.26	846.66
	c) Shares of Housing Finance Institutions	40.43	40.42
	d) Shares of Other Institutions#	726.04	83.84
	e) Building Material Company	0.53	0.53
	Sub-total	3652.31	1475.89
Held For Trading (HFT)	a) GOI Dated Securities	0.00	0.00
	Gross Investments	3652.31	1531.23
Less:	Depreciation	7.51	2.92
	Net Investments	3644.80	1528.31

#Investments in shares of other institutions includes ₹642.20 crore made on December 29, 2017 in the equity capital of SIDBI.



30. Contingent Liability

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

(Amount in ₹ crore)

Particulars	June 30, 2018	June 30, 2017
Opening Balance as on July 1	48.48	63.63
Addition during the period	48.33	0.08
Reduction during the period	0.00	15.23
Closing Balance	96.81	48.48

31. 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, 2018, the Bank has received total amount of ₹31,278.18 crore under this fund and the Balance Outstanding as on June 30, 2018 is ₹25,500.00 crore. The same has been shown as 'Deposits from Banks under Rural Housing Fund' in Schedule-V ('Deposits').

32. Urban Housing Fund

During 2013-14, Urban Housing Fund of ₹2,000 crore 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. Further, in terms of RBI allocation, Urban Housing Fund of ₹4,000 crore was set up for Year 2014-15. Again, in terms of RBI allocation, Urban Housing Fund of ₹4,500 crore was set up for Year 2016-17. These funds 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. Till June 30, 2018 the Bank has received total amount of ₹10,500 crore and the Balance Outstanding as on June 30, 2018 is ₹10,500.00 crore. The same has been shown as 'Deposits from banks under Urban Housing Fund' in Schedule-V ('Deposits').

33. Zero Coupon Bonds

During the year 2008-09, the Bank had issued Zero Coupon Bonds (ZCBs) for a face value of ₹1,050 crore, discounted value being ₹453.39 crore. These bonds were issued for tenure of ten



years. The discount is amortized over the tenure of the bonds. A sum of ₹59.63 crore has been amortized during the year ending June 30, 2018. The unamortized balance of discount as on June 30, 2018 is ₹33.36 crore (₹92.99 crore as on June 30, 2017).

34. Loans and advances

Of the total outstanding loans and advances of ₹58,837.08 crore (gross), loans and advances amounting ₹21,918.60 crore are secured by a charge on book debts, government guarantee, bank guarantee, equitable mortgage on fixed assets, hypothecation of movable assets and lien over bank deposits. Balance loans and advances amounting ₹36,918.47 crore are unsecured of which ₹16,339.47 crore covered under negative lien.

35. Tax Free Bonds

NHB had mobilized an aggregate amount of ₹4,640.13 crore (₹640.13 crore 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, 2018, the value of the hypothecated assets given as security for Tax-free Bonds was ₹5,522.61 crore.

36. Special Series Priority Sector Bonds

Exim Bank, Canara Bank & Bank of India have subscribed to Special Series Bonds issued by the Bank for ₹564 crore (₹201.30 crore is outstanding as on June 30, 2018). These Special Series Bonds are repayable in half yearly installments till 2022 and 2025, respectively.

37. NHB Bonds

NHB mobilizes funds through issuance of bonds/debentures which do not carry any tax benefits. They are issued as per RBI guidelines and are unsecured in nature. During the year 2017-18, the Bank has issued new bonds of ₹2,000 crore under this category and bonds amounting to ₹875 crore were repaid during the year. As on June 30, 2018, ₹2,000 crore is outstanding under this category.

38. Implementation of IND AS

Bank is in the process of implementation of IND AS as per Reserve Bank of India's directions.

39. Provision No-longer Required

Excess provisions against Non-Performing Assets and other provisions have been transferred to 'Provision no-longer Required'. This is change in the previous year and has no impact on profit of the year.



40. Amendment to National Housing Bank Act, 1987

In compliance with the announcement in Finance Act, 2018, during the year National Housing Bank Act, 1987 has been amended vide Gazette Notification No. S.O.2198 (E) dated May 31, 2018 with effect from June 1, 2018.

In terms of The National Housing Bank Act, 1987, as amended by Finance Act, 2018 entire subscribed capital of the Bank shall stand transferred to Central Government from date to be notified. Notification of the Government has not so far been issued.

Further as per Section 39(ii) of the National Housing Bank Act, 1987 as amended the Bank is required to transfer the balance of surplus to Central Government.

41. Reserve Fund

In terms of Sec 39 of The National Housing Bank Act, 1987, the Bank is required to transfer the surplus after making necessary provisions to the Reserve Bank of India till May 31, 2018. The Reserve Bank of India vide letter No.DBS/FID/NHB/988/03.27.04/2004-05 dated December 9, 2004 has allowed the Bank to transfer not less than 25% of the net profit after making necessary provisions to its Reserve Fund with effect from the financial year 2004-05. For the year 2015-16, there was a surplus of ₹586.94 crore, which the Bank has transferred to Reserve Fund and in FY 2016-17, it was decided to transfer to this amount back to Profit & Loss account.

The Reserve Bank of India vide letter No.DBS.CO.FID.No 4207/03.27.12/2017-18 dated October 31, 2017 advised the Bank that the surplus of ₹586.94 crore for the year 2015-16 transferred to the Reserve Fund need not be reversed and transferred back to Profit & Loss account. Further, surplus profit of ₹626.25 crore for the year 2016-17 crore also transferred to the Reserve Fund.

Out of net profit for FY 2017-18, the Bank has transferred balance surplus of ₹184.19 crore to Reserve Fund.

42. Disclosures under SEBI (Listing Obligations & Disclosures Requirement) Regulations, 2015

- a) Credit Rating - AAA/Stable ratings by CRISIL, A1+ by ICRA
- b) Asset cover available - 100%
- c) Debt Equity Ratio - 6.43 times
- d) Debt Service Coverage Ratio - 3.75 times
- e) Interest Service Coverage Ratio - 1.38 times
- f) Net Worth- ₹ 7,688 crore
- g) Net Profit After Tax - ₹751 crore



h) Earnings Per Share - Not Applicable

i) Previous due dates for payment of interest for NCDs and whether the same has been paid or not - Paid.

Date of interest paid on outstanding Bonds are as below-

Sl. No.	Nomenclature of Bond	Allotment Date	Rate of Interest	Amount (in ₹)	Last Interest Payment Date
1	8.05% SS PS BOND 1997-98	31-Mar-98	10.76%	30,80,00,000.00	11-June-18
2	8.05% SS PS BOND 1998-99	10-Feb-99	10.76%	44,70,00,000.00	11-June-18
3	12.10% SS PS BOND 1999-00	16-Dec-99	9.79%	66,90,00,000.00	11-June-18
4	9.75% SS PS BOND (EXIM BK-II)	28-Mar-02	7.84%	58,90,00,000.00	10-Mar-18
5	ZCB SUMERU-24.12.2018*	24-Dec-08	8.65%	729,61,51,346.00	N.A.
6	ZCB SUMERU-31.03.2019*	31-Mar-09	9.03%	287,02,07,869.00	N.A.
7	7.19% NHB Tax Free Bonds 2022 Series-1	14-Dec-12	7.19%	126,00,00,000.00	14-Dec-17
8	7.17% NHB Tax Free Bonds 2023 Series-II	1-Jan-13	7.17%	110,00,00,000.00	1-Jan-18
9	6.87% NHB Tax Free Bonds 2023 Series-III	6-Feb-13	6.87%	125,00,00,000.00	6-Feb-18
10	6.89% NHB Tax Free Bonds 2023 Series-IV	22-Mar-13	6.89%	82,90,00,000.00	22-Mar-18
11	6.82% NHB Tax Free Bonds Public Issue 2012-13	26-Mar-13	6.82%	196,23,30,000.00	27-Mar-18
12	8.01% NHB Tax Free Bonds 2023 Series-V	30-Aug-13	8.01%	17,00,00,000.00	30-Aug-17
13	8.46% NHB Tax Free Bonds 2028 Series-V	30-Aug-13	8.46%	883,00,00,000.00	30-Aug-17
14	NHB Tax Free Bonds 2014 Tranche-I	13-Jan-14	8.26% to 9.01%	2100,00,00,000.00	15-Jan-18
15	NHB Tax Free Bonds 2014 Tranche-II	24-Mar-14	8.25% to 8.93%	1000,00,00,000.00	28-Mar-18
16	7.59% NHB Bonds	12-Mar-18	7.59%	2000,00,00,000.00	N.A.
			TOTAL	78,58,06,89,215.00	

*ZCB = Zero Coupon Bonds.

All the bonds have been serviced on due dates.



43. 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 3927, Fax : +91 22 2653 3297

Email: itclcomplianceofficer@vistra.com, Web : www.vistraitcl.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 22 40807000, Fax: +91 22 66311776

Email: itsl@idbitrustee.com, Web : www.idbitrustee.com

44. Consolidation of Special Fund with the General Fund

44.1 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.

44.2 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 schedule "Reserves & Surplus" 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.



45. Corporate Social Responsibility Activities

The National Housing Bank was established under the National Housing Bank Act, 1987, and hence the CSR provisions under the Companies Act, 2013 are not applicable. However, as voluntary act, the Board of Directors of the NHB while approving the budget for FY 2017-2018 has allocated an amount of ₹2 crore towards CSR activities. Accordingly, NHB in FY 2017-2018 has made contribution of ₹1 crore each to Swachh Bharat Kosh and National Skill Development Fund through electronic transfer.

46. Regrouping

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

(Amount in ₹ crore)

47. (a) Cash Flow Statement for the year ended June 30, 2018	2017-18	2016-17
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per Profit & Loss Account	751.11	847.53
Adjustments for:		
Provision for Tax	349.31	458.27
Provision for Deferred Tax	67.26	129.25
Depreciation on fixed assets	7.06	6.68
Depreciation Reversal on Premises	(6.84)	0
Loss on Sale of Investments	4.39	0
Depreciation on investments & amortisation expense	7.32	6.34
Provision for Standards Assets	26.94	29.84
Provision for Non Performing Assets/Restructured Accounts	0.00	0.02
(Gain)/Loss on revaluation of Forward Exchange Contracts	(5.79)	12.61
Provision for Bad Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	54.44	58.28
(Profit)/Loss on sale of Fixed Assets	0.07	(0.06)
(Gain)/Loss on revaluation of Foreign Deposits & Borrowings	30.75	(5.05)
Provisions no longer required written back	(46.46)	(189.83)
Premium on Forward Exchange Contract	(4.66)	4.01
Income from Investments	(195.87)	(194.86)
Profit on purchase and sale of Mutual Funds	(25.22)	(23.37)
Profit on Sale of Investments	0.00	(1.45)
Dividend on Equity of Housing Finance Companies	(1.98)	(1.93)



Operating Profit before working capital changes	1,011.83	1,136.28
Adjustments for Working Capital		
(Increase)/Decrease in Deposits with Banks	290.18	794.33
(Increase)/Decrease in Loans & Advances	(3,298.73)	(812.27)
(Increase)/Decrease in Other Assets	277.80	383.55
Increase/(Decrease) in Current Liabilities	(433.68)	(72.29)
Net cash from operating activities before taxes paid	(2,152.60)	1,429.60
Less : Income Taxes Paid	(370.00)	(401.00)
NET CASH FLOW FROM OPERATING ACTIVITES BEFORE EXTRAORDINARY ITEMS	(2,522.60)	1,028.60
Extraordinary Items	0.00	0.00
NET CASH FLOW FROM OPERATING ACTIVITES AFTER EXTRAORDINARY ITEMS (A)	(2,522.60)	1,028.60
B) CASH FLOW FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS		
(Increase) / Decrease in Fixed Assets	(7.41)	(7.64)
(Increase)/Decrease in Investments	(2,123.82)	1,374.18
Income from Investments	195.87	194.86
Loss on Sale of Investments	(4.39)	0
Loss/(Gain) on revaluation of Forward Exchange Contracts	5.79	0
Profit on purchase and sale of Mutual Funds	25.22	23.37
Profit on Sale of Investments	0.00	1.45
Dividend on Equity of Housing Finance Companies	1.98	1.93
NET CASH GENERATED FROM INVESTING ACTIVITES BEFORE EXTRAORDINARY ITEMS	(1,906.76)	1,588.15
Receipts from sale of equity of HFCs	0.00	0.00
NET CASH GENERATED FROM INVESTING ACTIVITES AFTER EXTRAORDINARY ITEMS (B)	(1,906.76)	1,588.15
C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase in share capital	0.00	0.00
Net income under Staff Benevolent Fund	3.02	2.62
Increase / (Decrease) in Bonds & Debentures	1,148.58	(3,823.84)
Increase / (Decrease) in Deposits	181.12	4,740.67
Increase/(Decrease) in Borrowings	2,921.49	(3,153.77)
NET CASH GENERATED FROM FINANCING ACTIVITES (C)	4,254.21	(2,234.32)
Net increase in cash and cash equivalents (A+B+C)	(175.15)	382.43
Cash and cash equivalents at the beginning of the year	635.55	253.12
Cash and cash equivalents at the end of the year	460.40	635.55



(Amount in ₹ crore)

47 (b) Schedule to Cash & Cash Equivalents	2017-18	2016-17
Cash in hand	0.00	0.00
Balances with Reserve Bank of India	0.04	0.02
Balance with banks-Current Account	460.36	635.53
Investment in Mutual Funds	0.00	0.00
Cash realised on forward exchange contract	0.00	0.00
Cash and cash equivalent before exchange rate adjustments	460.40	635.55
Effect of exchange rate changes-unrealised gains	0.00	0.00
Cash and cash equivalent after exchange rate adjustments	460.40	635.55

RBI Disclosure Requirements in Financial Statements as Notes to Accounts

1 Share-holding pattern as on the date of the Balance Sheet:

Reserve Bank of India* 100%

*Refer to para 41 of Notes to Accounts.

1.1 Capital adequacy

(Amount in ₹ crore)

Sr .No.	Particulars	2017-18	2016-17
i)	Common Equity	7,687.69	6,978.79
ii)	Additional Tier 1 capital	-	-
iii)	Total Tier 1 capital (i+ii)	7,687.69	6,978.79
iv)	Tier 2 capital	552.01	548.51
v)	Total Capital (Tier 1+Tier 2)	8,239.70	7,527.20
vi)	Total Risk Weighted Assets (RWAs)	44,160.81	43,872.53
vii)	Common Equity Ratio (Common Equity as a percentage of RWAs)	17.41%	15.91%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	17.41%	15.91%



ix)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	18.66%	17.16%
x)	Percentage of the shareholding of the Government of India in the AIFI*	0.00%	0.00%
xi)	Amount of equity capital raised	0.00	0.00
xii)	Amount of Additional Tier 1 capital raised; of which		
	a) Perpetual Non-Cumulative Preference Shares (PNCPS):	0.00	0.00
	b) Perpetual Debt Instruments (PDI)	0.00	0.00
xiii)	Amount of Tier 2 capital raised; of which	0.00	0.00
	a) Debt capital instruments:	0.00	0.00
	b) Perpetual Cumulative Preference Shares (PCPS)	0.00	0.00
	c) Redeemable Non-Cumulative Preference Shares (RNCPS)	0.00	0.00
	d) Redeemable Cumulative Preference Shares (RCPS)	0.00	0.00

*Refer to para 41 of Notes to Accounts

1.2 Free Reserves and Provisions

1.2.1 Provisions on Standard Assets

(Amount in ₹ crore)

Particulars	2017-18	2016-17
Provisions towards Standard Assets	231.14	217.54

1.2.2 Floating Provisions

(Amount in ₹ crore)

Particulars	2017-18	2016-17
a) Opening balance in the floating provisions account	0.00	0.00
b) The quantum of floating provisions made in the accounting year	0.00	0.00
c) Amount of draw down made during the accounting year	0.00	0.00
d) Closing balance in the floating provisions account	0.00	0.00



1.3 Asset Quality and specific provisions

1.3.1 Non-Performing Advances

(Amount in ₹ crore)

Particulars	2017-18	2016-17
(i) Net NPAs to Net Advances (%)	0.00	0.00
(ii) Movement of NPAs (Gross)		
(a) Opening balance	33.90	50.93
(b) Additions during the year	-	-
(c) Reductions during the year	29.29	17.03
(d) Closing balance	4.61	33.90
(iii) Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	33.90	50.93
(b) Provisions made during the year	-	-
(c) Write of / write back of excess provisions	29.29	17.03
(d) Closing balance	4.61	33.90

1.3.2 Non-Performing Investment

(Amount in ₹ crore)

Particulars	2017-18	2016-17
(i) Net NPIs to Net Investments (%)	-	-
(ii) Movement of NPIs (Gross)		
(a) Opening balance	0.53	0.53
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	0.53	0.53
(iii) Movement of Net NPIs		
	-	-



(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)	-	-
(a) Opening balance	0.53	0.53
(b) Provisions made during the year	-	-
(c) Write of / write back of excess provisions	-	-
(d) Closing balance	0.53	0.53

1.3.3 Non-Performing Assets (1.3.1+1.3.2)

(Amount in ₹ crore)

Particulars	2017-18	2016-17
(i) Net NPAs to Net Assets (Advances + investments) (%)	-	-
(ii) Movement of NPAs (Gross Advances + Gross investments)		
(a) Opening balance	34.43	51.46
(b) Additions during the year	-	-
(c) Reductions during the year	29.29	17.03
(d) Closing balance	5.14	34.43
(iii) Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)	-	-
(a) Opening balance	34.43	51.46
(b) Provisions made during the year	-	-
(c) Write of / write back of excess provisions	29.29	17.03
(d) Closing balance	5.14	34.43



1.3.5 Movement of Non-performing assets

(Amount in ₹ crore)

Particulars	2017-18	2016-17
Gross NPAs as on opening date of accounting period (Opening Balance)	33.90	50.93
Additions (Fresh NPAs) during the year	-	-
Sub total (A)	33.90	50.93
Less :-		
(i) Upgradations	-	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	29.29	17.03
(iii) Technical / Prudential Write offs	-	-
(iv) Write offs other than those under (iii) above	-	-
Sub-total (B)	29.29	17.03
Gross NPAs as on June 30 of following year (closing balance) (A-B)	4.61	33.90

1.3.6 Write-offs and recoveries

(Amount in ₹ crore)

Particulars	2017-18	2016-17
Opening balance of Technical / Prudential written off accounts as at July 1	Nil	Nil
Add : Technical / Prudential write offs during the year	Nil	Nil
Sub total (A)	Nil	Nil
Less : Recoveries made from previously technical / prudential written off accounts during the year (B)	Nil	Nil
Closing balance as at June 30 (A-B)	Nil	Nil

1.3.7 Overseas Assets, NPAs and Revenue

(Amount in ₹ crore)

Particulars	2017-18	2016-17
Total Assets	210.92	241.49
Total NPAs	0.00	0.00
Total Revenue	4.95	4.39



1.3.8 Depreciation and provisions on investments

(Amount in ₹ crore)

Particulars	2017-18	2016-17
(1) Investments		
(i) Gross Investments [(a)+(b)]	3,652.32	1,531.24
(a) In India	3,652.32	1,531.24
(b) Outside India	-	-
(ii) Provisions for Depreciation [(a)+(b)]	7.51	2.93
(a) In India	7.51	2.93
(b) Outside India	-	-
(iii) Net Investments [(a)+(b)]	3,644.81	1,528.31
(a) In India	3,644.81	1,528.31
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	2.93	0.53
(ii) Add: Provisions made during the year	4.58	2.40
(iii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	-
(iv) Less: Write off / write back of excess provisions during the year	-	-
(v) Less: Transfer, if any, to Investment Fluctuation Reserve Account	-	-
(vi) Closing balance	7.51	2.93

1.3.9 Provisions and Contingencies

(Amount in ₹ crore)

Particulars	2017-18	2016-17
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	7.32	6.34
Provision towards Non Performing Assets	-	0.21
Provision made towards Income tax	349.31	458.27
Provision made towards Deffered Tax	67.26	129.25
Provision for Standard Assets	26.94	29.84
Provisions for Bad Debt u/s 36(1)(viiia) of the Income Tax Act 1961	54.44	58.28



1.3.10 Provisioning Coverage Ratio (PCR)

Particulars	2017-18	2016-17
PCR (ratio of provisioning to gross non-performing assets)	100%	100%

1.4 Investment portfolio: constitution and operations

1.4.1 Repo Transactions

(Amount in ₹ crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on June 30, 2018
Securities sold under repo	Nil	Nil	Nil	Nil
i. Government securities	Nil	Nil	Nil	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo	Nil	Nil	Nil	Nil
i. Government securities	Nil	Nil	Nil	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil

1.4.2 Disclosure of Issuer Composition for Investment in Debt Securities

Current Year

(Amount in ₹ crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	2	3	4	5	6	7
(i)	PSUs	0.00	0.00	0.00	0.00	0.00
(ii)	FIs	0.00	0.00	0.00	0.00	0.00
(iii)	Banks	0.00	0.00	0.00	0.00	0.00
(iv)	Private Corporates	0.00	0.00	0.00	0.00	0.00
(v)	Subsidiaries / Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others	0.00	0.00	0.00	0.00	0.00
(vii)	Provision held towards depreciation	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00

**Previous Year***(Amount in ₹ crore)*

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	2	3	4	5	6	7
(i)	PSUs	0.00	0.00	0.00	0.00	0.00
(ii)	FIs	0.00	0.00	0.00	0.00	0.00
(iii)	Banks	0.00	0.00	0.00	0.00	0.00
(iv)	Private Corporates	0.00	0.00	0.00	0.00	0.00
(v)	Subsidiaries / Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others	0.00	0.00	0.00	0.00	0.00
(vii)	Provision held towards depreciation	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00

1.4.3 Sale and Transfers to / from HTM Category:**Nil (PY-Nil)****1.5 Details of Financial Assets purchased/ sold****1.5.1 Details of Financial Assets Sold to Securitisation/Reconstruction Company for Asset Reconstruction.****A. Details of Sales***(Amount in ₹ crore)*

Particulars	2017-18	2016-17
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil



B. Details of Book Value of Investments in Security Receipts

(Amount in ₹ crore)

Particulars	Book value of investments in security receipts	
	2017-18	2016-17
(i) Backed by NPAs sold by the AIFI as underlying	Nil	Nil
(ii) Backed by NPAs sold by banks / other financial institutions / non- banking financial companies as underlying	Nil	Nil
Total	Nil	Nil

1.5.2 Details of Non Performing Financial Assets Purchased / Sold

A. Details of non performing financial assets purchased

(Amount in ₹ crore)

Particulars	2017-18	2016-17
1. (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

B. Details of non performing financial assets sold:

(Amount in ₹ crore)

Particulars	2017-18	2016-17
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

1.6 Operating Results

Particulars	2017-18	2016-17
(i) Interest Income as a percentage to Working Funds	7.03%	7.39%
(ii) Non interest income as a percentage to Working Funds	0.14%	0.40%
(iii) Operating Profit as a percentage to Working Funds	1.97%	2.29%
(iv) Return on Assets	1.22%	1.46%
(v) Net Profit per employee (₹ in crore)	6.26	7.24



1.7 Credit concentration risk

1.7.1 Capital market exposure

Particulars	2017-18	2016-17
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt; @	Nil	Nil
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	Nil	Nil
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii) underwriting commitments taken up by the AIFI in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix) financing to stockbrokers for margin trading;	Nil	Nil
(x) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	Nil	Nil

@ Bank's exposure is in unlisted equity only accounting to ₹766.47crore.



1.7.2 Exposure to Country risk

(Amount in ₹ crore)

Risk Category#	Exposure (net) as at June 2018	Provision held as at June 2018	Exposure (net) as at June 2017	Provision held as at June 2017
Insignificant	210.92	0	241.49	0
Low	0	0	0	0
Moderate	0	0	0	0
High	0	0	0	0
Very High	0	0	0	0
Restricted	0	0	0	0
Off-credit	0	0	0	0
Total	210.92	0	241.49	0

As per RBI Circular No. DBOD.BP.BC.71/21.04.103/2002-03 dtd February 19, 2003 on "Risk Management in Banks-Guidelines on Country Risk Management" the guidelines are applicable only in respect of countries where a bank has exposure of 2% or more of its assets. In case of NHB, since exposure pertains only to Deposits placed with Foreign Branches of Indian Banks (Canara Bank-London and BoI-New York Branch) and value of total deposits is ₹210.92 crore as at June 30, 2018 which is less than 2% of total assets of the Bank, the guidelines may not be applicable for NHB.

1.7.3 Prudential Exposure Limits- Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) Exceeded by the AIFI

(i) The number and amount of exposures in excess of the prudential exposure limits during the year

(Amount in ₹ crore)

Sl. No.	PAN No.	Borrower Name	Industry Code	Industry Name	Sector	Amount Funded	Amount Non-Funded	Percentage to capital Funds
1	#Nil				Total			

Since Prudential Norms are not prescribed by RBI for credit exposure. It is internally decided by Board.



(ii) Credit exposure as percentage to capital funds and as percentage to Total Asset, in respect of:

Particulars	%age to capital fund 2017-18	%age to total assets 2017-18	%age to capital fund 2016-17	%age to total assets 2016-17
- The largest single borrower	91.48%	11.91%	81.17%	10.48%
- The largest borrower group	85.74%	11.17%	128.90%	16.65%
- The 20 largest single borrowers	631.74%	82.27%	648.61%	83.76%
- The 20 largest borrower groups\$	189.34%	24.66%	175.13%	22.62%

\$ NHB has only five borrower groups

(iii) Credit exposure to the five largest industrial sector as percentage to total loan assets

Not Applicable

(iv) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken as also the estimated value of such intangible collateral.

Nil*

(*Though the project finance outstanding secured by intangible securities such as charge over the rights, licenses, authority, etc. is NIL, an outstanding amount of ₹105.38 crore is secured by Government Guarantee as on June 30, 2018 while an amount of ₹0.48 crore is secured by Bank Guarantee)

(v) Factoring Exposure

Not Applicable

(vi) Exposures where the FI had exceeded the Prudential Exposure Limits during the year

Nil



1.7.4 Concentration of borrowings /lines of credit, credit exposures and NPAs

a) Concentration of borrowings and lines of credit

(Amount in ₹ crore)

Particulars	2017-18	2016-17
Total borrowings from twenty largest lenders	36,490.86	34,724.91
Percentage of borrowings from twenty largest lenders to total borrowings of the Bank	69.26%	71.69%

b) Concentration of credit exposures

(Amount in ₹ crore)

Particulars	2017-18	2016-17
Total exposures to twenty largest borrowers	53,048.08	48,822.24
Percentage of exposures to twenty largest borrowers to Total Advances of the AIFI	90%	90%
Total Exposure to twenty largest borrowers / customers	53,048.08	48,822.24
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the AIFI on borrowers / customers	89%	87%
Total of top ten country exposures to total exposures	NA	NA



c) Sector-wise concentration of exposures and NPAs

(Amount in ₹ crore)

S. No.	Sector	2017-18			2016-17		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
I.	Housing Sector	57,580.18	4.61	0.01%	54,194.31	5.19	0.01%
1	Central Government	0.00	0.00	0.00%	0.00	0.00	0.00%
2	Central PSUs	0.00	0.00	0.00%	0.00	0.00	0.00%
3	State Governments	0.00	0.00	0.00%	0.00	0.00	0.00%
4	State PSUs*	0.00	0.00	0.00%	0.00	0.00	0.00%
5	Scheduled Commercial Banks	19,369.21	0.00	0.00%	13,431.93	0.00	0.00%
6	Regional Rural Banks	846.74	0.00	0.00%	1,057.59	0.00	0.00%
7	Co-operative Banks	164.70	0.00	0.00%	156.91	0.00	0.00%
8	HFCs**	37,194.92	0.00	0.00%	39,542.69	0.00	0.00%
9	Private sector (excluding Banks and HFCs)***	4.61	4.61	100.00%	5.19	5.19	100.00%
II.	Commercial Real Estate, if any ¹¹	108.06	0.00	0.00%	224.49	28.71	12.79%
III.	Others (Please specify)	0.00	0.00	0.00	0.00	0.00	0.00%
	Total (I+II+III)	57,688.24	4.61	0.01%	54,418.80	33.90	12.80%

* Includes State Housing Boards, Municipal Corporations, Development Authorities and State PSUs.

** Includes Co-operative Housing Finance Societies.

*** Pertaining to MFIs registered under Societies Act.

¹¹ Exposure to commercial real estate includes direct including securitised exposures secured by mortgages on commercial real estate (office building, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposures would also include non-fund based (NFB) limits.



1.7.5 Unhedged Foreign Currency Exposure

(Amount in ₹ crore)

Sr.No.	Particulars	2017-18	2016-17
1	Name of entity: National Housing Bank		
2	Foreign Currency Exposure (FCE) as on June 30, 2018	1,365.77	1,277.19
3	FCE having maturity or having cash flows over the period of next five year (out of 2 above)	741.92	702.45
4	Amount covered by financial hedge (Out of 3 above)	513.13	445.68
5	Amount covered by natural hedge (Out of 3 above)	228.79	256.77
6	Unhedged Foreign Currency Exposure(3-4-5)	0.00	0.00

1.8 Derivatives

1.8.1 Forward Rate Agreement / Interest Rate Swap

(Amount in ₹ crore)

Sr.No.	Particulars	2017-18	2016-17
1	The notional principal of swap agreements	Nil	Nil
2	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
3	Collateral required by the AIFI upon entering into swaps	Nil	Nil
4	Concentration of credit risk arising from the swaps	Nil	Nil
5	The fair value of the swap book	Nil	Nil

1.8.2 Exchange Traded Interest Rate Derivatives

(Amount in ₹ crore)

Sr. No.	Particulars	2017-18	2016-17
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on June 30 (instrument wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)	Nil	Nil
(iv)	Mark to market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)	Nil	Nil



1.8.3 Disclosures on risk exposure in derivatives

B Qualitative disclosures

- 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 bases 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

(ii) Quantitative disclosures

(Amount in ₹ crore)

Sr. No.	Particular	2017-18		2016-17	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	1,185.17	0	1,016.18	0
	b) For trading	0	0	0	0
(ii)	Marked to Market Positions[1]				
	a) Asset (+)	88.76	0	0	0
	b) Liability (-)	0	0	(80.89)	0
(iii)	Credit Exposure [2]	96.36	0	48.12	0
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	0			
	a) on hedging derivatives	44.71	0	34.23	0
	b) on trading derivatives	0	0	0	0
(v)	Maximum and Minimum of 100*PV01 observed during the year*		0		0
	a) on hedging	48.06/32.90	0	36.17/26.05	0
	b) on trading	0	0	0	0

* Since, the PVBP is calculated on a quarterly basis, the maximum and the minimum values are taken on a quarterly basis.

1.9 Disclosure of Letters of Comfort (LoCs) issued by AIFIs

Nil



1.10 Asset Liability Management

(Amount in ₹ crore)

2017-18										
Particulars	1 to 14 Days	15 to 28 Days	29 Days to 3 Months	Over 3 Month to Upto 6 Month	Over 6 Month to Upto 1 Year	Over 1 Year and Upto 3 Years	Over 3 Years and Upto 5 Years	Over 5 Years	Total	
Deposits	10.40	2.93	770.68	770.64	1,549.74	9,577.97	14,511.98	9,000.00	36,194.34	
Advances	1,064.72	2.39	3.10	1,989.48	3,678.30	20,349.91	14,934.44	15,661.28	57,683.62	
Investments	1,031.06	0.00	753.20	994.03	0.00	0.00	0.00	866.52	3,644.81	
Borrowings	7,268.68	0.00	0.00	0.00	2.61	0.00	0.00	0.00	7271.29	
Foreign Currency assets	0.00	0.00	3.84	23.62	28.39	123.50	79.86	34.55	293.76	
Foreign Currency liabilities	0.00	0.00	11.41	90.84	103.06	391.82	162.76	605.88	1,365.77	

(Amount in ₹ crore)

2016-17										
Particulars	1 to 14 Days	15 to 28 Days	29 Days to 3 Months	Over 3 Month to Upto 6 Month	Over 6 Month to Upto 1 Year	Over 1 Year and Upto 3 Years	Over 3 Years and Upto 5 Years	Over 5 Years	Total	
Deposits	4.05	0.77	493.19	537.65	1,032.21	7,136.06	16,052.73	10,755.13	36,011.79	
Advances	1,954.21	0	8.8	3,396.19	5,752.45	14,298.93	13,113.7	15,860.61	54,384.89	
Investments	401.99	0	0	281.88	620.12	0	0	224.32	1,528.31	
Borrowings	3,933.13	0	0	0	502.64	2.61	0	0	4,438.38	
Foreign Currency assets	0	0	3.28	20.95	25.05	108.97	124.54	43.56	326.35	
Foreign Currency liabilities	0	0	1.22	68.1	70.03	320.73	267.82	549.29	1,277.19	



2 Draw Down from Reserves

	2017-18	2016-17
NIL	Nil	Nil

3 Business Ratios

	2017-18	2016-17
Return on Equity	10.25%	12.83%
Return on Assets	1.22%	1.46%
Net Profit Per Employee (₹ in crore)	6.26	7.24

4 Disclosure of Penalties imposed by RBI

Nil

5 Disclosure of Complaints

(a) Customer Complaints	2017-18	2016-17
(a) No. of complaints pending at the beginning of the year	1	1
(b) No. of complaints received during the year	105	116
(c) No. of complaints redressed year	105	116
(d) No. of complaints pending at the end of the year	1	1

6. Off-Balance Sheet SPVs Sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored

Domestic	Overseas
Nil	Nil

7 Disclosure as per specific accounting standards

7.1 Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies.

(Amount in ₹ crore)

	2017-18	2016-17
Prior Period Income@	8.07	0.02
Prior Period Expense	0.87	0*

@Please refer paras 15.4 & 28.2 of Notes to Accounts.

*₹21,269/- booked under prior period items.



7.2 Accounting Standard 17 – 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.

7.3 Accounting Standard 18 – Related Party Disclosures

Please refer to Notes to Accounts para No 21.

8.	2017-18	2016-17
Unamortised Pension and Gratuity Liabilities	Nil	Nil

Amit Sinha
Assistant General Manager

Rakesh Awasthi
Chief Financial Officer

Dr. Ashwani Kumar Tripathi
Executive Director

Dakshita Das
Managing Director & Chief Executive Officer

Pankaj Jain
Director

New Delhi, August 28, 2018

As per our attached Report of even date
For S. N. Nanda & Co.
Chartered Accountants
Firm No. 000685N
(S. N. Nanda)
Partner
Membership No. 005909

**Annual Accounts
2017-18
(July 2017 to June 2018)
(SPECIAL FUND)**



**National Housing Bank****(Slum Improvement and Balance Sheet)**

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:	
21.29	(i) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	23.31
3.00	(ii) Investment Fluctuation Reserve	3.00
348.53	(iii) Reserve Fund -VDS	<u>360.86</u>
	3. Profit & Loss Account:	
21.55 <i>Add</i>	Profit transferred from the Profit and Loss A/c	12.33
30.13 <i>Add</i>	Transfer from Special Reserve u/s 36(1)(viii) of Income tax Act, 1961	0.00
51.68	Less Transfer to Reserve Fund -VDS	<u>12.33</u>
	4. Current Liabilities and Provisions:	
104.89	(i) Provision for Income Tax	112.09
0.77	(ii) Provision for Standard Assets	0.81
17.11	Income Tax Act., 1961	
	(iii) Provision for Bad and Doubtful Debts u/s 36(1)(viiia)(c) of Income tax Act, 1961	18.29
50.00	(iv) Others	<u>50.00</u>
6.74	5. Deferred Tax Liability	7.52
614.15	TOTAL	637.70

Profit & Loss Account

Previous Year ₹ in crore	Expenditure	Current Year ₹ in crore
0.28	1. Provision for Standard Assets	0.08
1.20	2. Provision for Bad and Doubtful Debts u/s 36(1)(viiia)(c) of Income Tax Act, 1961	1.18
7.16	3. Deferred Tax	0.78
6.84	4. Provision for Income Tax	7.20
23.73	5. Balance of Profit carried down	14.36
39.21	TOTAL	23.60
2.18	6. Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	2.03
51.68	7. Balance Carried to Balance Sheet	12.33
53.86	TOTAL	14.36

Amit Sinha
Assistant General Manager

Rakesh Awasthi
Chief Financial Officer

Dr. Ashwani Kumar Tripathi
Executive Director

Dakshita Das
Managing Director & Chief Executive Officer

Pankaj Jain
Director

New Delhi, August 28, 2018



Low Cost Housing Fund)
as at June 30, 2018

Previous Year ₹ in crore	Liabilities	Current Year ₹ in crore
	1. Cash and Bank Balances:	
0.04	Current Account	0.04
	2. Investments(at cost or market value whichever is less):	
188.26	Treasury Bills	399.72
	3. Loans & Advance:	
194.94	Direct Lending	108.20
0.73	Less: Provisions for Non Performing Assets	0.72
	4. Other Assets:	
0.01	(i) Interest Receivable on Bank Deposits	0.01
4.01	(ii) Interest Receivable on Investments	4.75
104.07	(iii) Advance Tax and TDS	104.07
123.55	(iv) Amount Recoverable from General Fund	21.63
614.15	TOTAL	637.70

for the year ended June 30, 2018

Previous Year ₹ in crore	Income	Current Year ₹ in crore
12.69	1. Interest on Loans and Advances	11.06
10.40	2. Income from Investments	12.49
16.12	3. Provision no longer required	0.05
39.21	TOTAL	23.60
23.73	4. Balance of Profit brought down	12.33
30.13	5. Transfer from Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	2.03
53.86	TOTAL	14.36

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 S. N. Nanda & Co.
Chartered Accountants
Firm No. 000685N

(S. N. Nanda)
Partner
Membership No. 005909



Appendices





Appendix I

Housing Loans of HFCs and PSBs during 2017-18 (Apr. 1 to Mar. 31)

SN	Slab-wise Housing Loan	Disbursements			
		Amount (in ₹ crore)	% of Total	Units	% of Total
1	₹ 2 lakh	3,332	1	5,05,031	9
2	> ₹ 2 lakh and ₹ 5 lakh	6,840	2	4,93,038	9
3	> ₹ 5 lakh and ₹ 10 lakh	34,488	8	11,21,317	21
4	> ₹ 10 lakh and ₹ 25 lakh	1,39,457	32	21,27,393	39
5	> ₹ 25 lakh	2,43,845	57	12,22,332	22
6	Total	4,27,963	100	54,69,111	100

Source : Data collected by NHB from HFCs and PSBs

Appendix II

Net Resources Mobilized during 2017-18 (July 1 to June 30)

SN	Instruments	Amount (in ₹ crore)
1	Bonds	2,000
2	Term Loans	4,000
3	Loans against deposits	400
4	Urban Housing Fund	2,245
5	Deposits from Public (Sunidhi & Suvridhi)	2
6	Foreign Borrowings	244
7	Total	8,891



Appendix III

Resources Outstanding as on June 30, 2018

SN	Instruments	Amount (in ₹ crore)
1	Term Loans	4,000
2	Loans against Deposits	400
3	Tax Free Bonds	4,640
4	Special Series Bonds	201
5	Other Bonds	3,017
6	Rural Housing Fund	25,500
7	Urban Housing Fund	10,500
8	Deposits from Public (Sunidhi & Suvridhi)	190
9	Foreign Borrowings	1,366
10	CBLO	2,869
11	Borrowing from RBI	3
12	Total	52,686

Appendix IV

Refinance Disbursements during 2017-18 - Institution Category-wise

(Amount in ₹ crore)

SN	Institution Category	2015-16	2016-17	2017-18
1	HFCs	10,852	16,779	13,283
2	SCBs	10,275	5,696	11,508
3	Others	463	209	130
4	Total	21,590	22,684	24,921



Appendix V

Refinance Disbursements during 2017-18 - Scheme-wise

(Amount in ₹ crore)

SN	Institution Category	Regular	RHF	UHF	U-LIH	Total
1	SCBs	8,881	894	1,650	83	11,508
2	HFCs	11,813	933	537	-	13,283
3	Others	-	1	129	-	130
4	Total	20,694	1,828	2,316	83	24,921

Appendix VI

Refinance Disbursements during 2017-18 - Individual Housing Loans Slab-wise

SN	Slab-wise Housing Loan	Amount (in ₹ crore)	% of Total	No. of Units	% of Total
1	₹ 2 lakh	94	-	9,515	5
2	> ₹ 2 lakh and ₹ 5 lakh	990	4	40,638	21
3	> ₹ 5 lakh and ₹ 10 lakh	3,284	13	43,350	23
4	> ₹ 10 lakh and ₹ 15 lakh	5,471	22	40,487	21
5	> ₹ 15 lakh and ₹ 20 lakh	3,613	15	21,956	11
6	> ₹ 20 lakh and ₹ 25 lakh	3,355	13	16,375	9
7	> ₹ 25 lakh	8,113	33	19,494	10
8	Total	24,921	100	1,91,815	100

Appendix VII

Cumulative Refinance Disbursements

SN	Institution Category	Amount (in ₹ crore)	% of Total
1	HFCs	98,098	46
2	SCBs	1,08,336	51
3	RRBs	1,895	1
4	Others	3,068	2
5	Total	2,11,527	100



Appendix VIII

Refinance Outstanding

(Amount in ₹ crore)

SN	Institution Category	30-06-2016	30-06-2017	30-06-2018
1	HFCs	29,735	40,312	38,146
2	SCBs	22,045	13,276	19,524
3	Others	1,284	1,217	1,055
4	Total	53,064	54,805	58,725

Appendix IX

Rural Housing Fund Disbursements

(Amount in ₹ crore)

Year	Allocation	HFCs	Utilization			Total	No. of Units
			SCBs	RRBs	Others		
2008-09	1,778	1,545	0	202	15	1,761	95,577
2009-10	2,000	1,795	0	185	36	2,016	70,995
2010-11	2,000	1,688	182	134	--	2,004	42,859
2011-12	3,000	2,126	721	143	13	3,003	1,26,795
2012-13	4,000	1,940	1,802	285	--	4,027	3,56,480
2013-14	6,000	2,326	1,023	94	--	3,444	5,35,299
2014-15	8,000	2,101	2,599	220	--	4,920	2,74,924
2015-16	--	2,943	439	370	--	3,752	58,433
2016-17	4,500	3,482	918	155	--	4,556	3,36,804
2017-18	--	894	933	1	--	1,828	49,267
Total	31,278	20,839	8,619	1,789	64	31,311	19,47,433



Appendix X

Urban Housing Fund Disbursements

(Amount in ₹ crore)

Year	Allocation	HFCs	SCBs	Utilization RRBs	Others	Total	No. of Units
2013-14	2,000	129	744	--	--	873	18,310
2014-15	4,000	902	2,769	--	30	3,700	1,26,373
2015-16	--	94	1,256	33	--	1,383	28,251
2016-17	3,000	1,896	278	4	50	2,228	20,238
2017-18	1,500	1,649	538	79	50	2,316	21,399
Total	10,500	4,670	5,584	116	130	10,500	2,14,571

Appendix XI

Disbursements under Project Finance - Year-wise

(Amount ₹ in crore)

Year	Disbursements	Cumulative Disbursements
2005-06	365	1,023
2006-07	172	1,195
2007-08	449	1,644
2008-09	35	1,679
2009-10	52	1,731
2010-11	312	2,043
2011-12	64	2,107
2012-13	93	2,200
2013-14	34	2,234
2014-15	-	2,234
2015-16	97	2,331
2016-17	75	2,406
2017-18		2,406



Appendix XII

(Housing Finance Companies Granted Certificate of Registration in 2017-18)

SN	Name of the HFC
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1. Adani Housing Finance Private Limited
2. APAC Housing Finance Private Limited
3. Aryarth Housing Finance Limited
4. Baid Housing Finance Limited
5. Clix Housing Finance Private Limited
6. Family Home Finance Private Limited
7. Hero Housing Finance Limited
8. IFL Housing Finance Limited
9. JM Financial Home Loans Limited
10. Piramal Housing Finance Limited
11. Roha Housing Finance Private Limited
12. Satin Housing Finance Limited
13. Wonder Home Finance Limited



Appendix XIII - City-wise HPI@Assessment Prices till Quarter January-March, 2018

Cities	Qtr. ending Mar-17	Qtr. ending Jun-17	Qtr. ending Sep-17	Qtr. ending Dec-17	Qtr. ending Mar-18	Jun-17 vs Mar-17 (QoQ) (% Change)	Sep-17 vs Jun-17 (QoQ) (% Change)	Dec-17 vs Sep-17 (QoQ) (% Change)	Mar-18 vs Dec-17 (QoQ) (% Change)	Mar-18 vs Mar-17 (YoY) (% Change)
Ahmedabad	99	99	101	104	107	0.0	2.0	3.0	2.9	8.1
Bengaluru	139	136	131	134	135	-2.2	-3.7	2.3	0.7	-2.9
Bhiwadi	134	126	118	115	113	-6.0	-6.3	-2.5	-1.7	-15.7
Bhopal	108	110	108	108	112	1.9	-1.8	0.0	3.7	3.7
Bhubaneswar	115	117	117	121	121	1.7	0.0	3.4	0.0	5.2
Bidhan Nagar (Excluding Rajarhat)	138	137	138	140	142	-0.7	0.7	1.4	1.4	2.9
Chakan	136	138	141	144	148	1.5	2.2	2.1	2.8	8.8
Chandigarh (Tricity)	96	95	96	98	100	-1.0	1.1	2.1	2.0	4.2
Chennai	131	130	127	129	128	-0.8	-2.3	1.6	-0.8	-2.3
Coimbatore	115	113	110	114	116	-1.7	-2.7	3.6	1.8	0.9
Dehradun	110	110	109	108	109	0.0	-0.9	-0.9	0.9	-0.9
Delhi	107	107	103	102	101	0.0	-3.7	-1.0	-1.0	-5.6
Faridabad	115	115	106	107	107	0.0	-7.8	0.9	0.0	-7.0
Gandhinagar	100	98	96	99	103	-2.0	-2.0	3.1	4.0	3.0
Ghaziabad	113	115	115	112	109	1.8	0.0	-2.6	-2.7	-3.5
Greater Noida	123	121	122	123	124	-1.6	0.8	0.8	0.8	0.8
Gurugram	121	121	118	117	114	0.0	-2.5	-0.8	-2.6	-5.8
Guwahati	128	126	127	127	127	-1.6	0.8	0.0	0.0	-0.8
Howrah	164	162	158	158	156	-1.2	-2.5	0.0	-1.3	-4.9
Hyderabad	127	126	126	129	132	-0.8	0.0	2.4	2.3	3.9
Indore	127	125	123	126	128	-1.6	-1.6	2.4	1.6	0.8
Jaipur	135	128	122	117	116	-5.2	-4.7	-4.1	-0.9	-14.1
Kalyan Dombivali	150	150	148	149	150	0.0	-1.3	0.7	0.7	0.0
Kanpur	158	155	153	158	153	-1.9	-1.3	3.3	-3.2	-3.2
Kochi	136	141	137	139	136	3.7	-2.8	1.5	-2.2	0.0
Kolkata	136	130	128	130	130	-4.4	-1.5	1.6	0.0	-4.4
Lucknow	136	137	134	132	135	0.7	-2.2	-1.5	2.3	-0.7
Ludhiana	148	144	137	133	128	-2.7	-4.9	-2.9	-3.8	-13.5
Meerut	168	164	158	157	159	-2.4	-3.7	-0.6	1.3	-5.4
Mira Bhayander	132	133	134	134	135	0.8	0.8	0.0	0.7	2.3
Mumbai	138	139	139	142	144	0.7	0.0	2.2	1.4	4.3
Nagpur	128	128	125	128	129	0.0	-2.3	2.4	0.8	0.8
Nashik	121	120	121	124	127	-0.8	0.8	2.5	2.4	5.0
Navi Mumbai	133	130	130	129	131	-2.3	0.0	-0.8	1.6	-1.5
New Town Kolkata	127	124	121	125	132	-2.4	-2.4	3.3	5.6	3.9
Noida	116	115	113	114	112	-0.9	-1.7	0.9	-1.8	-3.4
Panvel	122	121	120	122	124	-0.8	-0.8	1.7	1.6	1.6
Patna	126	129	131	133	136	2.4	1.6	1.5	2.3	7.9
Pimpri Chinchwad	134	139	138	142	143	3.7	-0.7	2.9	0.7	6.7
Pune	141	141	141	145	147	0.0	0.0	2.8	1.4	4.3
Raipur	125	125	121	123	121	0.0	-3.2	1.7	-1.6	-3.2
Rajkot	132	132	135	138	140	0.0	2.3	2.2	1.4	6.1
Ranchi	124	127	131	136	151	2.4	3.1	3.8	11.0	21.8
Surat	116	119	120	125	129	2.6	0.8	4.2	3.2	11.2
Thane	148	144	142	145	146	-2.7	-1.4	2.1	0.7	-1.4
Thiruvananthapuram	130	124	122	125	120	-4.6	-1.6	2.5	-4.0	-7.7
Vadodara	113	112	112	115	116	-0.9	0.0	2.7	0.9	2.7
Vasai Virar	126	127	130	132	132	0.8	2.4	1.5	0.0	4.8
Vijayawada	147	144	143	143	145	-2.0	-0.7	0.0	1.4	-1.4
Vizag	134	140	142	145	146	4.5	1.4	2.1	0.7	9.0

**Appendix XIV - City-wise HPI@Market Prices for Under Construction Properties till Quarter January-March, 2018**

Cities	Qtr. ending Mar-17	Qtr. ending Jun-17	Qtr. ending Sep-17	Qtr. ending Dec-17	Qtr. ending Mar-18	Jun-17 vs Mar-17 (QoQ) (% Change)	Sep-17 vs Jun-17 (QoQ) (% Change)	Dec-17 vs Sep-17 (QoQ) (% Change)	Mar-18 vs Dec-17 (QoQ) (% Change)	Mar-18 vs Mar-17 (YoY) (% Change)
Ahmedabad	136	137	138	138	139	0.7	0.7	0.0	0.7	2.2
Bengaluru	132	133	134	134	135	0.8	0.8	0.0	0.7	2.3
Bhiwadi	116	117	120	120	123	0.9	2.6	0.0	2.5	6.0
Bhopal	115	114	114	114	113	-0.9	0.0	0.0	-0.9	-1.7
Bhubaneswar	128	129	131	133	135	0.8	1.6	1.5	1.5	5.5
Bidhan Nagar (Excluding Rajarhat)	151	151	152	155	158	0.0	0.7	2.0	1.9	4.6
Chakan	135	136	137	137	136	0.7	0.7	0.0	-0.7	0.7
Chandigarh (Tricity)	110	113	116	116	117	2.7	2.7	0.0	0.9	6.4
Chennai	135	132	132	135	136	-2.2	0.0	2.3	0.7	0.7
Coimbatore	128	129	131	131	133	0.8	1.6	0.0	1.5	3.9
Dehradun	150	151	151	151	155	0.7	0.0	0.0	2.6	3.3
Delhi	91	91	92	92	94	0.0	1.1	0.0	2.2	3.3
Faridabad	127	125	125	122	118	-1.6	0.0	-2.4	-3.3	-7.1
Gandhinagar	116	115	115	115	116	-0.9	0.0	0.0	0.9	0.0
Ghaziabad	119	119	119	120	121	0.0	0.0	0.8	0.8	1.7
Greater Noida	107	108	108	109	110	0.9	0.0	0.9	0.9	2.8
Gurugram	107	107	107	108	111	0.0	0.0	0.9	2.8	3.7
Guwahati	128	131	133	133	134	2.3	1.5	0.0	0.8	4.7
Howrah	120	121	119	119	118	0.8	-1.7	0.0	-0.8	-1.7
Hyderabad	139	140	141	144	146	0.7	0.7	2.1	1.4	5.0
Indore	112	114	116	118	120	1.8	1.8	1.7	1.7	7.1
Jaipur	144	145	145	149	149	0.7	0.0	2.8	0.0	3.5
Kalyan Dombivali	130	130	130	131	132	0.0	0.0	0.8	0.8	1.5
Kanpur	134	137	139	140	141	2.2	1.5	0.7	0.7	5.2
Kochi	126	129	125	125	128	2.4	-3.1	0.0	2.4	1.6
Kolkata	94	93	95	98	102	-1.1	2.2	3.2	4.1	8.5
Lucknow	106	110	114	117	116	3.8	3.6	2.6	-0.9	9.4
Ludhiana	174	175	176	178	180	0.6	0.6	1.1	1.1	3.4
Meerut	122	123	123	120	121	0.8	0.0	-2.4	0.8	-0.8
Mira Bhayander	122	122	122	124	124	0.0	0.0	1.6	0.0	1.6
Mumbai	131	132	133	135	136	0.8	0.8	1.5	0.7	3.8
Nagpur	128	127	127	127	130	-0.8	0.0	0.0	2.4	1.6
Nashik	127	126	124	124	126	-0.8	-1.6	0.0	1.6	-0.8
Navi Mumbai	121	121	121	121	123	0.0	0.0	0.0	1.7	1.7
New Town Kolkata	117	119	120	121	122	1.7	0.8	0.8	0.8	4.3
Noida	110	109	110	110	112	-0.9	0.9	0.0	1.8	1.8
Panvel	128	130	133	137	139	1.6	2.3	3.0	1.5	8.6
Patna	90	85	82	79	79	-5.6	-3.5	-3.7	0.0	-12.2
Pimpri Chinchwad	127	128	129	130	131	0.8	0.8	0.8	0.8	3.1
Pune	138	136	136	136	136	-1.4	0.0	0.0	0.0	-1.4
Raipur	128	130	130	130	130	1.6	0.0	0.0	0.0	1.6
Rajkot	112	111	111	110	110	-0.9	0.0	-0.9	0.0	-1.8
Ranchi	102	103	105	107	108	1.0	1.9	1.9	0.9	5.9
Surat	122	125	126	128	127	2.5	0.8	1.6	-0.8	4.1
Thane	123	124	126	128	131	0.8	1.6	1.6	2.3	6.5
Thiruvananthapuram	137	137	135	142	138	0.0	-1.5	5.2	-2.8	0.7
Vadodara	113	110	111	111	109	-2.7	0.9	0.0	-1.8	-3.5
Vasai Virar	113	113	112	112	112	0.0	-0.9	0.0	0.0	-0.9
Vijayawada	145	146	146	146	148	0.7	0.0	0.0	1.4	2.1
Vizag	128	129	129	130		0.8	0.0	0.8	0.0	1.6



Appendix XV

Representation of SCs, STs, and OBCs as on June 30, 2018

Groups	Number of Employees				Number of appointments made during the previous calendar year										
					By Direct Recruitment				By Promotion#			By other			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	S	Total	SCs	STs	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Group A	116*	13	04	30	02	0	0	02	-	-	-	-	-	-	
Total	116	13	04	30	02	0	0	02	-	-	-	-	-	-	

*Note: The officers' strength shown above excludes MD&CEO, ED, CVO and one DGM (on Deputation)

#In NHB, reservation is applicable only for direct recruitment and promotion of an officer to higher rank is made on merit basis (Selection method).



Three Decades of Service

Major Milestones

1987-88

- Enactment of the National Housing Bank Act, 1987

1988-89

- Establishment of the National Housing Bank
- Unveiled the Bank's Logo
- Launched Refinance Schemes for Housing Loans by Scheduled Banks and Housing Finance Institutions
- Issued Guidelines for Equity Participation in Housing Finance Companies (HFCs)
- Issued Guidelines for Financing Land Development & Shelter Projects through Public Agencies
- Conducted Capacity Building Faculty Development Programme on Housing Finance
- Issued Housing Finance Companies (NHB) Directions, 1989

1989-90

- Launched Home Loan Account Scheme - Loan Linked Savings Scheme
- Signed Agreement with U.S. Agency for International Development (USAID) for External Borrowings

1990-91

- Launched Capital Gains Bonds Scheme
- Signed Agreement with Overseas Economic Cooperation Fund (OECF) of Japan for External Borrowings
- Notified as a "Public Financial Institution"

1991-92

- Operationalized NHB (Voluntary Deposits) Scheme, 1991

1992-93

- Launched Refinance Schemes for Slum Redevelopment Projects

1994-95

- Issued Guidelines for Prudential Norms for HFCs

1995-96

- Launched Refinance Scheme for Regional Rural Banks

1997-98

- Launched Golden Jubilee Rural Housing Finance Scheme
- Signed Agreement with Asian Development Bank for Long Term Borrowings

1999-2000

- The National Housing Bank (Amendment) Act, 2000 came into force on June 12, 2000
- HFCs need to obtain Certificate of Registration from NHB, before commencement or carrying on the business of housing finance

2000-01

- Issued First Residential Mortgage Backed Securities (RMBS) in India
- Issued Guidelines for Entry of HFCs into Insurance Business
- Announced Refinance Scheme for reconstruction of dwelling units in the earthquake affected areas in Gujarat
- Announced Refinance Assistance to Scheduled Commercial Banks in respect of their lending for housing in cyclone hit areas of Orissa, flood affected areas of Andhra Pradesh

2001-02

- Issued new set of Housing Finance Companies (NHB) Directions, 2001 in supersession of Housing Finance Companies (NHB) Directions, 1989 and the Guidelines for Prudential Norms
- Issued the Guidelines for Asset Liability Management System for HFCs

2002-03

- Launched Liberalized Refinance Scheme for Housing Loans
- First time obtained external rating for its debt instruments
- Announced Project Finance Policy
- Set up of Cell for disseminating information on housing loan frauds
- Set up of Cell for effective redressal of complaints against HFCs

2004-05

- Provided Corporate Guarantee to HFCs on RMBS
- Issued Guidelines on 'Know Your Customer' to HFCs

2005-06

- Announced Refinance Assistance to HFCs and SCBs in respect of their lending for housing in the earthquake affected areas of Jammu & Kashmir
- Issued Guidelines on Know Your Customer and Anti Money Laundering Measures to HFCs

2006-07

- Launched NHB RESIDEX, the first official Housing Price Index
- Issued Operational Guidelines for Reverse Mortgage Loan to banks/HFCs
- Launched Occasional Papers and Discussion Papers Series
- First Regional Representative Office was opened at Hyderabad
- Issued Guidelines on Fair Practices Code to HFCs



Major Milestones

2007-08

- Government of India announced the establishment of Rural Housing Fund in NHB
- Signed MOC with UNHABITAT for Water and Sanitation Projects for Housing
- Implemented SAP ERP System in NHB
- Launched two term deposit schemes - SUNIDHI and SUVRIDHI
- Issued Zero Coupon Bonds

2009-10

- Incubated and Launched Asia Pacific Union for Housing Finance (APUHF) Forum
- Identified as Central Nodal Agency for Interest Subvention Scheme for Housing the Urban Poor and 1% Interest Subvention Scheme
- Consolidated and Issued Housing Finance Companies (NHB) Directions, 2010

2010-11

- Collaborated with KfW, Germany for promotion of Energy Efficient Housing in India

2011-12

- Government of India setup Credit Risk Guarantee Fund Trust for Low Income Housing in NHB, to ensure better flow of institutional credit for housing loans to the low income segments

2012-13

- Appointed as Nodal Agency by the Government of India for External Commercial Borrowings for Low Income Housing Projects
- Prescribed Most Important Terms & Conditions (MITC) of housing loan for HFCs
- Unveiled the Bank's New Logo and Website, as a part of Silver Jubilee Celebrations

2013-14

- Identified as Central Nodal Agency for Rajiv Rinn Yojana (RRY) and the Capital Subsidy Scheme under Jawaharlal Nehru National Solar Mission (JNNSM)
- Signed Agreement with Department for International Development (DFID), UK for promoting affordable housing in Low Income States
- Entered into partnership with World Bank through Government of India, to encourage flow of funds to the urban poor for their housing requirements
- Setup India Mortgage Guarantee Corporation Private Ltd., the first Mortgage Guarantee Company in India
- Government of India announced the establishment of Urban Housing Fund in NHB
- Issued the Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014

2014-15

- Implemented GRIDS, a 24x7 on-line database system
- Implemented Risk Based Internal Audit (RBIA) System
- Identified as Central Nodal Agency for Pradhan Mantri Awas Yojana (PMAY) - Credit Linked Subsidy Scheme (CLSS) Housing for All by 2022 Mission
- Launched 24x7 on-line portal to lodge PMAY-CLSS claims for reducing the turnaround time for processing the subsidy

2015-16

- Launched Special Refinance Scheme for flood affected area of Jammu & Kashmir and Tamil Nadu
- Identified as Central Nodal Agency for Rural Housing Interest Subsidy Scheme under Housing for All by 2022 Mission
- Implemented 24x7 online reporting system (ORMIS) for HFCs to facilitate a faster mechanism for submission of Returns, Data and information
- Issued four Master Circulars on a) Housing Finance Companies (NHB) Directions, 2010; b) Housing Finance Companies Issuance of Non-convertible Debentures on Private Placement Basis (NHB) Directions, 2014; c) Fair Practice Code; and d) Miscellaneous Instructions to all Housing Finance Companies
- Issued Guidelines on Willful Defaulters to HFCs
- Directed HFCs to become member of all CICs and submit data (including historical data) to them
- Offices of NHB were connected to VC System through MPLS network

2016-17

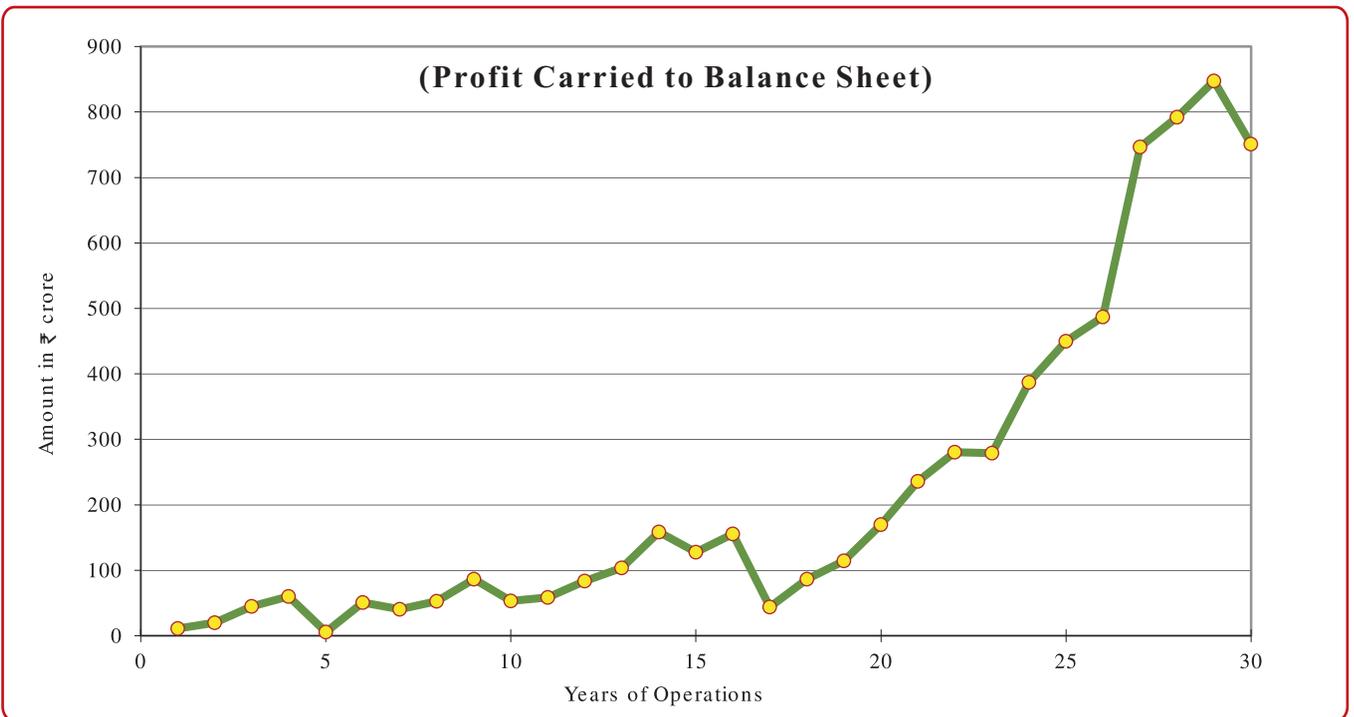
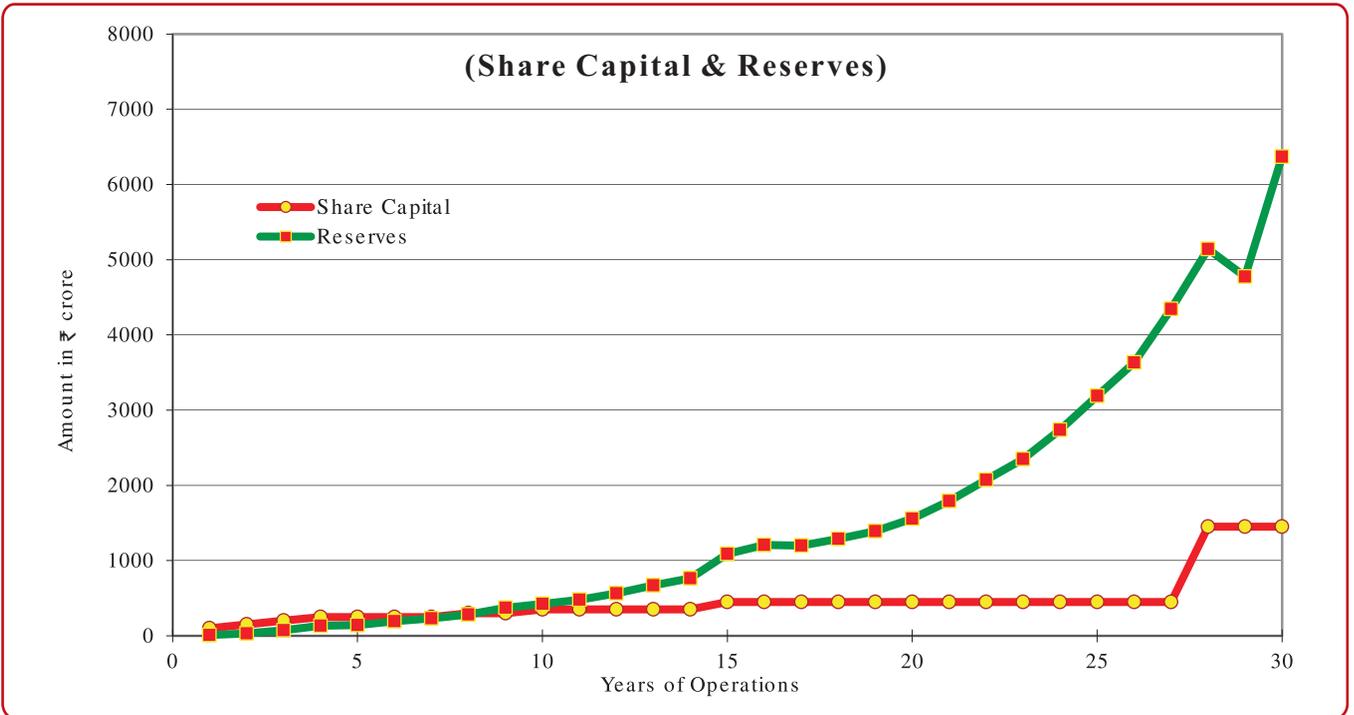
- Issued three new Directions - (i) Housing Finance Companies - Auditor's Report (NHB) Directions, 2016; (ii) Housing Finance Companies - Approval of Acquisition or Transfer of Control (NHB) Directions, 2016; and (iii) Housing Finance Companies - Corporate Governance (NHB) Directions, 2016
- Republic Day Parade-2017 Tableau of MoHUA, NHB and its role as Central Nodal Agency for the implementation of PMAY-CLSS was depicted
- Corporate Film on NHB was produced

2017-18

- Launched the revamped NHB RESIDEX and now covers 50 cities
- The Finance Act, 2018 amended certain provisions of the National Housing Bank Act, 1987, inter alia, enabling transfer of share capital of NHB from Reserve Bank to Central Government
- Government of India announced the establishment of Affordable Housing Fund in NHB
- Cumulative Refinance Disbursements crossed ₹ 2 lakh crore mark



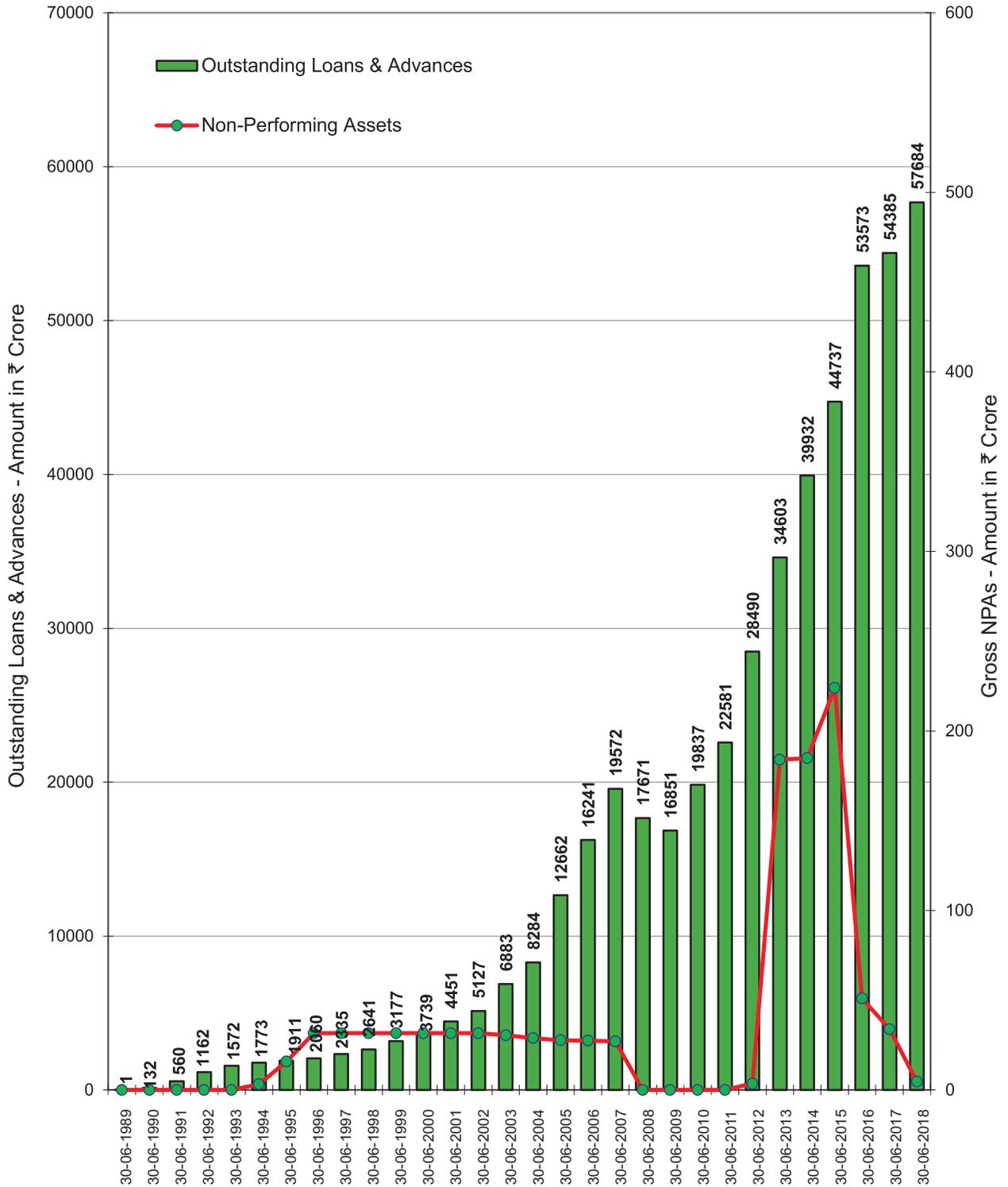
NHB's Share Capital, Reserves and Profitability





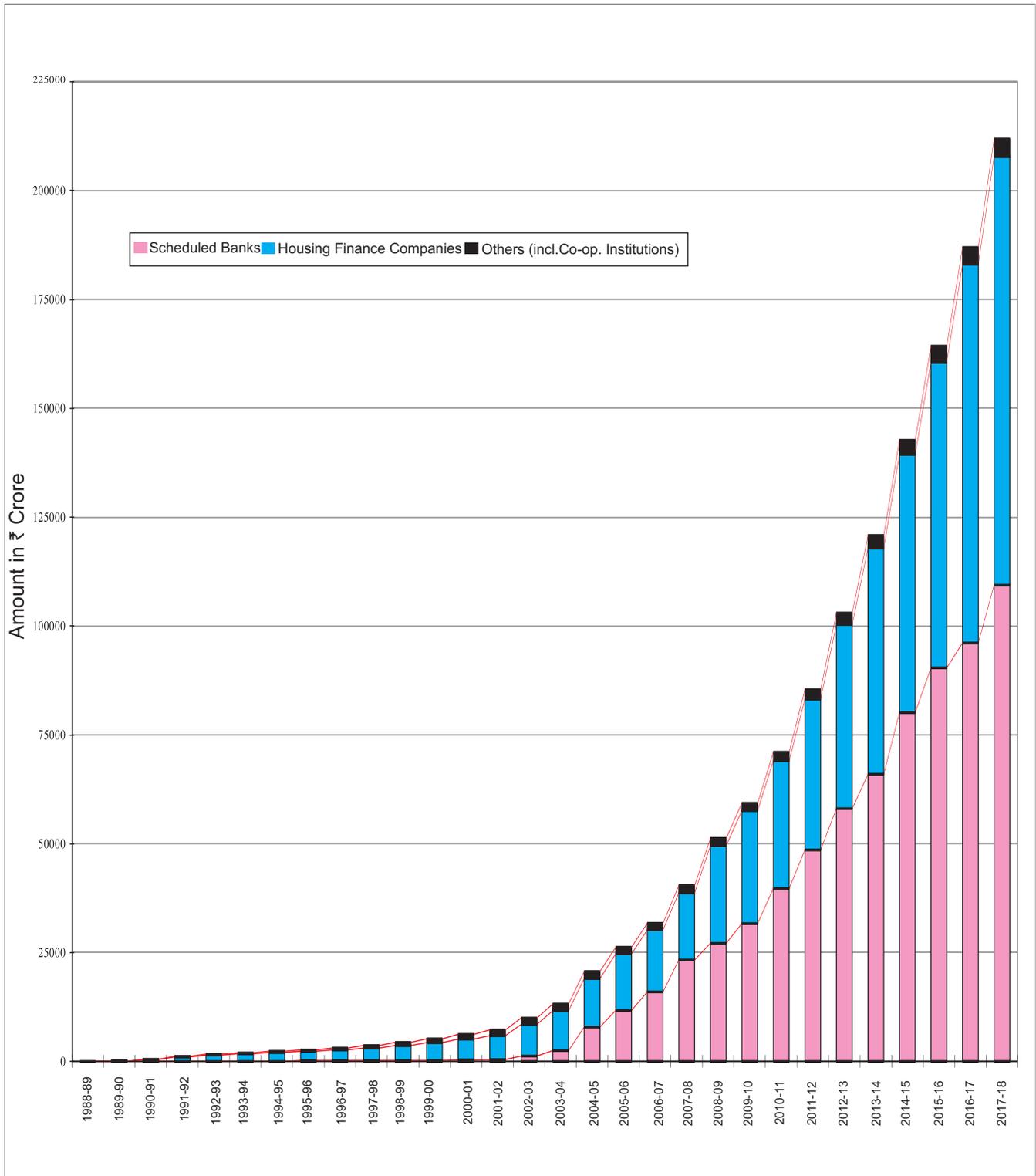
NHB's Loans & Advances and Gross NPAs

Outstanding Loans & Advances Vs. Gross Non-Performing Assets (NPAs)



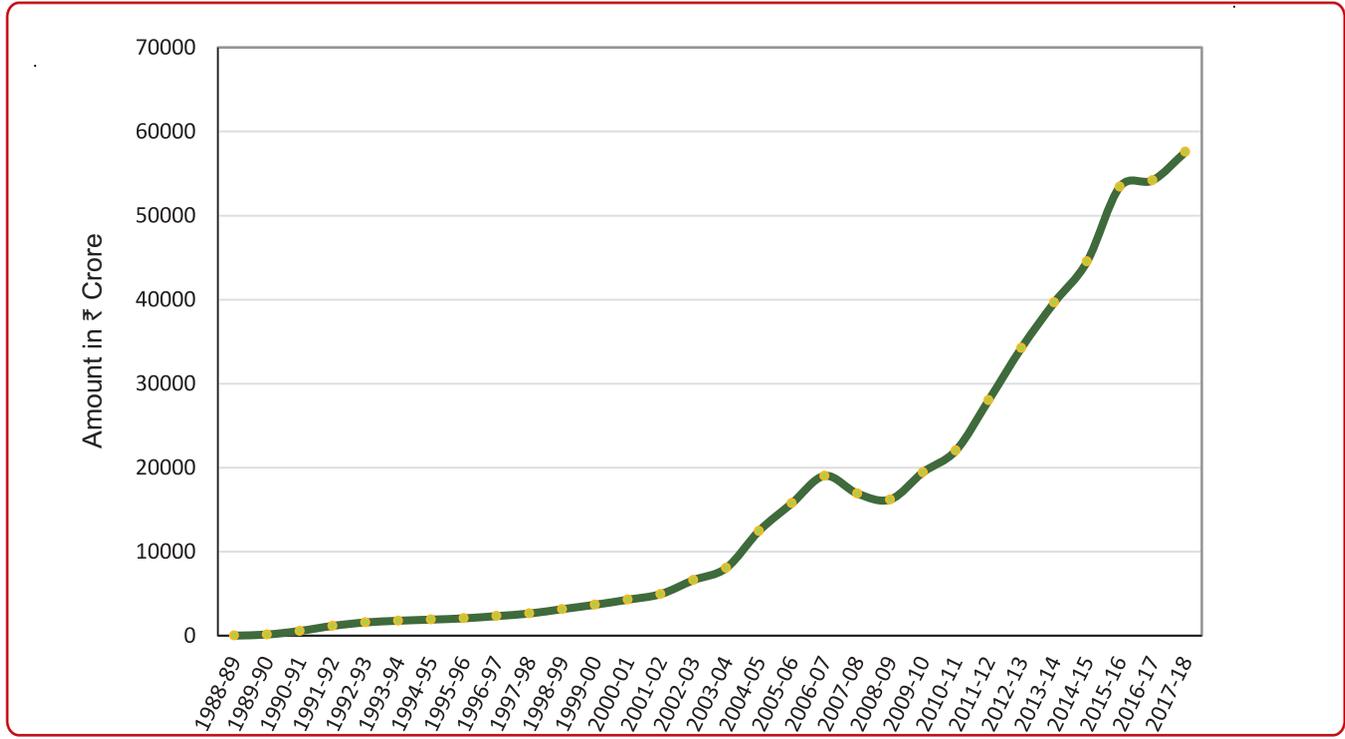


NHB's Cumulative Refinance Disbursements to PLIs

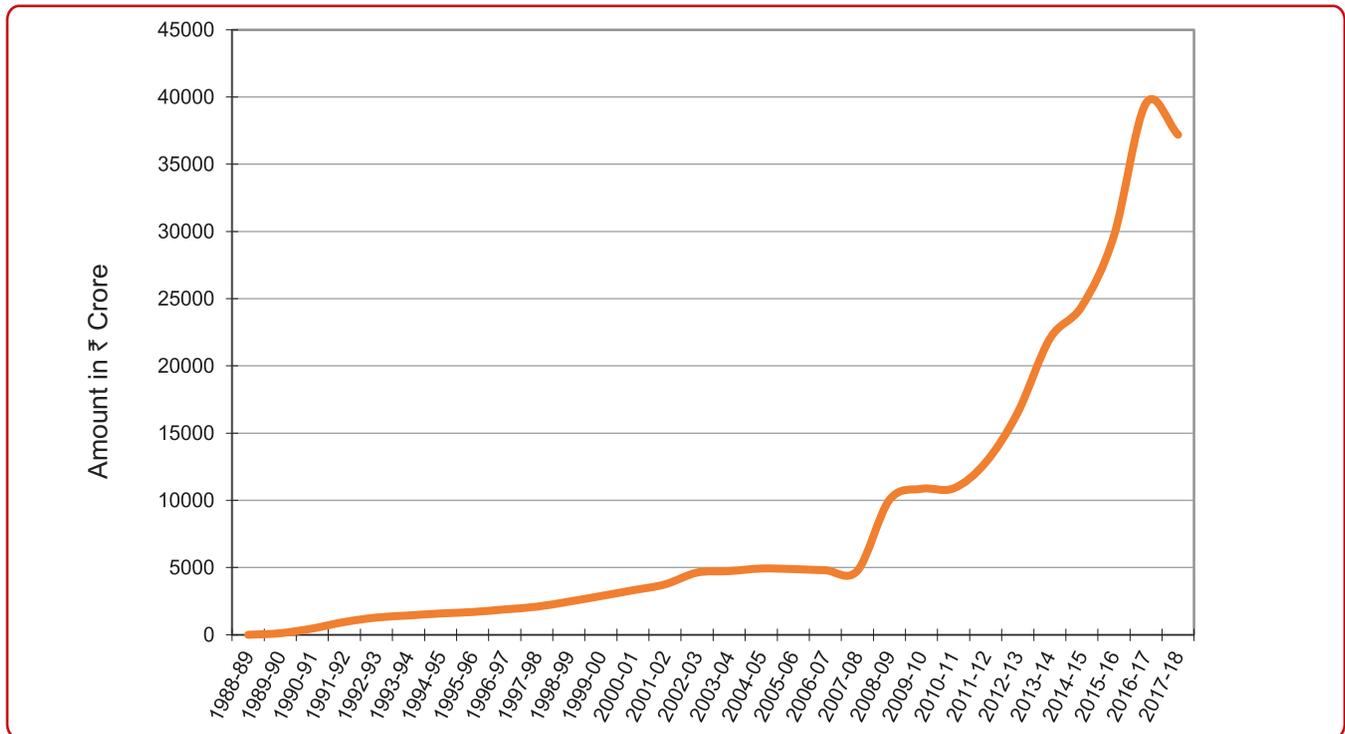




NHB's Outstanding Refinance to PLIs

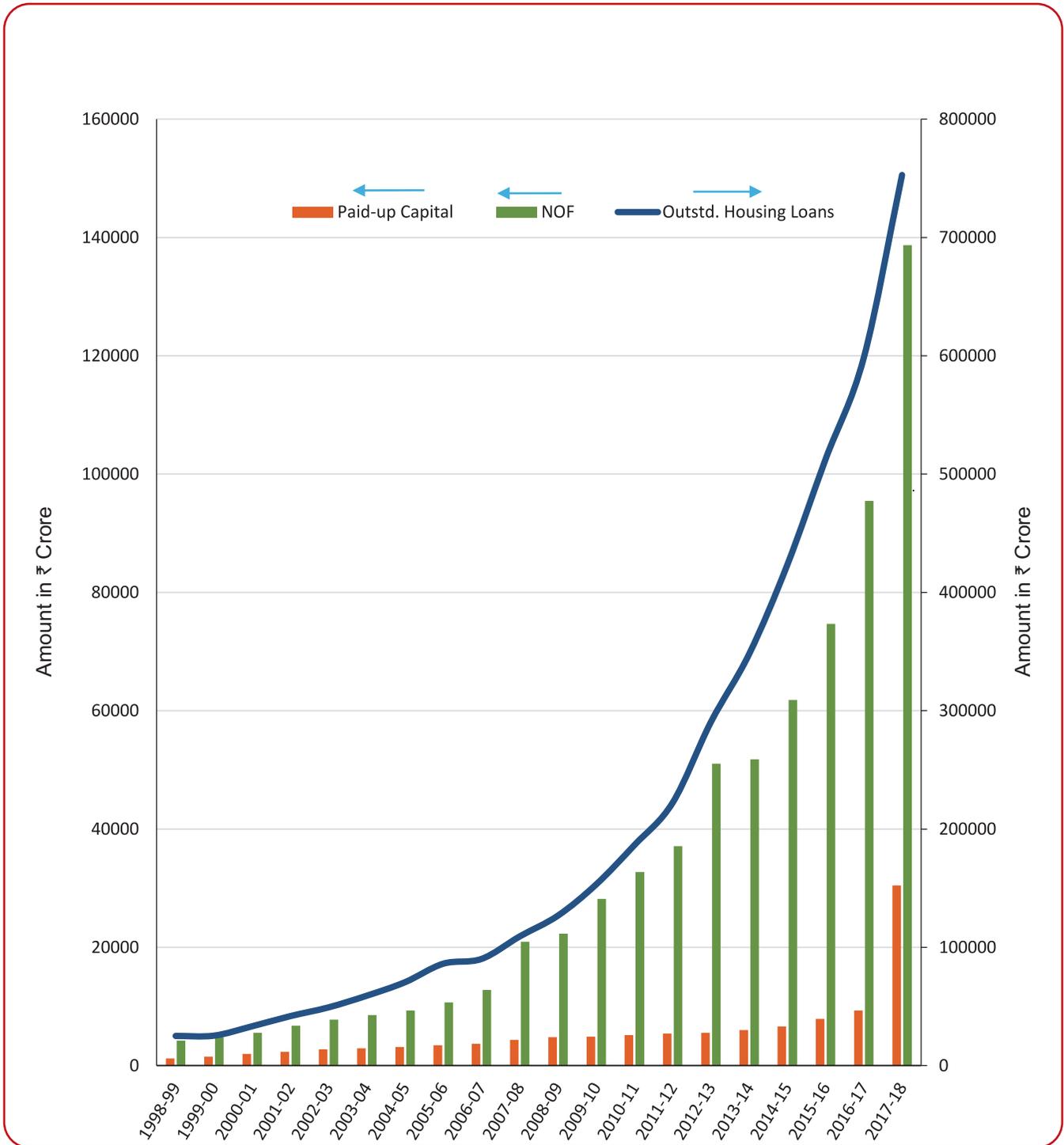


NHB's Outstanding Refinance to HFCs





Performance of HFCs





बोर्ड बैठक की कार्यवाही

Board Meeting in Progress

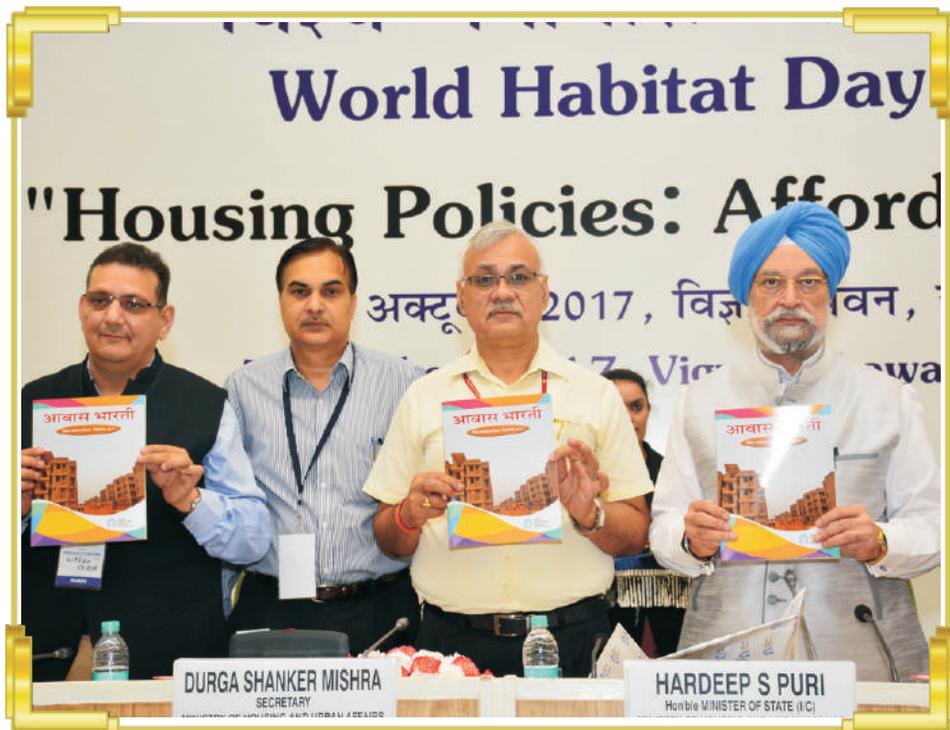


रा.आ.बैंक वार्षिक दिवस 2017

NHB's Annual Day 2017



स्वतंत्रता दिवस समारोह 2017 Independence Day 2017 Celebrations



विश्व पर्यावास दिवस 2017

World Habitat Day 2017



महिला दिवस 2018

Women's Day 2018



हैबिटेनमेंट क्विज 2017

Habitation Quiz 2017



आवास वित्त कंपनियों के मुख्य कार्यपालक अधिकारियों की बैठक

Meeting with CEOs of HFCs



पीएमएवाई-सीएलएसएस परामर्शी एवं कार्य-योजना संबंधी बैठक

PMAY-CLSS Consultative & Strategic Meet



किफायती आवास हेतु ऋण देणे पर कार्यशाला

Lending for Affordable Housing Workshop



एडीएफआईएपी डेवलपमेंट पर कार्यशाला

ADFIAP Development Workshop



भारतीय रिजर्व बैंक-हिंदी
गृह पत्रिका पुरस्कार

RBI In-house Hindi
Magazine Award



ग्रामीण आवास वित्त पर अगरतला
में प्रशिक्षण कार्यक्रम

Training Programme on Rural
Housing Finance at Agartala



**राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK**

(भारतीय रिज़र्व बैंक के सम्पूर्ण स्वामित्व में)
(Wholly owned by Reserve Bank of India)

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