



## **PNB HOUSING FINANCE LIMITED**

(A subsidiary of Punjab National Bank)

Registered Office: 9th Floor Antriksh Bhawan,  
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**DISCLOSURE DOCUMENT ISSUED IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012, AS AMENDED**

**PRIVATE PLACEMENT OF UNSECURED REDEEMABLE NON-CONVERTIBLE SUBORDINATED TIER II BONDS IN THE NATURE OF PROMISSORY NOTES (“BONDS”) (SERIES II) OF RS. 10,00,000/- EACH FOR CASH AT PAR AGGREGATING TO RS. 200 CRORE BY PNB HOUSING FINANCE LIMITED (“PNBHFL” OR THE “ISSUER” OR THE “COMPANY”)**

### **TRUSTEE FOR THE BONDHOLDERS**



#### **IDBI Trusteeship Services Limited**

Registered Office  
Asian Building, Ground Floor  
17, R Kamani Marg  
Mumbai – 400 001  
Tel No. (022) 66311771-3  
Fax No. 91-22-66311776  
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### **REGISTRAR TO THE ISSUE**



#### **MCS Limited**

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W-40 Okhla Industrial Area  
Phase – II  
New Delhi – 110 020  
Tel No. (011) 5140 6149  
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### **LISTING**

The Bonds are proposed to be listed on Wholesale Debt Market (“WDM”) segment of National Stock Exchange of India Limited (“NSE”).

### **ARRANGERS TO THE ISSUE**

(in alphabetic order)

**A. K. Capital Services Limited**

**Darashaw & Company Private Limited**

**ICICI Bank Limited**

**Trust Investment Advisors (I) Private Limited**

**Axis Bank Limited**

**ICICI Securities Primary Dealership Limited**

**Kotak Mahindra Bank Limited**

**YES Bank Limited**

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## I. DISCLAIMER

### 1. DISCLAIMER OF THE ISSUER

This Disclosure Document is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended. This Disclosure Document does not constitute an offer to public in general to subscribe for or otherwise acquire the Bonds to be issued by PNB Housing Finance Limited (the "Issuer"/ the "Company"/ "PNBHFL"). This Disclosure Document is for the exclusive use of the addressee and it should not be circulated or distributed to third party(ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This bond issue is made strictly on private placement basis. Apart from this Disclosure Document, no offer document or prospectus has been prepared in connection with the offering of this bond issue or in relation to the issuer.

This Disclosure Document is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the bonds issued by PNBHFL. This Disclosure Document has been prepared to give general information regarding PNBHFL to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. PNBHFL believes that the information contained in this Disclosure Document is true and correct as of the date hereof. PNBHFL does not undertake to update this Disclosure Document to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with PNBHFL. However, PNBHFL reserves its right for providing the information at its absolute discretion. PNBHFL accepts no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility.

Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Disclosure Document should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Disclosure Document is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on private placement Basis and this offer does not constitute a public offer/ invitation.

The Issuer reserves the right to withdraw the private placement of the bond issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law. In such an event, the Issuer will refund the application money, if any, along with interest payable on such application money, if any.

### 2. DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Disclosure Document has not been filed with Securities & Exchange Board of India ("SEBI"). The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document. It is to be distinctly understood that this Disclosure Document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Disclosure Document. The Issue of Bonds being made on private placement basis, filing of this Disclosure Document is not required with SEBI. However SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Disclosure Document.

**3. DISCLAIMER OF THE ARRANGERS TO THE ISSUE**

It is advised that the Issuer has exercised self due-diligence to ensure complete compliance of prescribed disclosure norms in this Disclosure Document. The role of the Arrangers to the Issue in the assignment is confined to marketing and placement of the bonds on the basis of this Disclosure Document as prepared by the Issuer. The Arrangers have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Disclosure Document. The Arrangers shall use this Disclosure Document for the purpose of soliciting subscription from a particular class of eligible investors in the Bonds to be issued by the Issuer on private placement basis. It is to be distinctly understood that the aforesaid use of this Disclosure Document by the Arrangers should not in any way be deemed or construed that the Disclosure Document has been prepared, cleared, approved or vetted by the Arrangers; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. The Arrangers or any of its directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Disclosure Document.

**4. DISCLAIMER OF THE STOCK EXCHANGE**

As required, a copy of this Disclosure Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as "NSE") for hosting the same on its website. It is to be distinctly understood that such submission of the Disclosure Document with NSE or hosting the same on its website should not in any way be deemed or construed that the Disclosure Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

## II. DEFINITIONS/ ABBREVIATIONS

AY	Assessment Year
Allotment/ Allot/ Allotted	The issue and allotment of the Bonds to the successful Applicants in the Issue
Allottee	A successful Applicant to whom the Bonds are allotted pursuant to the Issue, either in full or in part
Applicant/ Investor	A person who makes an offer to subscribe the Bonds pursuant to the terms of this Disclosure Document and the Application Form.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for allotment of Bonds in the Issue
Bondholder(s)	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996)
Board/ Board of Directors	The Board of Directors of PNB Housing Finance Limited or Committee thereof, unless otherwise specified
Bond(s)/ Debenture(s)	Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of Promissory Notes (Series II) of Rs. 10,00,000/- each ("Bonds") to be issued by PNB Housing Finance Limited ("PNBHFL" or "Issuer" or the "Company") through private placement route under the terms of this Disclosure Document
NSE/ Designated Stock Exchange	National Stock Exchange of India Limited being the stock exchange on which Bonds of the Issuer are proposed to be listed
Record Date	Reference date for payment of interest/ repayment of principal
CAR	Capital Adequacy Ratio
CAG	Comptroller and Auditor General of India
CDSL	Central Depository Services (India) Limited
MD	Managing Director of PNB Housing Finance Limited
CRISIL	CRISIL Limited
CARE	Credit Analysis & Research Limited
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of a body corporate or any statutory body constituted by virtue of a legislation, whether constituting a charge on the assets of the Issuer or not, but excludes security bonds issued by Government or such other bodies as may be specified by SEBI, security receipts and securitized debt instruments
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act
Disclosure Document	Disclosure Document dated December 22, 2012 for private placement of Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of Promissory Notes (Series II) of Rs. 10,00,000/- each ("Bonds") to be issued by PNB Housing Finance Limited for an amount aggregating ₹ 200 crore
DP	Depository Participant
DRR	Bond/ Debenture Redemption Reserve
EPS	Earning Per Share
FIs	Financial Institutions
FIIIs	Foreign Institutional Investors
Financial Year/ FY	Period of twelve months ending March 31, of that particular year
Gol	Government of India/ Central Government
Trustees	Trustees for the Bondholders in this case being IDBI Trusteeship Services Limited
Issuer/ PNBHFL/ Company	PNB Housing Finance Limited, a subsidiary of Punjab National Bank and having its Registered Office at 9 <sup>th</sup> Floor, Anriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi – 110 001, India

I.T. Act	The Income Tax Act, 1961, as amended from time to time
Listing Agreement	Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated November 26, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-1/2010 dated January 07, 2010
MF	Mutual Fund
MoF	Ministry of Finance
NSDL	National Securities Depository Limited
NHB Guidelines/ Directions	The Housing Finance Companies (NHB) Directions, 2010 issued by National Housing Bank vide its Notification No. NHB.HFC.DIR.1/CMD/2010 dated June 10, 2010, as amended
PAN	Permanent Account Number
Private Placement	An offer or invitation to less than fifty persons to subscribe to the Bonds in terms of sub-section (3) of Section 67 of the Companies Act, 1956 (1 of 1956)
GIR	General Index Registration Number
Rs./ INR/ ₹	Indian National Rupee
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
Registrar	Registrar to the Issue, in this case being MCS Limited
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended
TDS	Tax Deducted at Source
The Companies Act	The Companies Act, 1956 as amended from time to time
The Issue/ The Offer/ Private Placement	Private Placement of Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of Promissory Notes (Series II) of Rs. 10,00,000/- each ("Bonds") to be issued by PNB Housing Finance Limited for an amount aggregating ₹ 200 crore



**III. ISSUER INFORMATION**

**Name of the Issuer** : PNB Housing Finance Limited

**Registered Office** : 9th Floor Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi – 110 001

**Tel. No.** : (011) 23354286, 23357171, 23357172

**Fax No.** : +91-11-23357173, 23358212

**Website** : [www.pnbhfl.com](http://www.pnbhfl.com)

**E-mail** : [sanjay.jain@pnbhfl.com](mailto:sanjay.jain@pnbhfl.com)

**Compliance Officer for the Issue** : Mr. Sanjay Jain  
DGM (F) & Company Secretary  
PNB Housing Finance Limited  
Registered Office  
9th Floor Antriksh Bhawan  
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New Delhi – 110 001  
Tel No.: (011) 23354286  
Fax No.: +91 11 23357173  
E-mail: [sanjay.jain@pnbhfl.com](mailto:sanjay.jain@pnbhfl.com)

**Chief Financial Officer of the Issuer** : Mr. Sanjay Jain  
DGM (F) & Company Secretary  
PNB Housing Finance Limited  
Registered Office  
9th Floor Antriksh Bhawan  
22, Kasturba Gandhi Marg  
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E-mail: [sanjay.jain@pnbhfl.com](mailto:sanjay.jain@pnbhfl.com)

## IV. DETAILS OF DIRECTORS OF THE ISSUER

## 1. CURRENT DIRECTORS OF THE ISSUER

The composition of the Board of Directors of the Issuer as on date of this Disclosure Document is as under:

Sr. No.	Name, Designation and DIN	Age (in years)	Address	Director of the Company since	Other Directorships
1.	<b>Mr. K. R. Kamath</b> Chairman DIN: 01715073	57	Chairman & Managing Director Punjab National Bank Head Office, 7, Bhikaiji Cama Place New Delhi – 110 066	09.11.09	<ul style="list-style-type: none"> <li>• Chairman &amp; Managing Director, Punjab National Bank</li> <li>• Chairman, PNB Gilts Ltd.</li> <li>• Chairman, PNB International Ltd.</li> <li>• Chairman, PNB Investment Services Ltd.</li> <li>• Export Credit Guarantee Corporation of India Ltd.</li> <li>• Oriental Insurance Company Ltd.</li> <li>• India Infrastructure Finance Company Ltd.</li> </ul>
2.	<b>Mr. Rakesh Sethi</b> Director DIN: 02420709	55	Executive Director Punjab National Bank Head Office, 7, Bhikaiji Cama Place New Delhi – 110 066	30.04.11	<ul style="list-style-type: none"> <li>• Executive Director, Punjab National Bank</li> <li>• PNB Gilts Ltd.</li> </ul>
3.	<b>Mr. G. N. Bajpai</b> Director DIN: 00946138	70	Intuit Consulting Pvt. Ltd. Marathon Innova 'C' Wing, 7th Floor, 705, Marathon Next Gen Complex Genpatrapo Kadam Marg, Lower Parel (West), Mumbai – 400013	09.12.09	<ul style="list-style-type: none"> <li>• Future Generali India Life Insurance Company Ltd.</li> <li>• Future Generali India Insurance Company Ltd.</li> <li>• Future Ventures India Ltd.</li> <li>• Dalmia Cement (Bharat) Ltd.</li> <li>• Nitesh Estates Ltd.</li> <li>• New Horizons India Ltd.</li> <li>• Usha Martin Ltd.</li> <li>• Micromax Informatics Ltd.</li> <li>• Walchand Nagar Industries Ltd.</li> <li>• Dhanlaxmi Bank Ltd.</li> <li>• Intuit Consulting Pvt. Ltd.</li> <li>• Invent Asset Securitisation &amp; Reconstruction Company Pvt. Ltd.</li> <li>• Infomerics Valuation &amp; Rating Pvt. Ltd.</li> <li>• IDE India (sec 25 company)</li> <li>• Mandhana Industries Ltd.</li> <li>• Invent ARC Pvt. Ltd.</li> <li>• Laxhmi Cotsyn Ltd.</li> <li>• United Spirits Ltd.</li> <li>• Institute of Insurance and Risk Management</li> </ul>

4.	<b>Mr. P. K. Gupta</b> Director DIN: 00603676	64	1006, Urvashi-1, Amrapali Royal 2B, Vaibhav Khand, Indrapuram Ghaziabad - 201010.	09.12.09	<ul style="list-style-type: none"> <li>Advanced Enzyme Technologies Ltd.</li> <li>U V Asset Reconstruction Company Ltd.</li> <li>Advanced Enzyme Technologies Ltd.</li> </ul>
5.	<b>Mr. S. K. Jain</b> Director DIN: 00047474	73	5/10, Shantinekatan New Delhi -110021	09.12.09	<ul style="list-style-type: none"> <li>Can Rebeco</li> <li>R S Software India Ltd.</li> </ul>
6.	<b>Mr. Tejinder Singh Laschar</b> Director DIN: 00226860	65	C-287, 1st Floor, Defence Colony New Delhi -1100024	13.02.09	<ul style="list-style-type: none"> <li>Daiwa Mutual Fund</li> </ul>
7.	<b>Mr. Anand Dorairaj</b> Director DIN: 01662849	47	New Silk Route Advisors Pvt. Ltd. 205 Ceejay House, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai – 400018, India	09.12.09	<ul style="list-style-type: none"> <li>Destimoney India Services Pvt. Ltd.</li> <li>Destimoney Commodities Pvt. Ltd.</li> <li>Destimoney securities Pvt. Ltd.</li> </ul>
8.	<b>Mr. Vivek Vig</b> Director DIN: 01117418	52	Destimoney Enterprises Pvt. Ltd. Marathon Innova, Wing B-1, Genpatrapo Kadam Marg Lower Parel (West) Mumbai - 400013	09.12.09	<ul style="list-style-type: none"> <li>Managing Director &amp; CEO, Destomoney Enterprises Pvt. Ltd.</li> <li>Destimoney Financial Services Pvt. Ltd.</li> <li>IDE India (Sec 25 company)</li> <li>American School of Mumbai (Sec 25 Company)</li> </ul>
9.	<b>Mr. S. S. Bhatia</b> Director DIN: 05176843	57	General Manager Punjab National Bank Atmaram House, Tolstoy Marg New Delhi – 110 001	06.11.12	None
10.	<b>Mr. Sanjaya Gupta</b> Managing Director DIN: 02939128	49	PNB Housing Finance Ltd. 9th Floor Antriksh Bhawan 22, K G Marg New Delhi -110001	25.06.10	<ul style="list-style-type: none"> <li>ADB nominated director on the Board of HDFC PLC. Maldives.</li> <li>India Shelter Finance Corporation Ltd.</li> </ul>

None of the current directors of the Issuer appear in the RBI's defaulter list or ECGC's default list.

## 2. CHANGES IN DIRECTORS OF THE ISSUER SINCE LAST THREE YEARS

Changes in the Board of Directors of the Issuer during the last three years are as under:

Name	Date of Appointment	Date of Cessation	Reason
Mr. M. M. S. Rekhrao	27.05.2002	09.12.2009	Resigned
Mr. B. K. Raizada	04.09.2003	09.12.2009	Resigned
Mr. Sumant Chadha	30.03.2007	09.12.2009	Resigned
Ms. Sudeshna Sharma	27.04.2009	09.12.2009	Resigned
Mr. G. N. Bajpai	09.12.2009	-	Appointment
Mr. P. K. Gupta	09.12.2009	-	Appointment
Mr. S. K. Jain	09.12.2009	-	Appointment
Mr. Vivek Vig	09.12.2009	-	Appointment
Mr. Anand Dorairaj	09.12.2009	-	Appointment
Mr. Nagesh Pydah	26.06.2009	31.12.2010	Resigned

Mr. V. K. Sood	12.02.2009	25.06.2010	Resigned
Mr. Sanjaya Gupta	25.06.2010	-	Appointment
Mr. Vivek Arya	26.10.2010	01.09.2011	Expiry of Tenure
Mr. Rakesh Sethi	26.10.2010	-	Appointment
Mr. S. P. Singh	01.09.2011	31.07.2012	Expiry of Tenure
Mr. S. S. Bhatia	06.11.2012	-	Appointment

## V. DETAILS OF STATUTORY AUDITORS OF THE ISSUER

### 1. CURRENT STATUTORY AUDITOR OF THE ISSUER (FY 2012-13)

Details of the statutory auditor of the Issuer for financial year 2012-13 are as under:

Name of Statutory Auditors	Firm Registration No.	Address & Contact Details	Auditor since
<b>Raj K. Aggarwal &amp; Associates</b> <i>Chartered Accountants</i>	002585N	Plot No. 5, BN Block (W) Central Market, IInd Floor, Adjoining Bank of Baroda, Shalimar Bagh (West), New Delhi-110088 Tel : (011) 41419973, 274487547 Fax: (011) 2747694 E-mail: ca.rajkagg@yahoo.com	06.11.2012

### 2. CHANGE IN STATUTORY AUDITORS OF THE ISSUER SINCE LAST THREE YEARS

Changes in the statutory auditors of the Issuer during the last three years are as under:

Name	Address	Date of Appointment	Date of Cessation	Auditor of the Issuer since	Remarks
<b>M/s. S. K. Kapoor &amp; Co.</b> <i>Chartered Accountants</i>	16/98 LIC Building ;The Mall; Kanpur Tel : (0512) 2372244, 3261222 Fax: (0512) 2372244 E-mail: skkcoca@sancharnet.in; kapoor_sk49@yahoo.com	06.12.2008	08.08.2012	From FY 2008-09 till FY 2011-12	Retired
<b>Raj K. Aggarwal &amp; Associates</b> <i>Chartered Accountants</i>	Plot No. 5, BN Block (W) Central Market, IInd Floor, Adjoining Bank of Baroda, Shalimar Bagh (West), New Delhi-110088 Tel : (011) 41419973, 274487547 Fax: (011)2747694 E-mail: ca.rajkagg@yahoo.com	06.11.2012	Continuing	06.11.2012	Current Statutory Auditors

## VI. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS

### 1. HIGHLIGHTS OF PNBHFL

- Subsidiary of Punjab National Bank, a premier nationalized bank with 117 years of existence having assets of Rs. 4,58,194 crore as on March 31, 2012.
- Professionally managed Company with a strong track record of profitability.
- Presence in most of the major cities throughout the country with a network of 31 branches and 3 hubs.
- Achieved 23% growth in assets, 27% growth in income and 8% growth in profit during the year 2011-12.
- Achieved 48% growth in assets, 34% growth in income and 11% growth in profit during half year ended September 30, 2012.
- Capital Adequacy Ratio of 14.34% as on September 30, 2012, which is well above minimum of 12% prescribed by NHB.

### OWNERSHIP

As on date of this Disclosure Document, 51% shareholding of the Company is held by Punjab National Bank – a Government of India undertaking and 49% by Destimoney Enterprises Pvt. Ltd.

### BUSINESS OVERVIEW

The Company is an approved housing finance company holding a certificate of registration issued by NHB. The Company is engaged in the business of providing housing loans to individuals and bodies corporate for construction, purchase and up gradation of houses. The Company is also providing other loans for commercial space and Loan against property. The Company operates through a network of 31 branches throughout India.

Since 1988, the Company has steadily grown in business. For the FY 2012, Company's total income was Rs. 463 crore, net profit before tax was Rs. 103 crore and net profit after tax was Rs. 75 crore. As on September 30, 2012, the total loans outstanding were Rs. 4,937 crore (48% growth over Sept, 11), the net worth was Rs. 568 crore, the book value per share was Rs. 131 and EPS Rs. 18.90 (annualised).

### Lending

The Company is in operations since November 1988. The Company is providing loans to individuals as well as non-individuals such as builders, bodies corporate, development authorities, trust, partnership/ sole proprietorship firms for their housing and non-housing loan requirements. The Company operates through a network of 31 branches and 3 hubs spread across India. During first half of 2012-13, the Company has disbursed fresh loans amounting to Rs. 1423 crore (181% growth over Sept. 2011). The Company has shown a steady trend in the growth of loans business over the years.

### Products & Services

The Company follows elaborate system of evaluation of each borrower and project. The company follows a risk-rating model for each individual and corporate borrower and then decides about lending and interest rates. The company also takes assistance of Direct Marketing agents for outsourcing business, advocates for establishing chain of title, experts for evaluation of borrowers' credentials and valuers for establishing fair market value of property. The company officials also undertake site visits to ensure end use of funds and completion of projects.

The Company is offering following products to its retail borrowers;

- Housing loan for purchase/ construction of independent houses/ flats/ bungalows/ farmhouses etc.
- Housing loan for repair/renovation/up gradation of an existing house/ flat/ bungalow/ farmhouse etc.
- Non-Housing loan for construction/purchase of commercial space such as offices and shops.
- Non-Housing loan against mortgage of a property (residential and commercial) for any personal need of a borrower.
- Lease Rental Discounting.

The Company is offering following products to builders, bodies corporate, development authorities, trust, partnership/ sole proprietorship firms;

- Housing loans for construction of multi-story buildings/group housing projects/mini cities etc. for construction of flats/row houses/independent units/ penthouses/ bungalows etc.
- Non-Housing loans for construction of commercial space/ shops/ plazas/ condominiums/ hotels/ schools/ hostels/ nursing homes/ hospitals etc.

### **Borrowing**

As per NHB Directions, the Company can borrow upto 16 times of its net owned funds. Further, the Company has shareholders' approval to borrow upto Rs. 8800 crore under section 293 (1) (d) of the Companies Act, 1956. The total borrowings of the Company are well within this limit. The Company borrows funds from different sources such as public deposits, bank borrowings, NHB refinance and bonds. There is a healthy mixture of different sources so as to broad base the various sources, reduce the cost of funds and meet the ALM requirement.

The Company has maintained NIM of about 2.9%-3.4% in the last three years through efficient funds management and reduction in cost of funds. The Company brings down the cost of borrowings not only through tying up cheap funds but also through various swap products available in the market.

### **Business Transformation and Re-Engineering Project (in association with KPMG)**

The Company has completed business transformation and re-engineering project in consultation with KPMG Advisors Pvt. Ltd.

### **Information Technology**

The Company is upgrading software for all the key functions such as deposits, loans and accounts. The Company is also integrating all 31 branches, 3 hubs and Central Support Office. The entire project is expected to take about 12 months time to complete.

## **CORE VALUES**

### **People First**

- Our people are our only assets.
- Grow talent, work inclusively with humility, continuously learn from our experience and past.
- Empower our people.
- Enable high performance, recognize and reward only performance.  
Merit driven, fair, supportive, respect each other, believe in equal opportunity.
- Give responsibility and demand accountability.
- Work in teams and take complete ownership of our doings. Team spirit is critical to us.
- How can I help others ? Is our Team motto.
- Foster spirit of belongingness. We are a great place to work.

### **Customer-Centric**

- Where customers feel at home, build long term relationship – 'Ghar Ki Baat'.
- hand hold customers over the entire relationship.
- Deep understanding of the real estate developers expectations – and give solutions.
- Our business partners are our customers too.
- Safeguard customers' interest, give responsible advice.
- Passionately create magic for external and internal customers. We exceed expectations.
- Empathetic and pro-active, We deliver "Atithi Deva Bhava".
- Invert the pyramid and serve the front line.
- Satisfied customers are our brand ambassadors.

**Ethical Standards**

- Make no compromise in our professional ethics - 'We do the right things, We do things right.
- Transparent and compliant with the law of the land.
- Encourage and respond to open communication.
- Conservative and take prudent business risk.
- Fearless. We raise timely alarm.
- Manage meaningful, relevant and engaging CSR.
- Contribute to nation's well-being.

**Management & Manpower**

The Company is headed by a Managing Director. He is assisted by a senior team drawn from Risk, Operations, Sales & Marketing, HR and Finance stationed at Central Support Office. The three hubs at North, West and South are headed by a hub head and each of 31 branches are headed by a branch head.

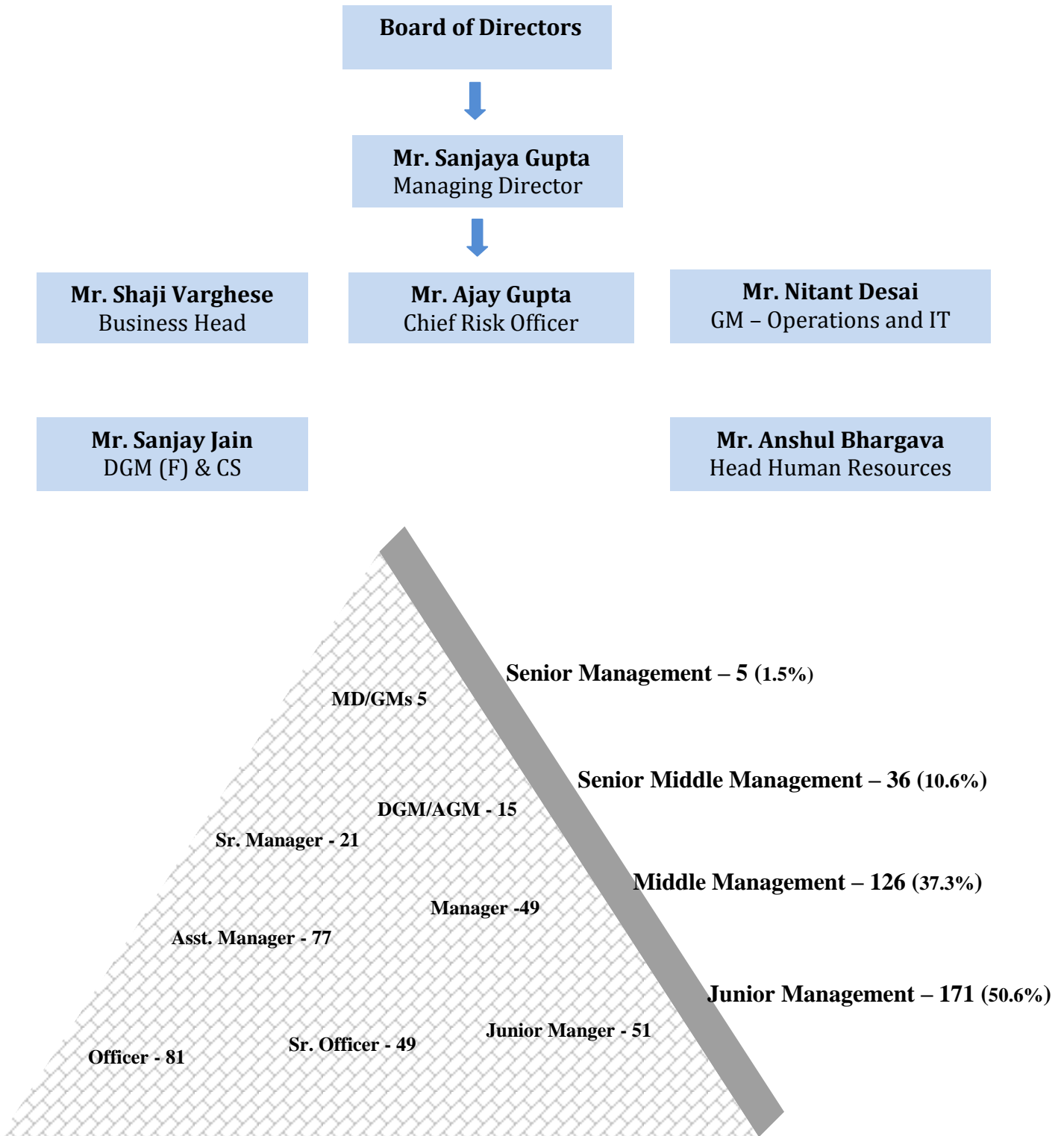
The Company has accorded high importance to the Human Resources Development and is hiring specialized manpower from the market in order to upgrade the knowledge, skill and concept at every level in the context of the emerging realities. New recruitments under various verticals are underway as part of new organization structure.

The various training programmes are oriented towards upgrading the knowledge on lending policies, developing marketing and recovery skills, upgrading legal knowledge, financial market so that the employees are able to cope up with present needs, develop quality business etc.

The Company ensures that right kind and mix of people are posted at the right place. The Company also has well laid down system and procedure for promotion of its employees at the various cadres. The Company has well-qualified and experienced work force of 265 employees.

2. CORPORATE STRUCTURE

Corporate Structure of the Issuer (as on December 07, 2012)





**3. KEY OPERATIONAL & FINANCIAL PARAMETERS OF THE ISSUER FOR THE LAST 3 AUDITED YEARS****a. Consolidated:- Not Applicable****b. Standalone**

(₹ in crore)

Sr. No.	Parameters	For Half Year Ended September 30 2012	FY 2011-12	FY 2010-11	FY 2009-10
1.	Net-worth	568	392	326	267
2.	Total Debt of which:	5049	3950	3199	2656
	- Non-Current Maturities of Long Term Borrowing	3920	2835	2526	1769
	- Short Term Borrowing	-	-	-	-
	- Current Maturities of Long Term Borrowings	1129	1115	673	887
3.	Net Fixed Assets	7	4	2	2
4.	Non-Current Assets	4798	3829	2943	2231
5.	Cash and Cash Equivalents	42	11	67	10
6.	Current Investments	610	325	267	385
7.	Current Assets	401	352	381	359
8.	Current Liabilities	241	179	135	64
9.	Interest Income	282	454	358	308
10.	Interest Expense	202	315	230	199
11.	Provisioning and Write-offs	6	6	14	6
12.	Profit After Tax	41	75	69	67
13.	Gross NPA (%)	0.98	1.04	1.31	1.25
14.	Net NPA (%)	0.66	0.67	0.94	0.97
15.	Tier I Capital Adequacy Ratio (%)	12.56	11.50	12.16	11.89
16.	Tier II Capital Adequacy Ratio (%)	1.78	6.27	8.67	4.90

**4. GROSS DEBT EQUITY RATIO OF THE ISSUER (standalone)**

(Amount ₹ in crore)

Particulars	Pre-Issue (as on September 30, 2012)	Post Issue of Bonds of ₹ 200 crore *
GROSS DEBT		
Gross Debt	4,823	5,223
SHAREHOLDERS' FUNDS		
Share Capital	44	44
Reserve & Surplus (excluding Revaluation Reserve)	524	524
Net Worth	568	568
GROSS DEBT/ EQUITY RATIO		
Gross Debt/ Equity Ratio	8.49	9.20

\* after adding the issues of (i) Unsecured Taxable Subordinated Bonds of ₹ 200 crore and (ii) Secured Taxable Bonds aggregating ₹ 200 crore to the figures of September 30, 2012.

**5. PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS**

The Company is in the business of providing housing and non-housing loans. There is no project being executed by the Company.

**6. SUBSIDIARIES OF THE ISSUER**

The Company has no subsidiaries.

## VII. BRIEF HISTORY OF ISSUER SINCE INCORPORATION, DETAILS OF ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS

### 1. BRIEF HISTORY OF THE ISSUER

The company was incorporated under Companies Act, 1956 on 11th November 1988 as private limited company. The word private was deleted under section 44 with effect from 30.12.89. The initial paid up capital of the Company was Rs. 10 crore. The paid up capital was increased to Rs. 30 crore with effect from March 31, 1999. In December 2009, Punjab National Bank ("PNB") disinvested 26% of its shareholding in favour of Destimoney Enterprises Pvt. Ltd. (DEPL). The company had issued 1,35,29,411 Compulsory Convertible Debentures ("CCD") to DEPL, amounting to Rs. 137.32 crore on June 25, 2010. **Each CCD has been converted into one equity share on June 08, 2012. After conversion, the total share capital has increased to 4,35,29,411 equity shares out of which, PNB's shareholding is 51% and DEPL's shareholding is 49%. The Company continues to be a subsidiary of Punjab National Bank after conversion of all CCDs and is a part of Punjab National Bank Group. PNB Gilts is one of its associate companies.**

#### Punjab National Bank

Punjab National Bank (PNB) was incorporated under the Indian Companies Act, 1882 (Act VI of 1882) in 1894 as Punjab National Bank Ltd. and commenced operations on April 12, 1895 from Lahore. Upon nationalisation in 1969, it was renamed Punjab National Bank.

PNB is a leading public sector commercial bank in India, offering banking products and services to corporate and commercial, retail and agricultural customers and is today India's largest banks in terms of assets and second largest bank in terms of number of branches. The Bank has millions of customers across India through over 5,000 branches. For the FY 2012, PNB's total assets were Rs 4,58,194 crore, total income was Rs. 40,631 crore and net profit was Rs. 4,884 crore.

#### PNB Gilts Ltd.

The Company was formed in 1996 and PNB owns 74.1% shareholding in PNB Gilts Ltd. The company is licensed as a primary dealer in the government securities market. It deals in Government securities, treasury bills, bonds and other money market instruments.

### 2. KEY MILESTONES

Financial Year	Major milestone/ achievement
November 11, 1988	Incorporated under the Indian Companies Act, 1956 as a wholly-owned subsidiary of PNB
FY 1992-93	Company opened 5 new branches. Total branch network increased to 10
March 31, 1999	PNB increased its share capital from Rs. 10 crore to Rs. 30 crore
FY 2001-02	Company opened 4 new branches. Total branch network increased to 19
FY 2005-06	Total loans outstanding crossed Rs. 1,000 crore mark
FY 2008-09	Total loans outstanding crossed Rs. 2,000 crore mark
December 2009	PNB disinvested 26% stake in favour of Destimoney Enterprises Pvt. Ltd. through a competitive bidding process
FY 2010-11	Total loans outstanding crossed Rs. 3,000 crore mark
June 2010	Company issued 13529411 Compulsory Convertible Debentures ("CCD") in favour of Destimoney Enterprises Pvt. Ltd. to be converted into one equity share for each CCD
July 2010	Company started Business Process Re-engineering project with professional assistance from KPMG Advisors Pvt. Ltd.
June 2012	13529411 CCDs were converted into equity shares. Equity share capital increased to Rs. 435294110/-. PNB's stake in the Company stood at 51%
October 2012	Total loans outstanding crossed Rs. 5,000 crore mark

**4. CAPITAL STRUCTURE**

(as on September 30, 2012)

(₹ in crore)

Particulars	Amount
1. SHARE CAPITAL	
a. Authorised Equity Share Capital	
500,00,00,000 Equity Shares of ₹ 10/- each	50.00
b. Issued, Subscribed & Paid-up Equity Share Capital	
43,529,411 Equity Shares of Rs.10 each fully paid-up	43.53
2. SHARE PREMIUM ACCOUNT	123.79

**5. EQUITY SHARE CAPITAL HISTORY OF THE ISSUER FOR LAST FIVE YEARS & UPTO SEPTEMBER 30 2012**

Sl. No.	Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Nature of consideration	Cumulative Paid-up Share Capital (₹ in crore)
1.	11-Nov-1988	1,00,00,000	10/-	10/-	Cash	10.00
2.	31-Mar-1999	2,00,00,000	10/-	10/-	Cash	30.00
3.	08-June-2012	1,35,29,411	10/-	10/-	Conversion of CCDs	43.53
			Share premium Rs. 91.50 per share			

**6. CHANGES IN AUTHORISED CAPITAL OF THE ISSUER**

None

**7. DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR**

None

**8. DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR**

None

**9. SHAREHOLDING PATTERN OF THE ISSUER AS ON SEPTEMBER 30, 2012 \***

Sr. No.	Category	No. of Shareholders	Total No. of Shares	No. of Shares in demat form	Total Shareholding as a %age of Total No. of Shares
1.	Promoters (Punjab National Bank)	1	22,200,000	22,200,000	51.00
2.	Destimoney Enterprises Pvt. Ltd.	1	21,329,411	21,329,411	49.00
<b>Total</b>			<b>43,529,411</b>	<b>43,529,411</b>	<b>100.00</b>

\* The Company had issued 1,35,29,411 Compulsory Convertible Debentures ("CCD") to Destimoney Enterprises Pvt. Ltd., amounting to Rs. 137.32 crore on June 25, 2010. Each CCD has been converted into one equity share on June 08, 2012. After conversion the total share capital has increased to 4,35,29,411 equity shares out of which, PNB's shareholding is 51% and DEPL's shareholding is 49%. The Company continues to be a subsidiary of Punjab National Bank after conversion of all CCDs and is a part of PNB Group.

**10. TOP 10 EQUITY SHARE HOLDERS OF THE ISSUER**

(as on September 30, 2012)\*

Sr. No.	Name of Shareholder	Total No. of Equity Shares held	No. of Equity Shares held in demat form	Total Shareholding as a %age of Total No. of Equity Shares
1.	Punjab National Bank (Promoter)	22,200,000	22,200,000	51.00
2.	Destimoney Enterprises Pvt. Ltd.	21,329,411	21,329,411	49.00
<b>TOTAL</b>		<b>43,529,411</b>	<b>43,529,411</b>	<b>100.00</b>

\*The Company had issued 1,35,29,411 Compulsory Convertible Debentures ("CCD") to Destimoney Enterprises Pvt. Ltd., amounting to Rs. 137.32 crore on June 25, 2010. Each CCD has been converted into one equity share on June 08, 2012. After conversion, the total share capital has increased to 4,35,29,411 equity shares out of which, PNB's shareholding is 2,22,00,000 (51%) and DEPL's shareholding is 2,13,29,411 (49%).

## 11. PROMOTER HOLDING IN THE ISSUER

(as on September 30, 2012)

Sr. No.	Name of Shareholder	Total No. of Equity Shares held	No. of Equity Shares held in demat form	Total shareholding as a %age of Total No. of Equity Shares	No of Equity Shares Pledged	% of Equity Shares pledged with respect to shares owned
1.	Punjab National Bank (Promoter)	22,200,000	22,200,000	51.00	Nil	Nil

## 12. BORROWINGS OF THE ISSUER

(as on September 30, 2012)

## a. SECURED LOAN FACILITIES

Lender's Name	Type of Facility	Amount Sanctioned (₹ in crore)	Principal Amount Outstanding (₹ in crore)	Repayment Date/ Schedule	Security
<b>Domestic Loans</b>					
Punjab National Bank	Term Loan	1060	740	3-5 Years	Book Debts
National Housing Bank	Refinance	757	608	2-10 Years	Book Debts
Housing Development Finance Corporation Ltd.	Term Loan	675	458	3 Years	Book Debts
The South Indian Bank Ltd.	Term Loan	54	5	3 Years	Book Debts
Union Bank	Term Loan	500	420	3 Years	Book Debts
Vijaya Bank	Term Loan	200	100	3 Years	Book Debts
Secured Bonds	Secured Bonds	1900	1900	5-15 Years	Book Debts
<b>International Loans</b>					
None	-	-	Nil	-	-
<b>Total</b>			<b>4231</b>		

## b. UNSECURED LOAN FACILITIES

Lender's Name	Type of Facility	Amount Sanctioned (in crore)	Principal Amount Outstanding (₹ in crore)	Repayment Date/ Schedule
<b>Domestic Loans</b>				
Public Deposits	Public Deposits	NA	585	1-7 Years
<b>International Loans</b>				
		NA	Nil	NA
<b>Total</b>			<b>585</b>	

**c. NON-CONVERTIBLE BONDS/ DEBENTURES**

The Company has raised Secured/ Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes to augment its medium to long term recourse base as under:

Issue Series	Deemed Date of Allotment	Amount (Rs. in cr.)	Tenure (in months)	Current Credit Rating	Coupon Rate (% p.a.)	Interest Payment	Date of Redemption
Tier II	22.07.2006	100.00	116	*	9.25	September 30 & March 31	22.03.2016
III	09.12.2006	100.00	116	*	8.70	September 30 & March 31	09.08.2016
IV	30.07.2007	100.00	116	*	9.25	September 30 & March 31	30.07.2014
V	13.10.2007	100.00	60	*	9.50	September 30 & March 31	10.10.2012
VI	29.12.2007	100.00	60	*	9.30	September 30 & March 31	29.12.2012
VII-A	16.01.2008	30.00	132	*	9.20	September 30 & March 31	16.01.2019
VII-B	16.01.2008	30.00	144	*	9.20	September 30 & March 31	16.01.2020
VII-C	16.01.2008	30.00	156	*	9.20	September 30 & March 31	16.01.2021
VII-D	16.01.2008	30.00	168	*	9.20	September 30 & March 31	16.01.2022
VII-E	16.01.2008	30.00	180	*	9.20	September 30 & March 31	16.01.2023
VIII	30.09.2008	150.00	60	*	10.79	September 30 & March 31	30.09.2013
IX-A	09.11.2009	75.00	60	*	8.55	September 30 & March 31	09.11.2014
IX-B	09.11.2009	125.00	120	*	8.85	September 30 & March 31	09.11.2019
X	26.07.2011	200.00	120	*	9.50	September 30 & March 31	26.07.2021
XI	12.09.2011	200.00	120	*	9.55	September 30 & March 31	12.09.2021
XII	29.06.2012	300.00	120	*	9.25	September 30 & March 31	29.06.2022
XIII	14.09.2012	200.00	120	*	9.15	September 30 & March 31	14.09.2022
<b>TOTAL</b>		<b>1,900.00</b>					

\* "CARE AA+" by CARE and "CRISIL AA/Stable" by CRISIL

**13. TOP 10 BONDHOLDERS\***

(as on September 30, 2012)

<b>Sr. No.</b>	<b>Name of bondholder</b>	<b>Total amount of bonds held (₹ in crore)</b>
1.	Food Corporation of India CPF Trust	150.40
2.	Maharashtra State Electricity Boards Contributory Provident Fund	145.80
3.	ICICI Securities Primary Dealership Limited	88.50
4.	MTNL - Gratuity Trust	69.00
5.	Trustees Hindustan Steel Limited Contributory Provident Fund, Rourkela	60.00
6.	The Karnataka Bank Limited	45.00
7.	National Fertilizers Limited Employees Provident Fund Trust	40.70
8.	General Insurance Corporation of India	40.00
9.	NALCO Employees Provident Fund Trust	40.00
10.	AAI EPF Trust	35.10

\* Top 10 holders' of bonds have been shown on a cumulative basis for all outstanding bonds.

**14. AMOUNT OF CORPORATE GUARANTEES ISSUED BY THE ISSUER IN FAVOUR OF VARIOUS COUNTER PARTIES INCLUDING ITS SUBSIDIARIES, JOINT VENTURE ENTITIES, GROUP COMPANIES ETC.**

None

**15. COMMERCIAL PAPER ISSUED BY THE ISSUER**

Sr. No.	Maturity date	Total face value amount of commercial papers outstanding (₹ in crore)
1.	01.03.2013	50.00

**16. OTHER BORROWINGS (INCLUDING HYBRID DEBT LIKE FOREIGN CURRENCY CONVERTIBLE BONDS (“FCCBs”), OPTIONALLY CONVERTIBLE BONDS/ DEBENTURES/ PREFERENCE SHARES)**  
(as on September 30, 2012)

Party's Name (in case of facility)/ Instrument Name	Type of Facility/ Instrument	Amount Sanctioned / Issued (₹ in crore)	Principal Amount outstanding (₹ in crore)	Repayment date/ schedule	Credit rating	Secured / unsecured	Security
The Issuer has not issued any hybrid debt like Foreign Currency Convertible Bonds (“FCCBs”), Optionally Convertible Bonds/ Debentures/ Preference Shares etc.							

**17. SERVICING BEHAVIOR ON EXISTING DEBT SECURITIES, DEFAULT(S) AND/OR DELAY(S) IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE ISSUER, IN THE PAST 5 YEARS**

- a. The main constituents of the Issuer's borrowings are generally in the form of loans from banks and financial institutions, refinance from National Housing Bank, assistance from multilateral and bilateral financing agencies, bonds, debentures etc.
- b. The Issuer has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.
- c. The Issuer has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.
- d. The Issuer has not defaulted in any of its payment obligations arising out of any corporate guarantee issued by it to any counterparty including its subsidiaries, joint venture entities, group companies etc in the past.

**18. OUTSTANDING BORROWINGS/ DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, AT A PREMIUM OR DISCOUNT, OR IN PURSUANCE OF AN OPTION**

The Issuer confirms that other than and to the extent mentioned elsewhere in this Disclosure Document, it has not issued any debt securities or agreed to issue any debt securities or availed any borrowings for a consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

## 19. AUDITED CONSOLIDATED AND STANDALONE FINANCIAL INFORMATION OF THE ISSUER

## a. Statement of Profit &amp; Loss

i. Consolidated - Not Applicable

ii. Standalone

(₹ in crore)

Parameters	FY 2009-10 (Audited)	FY 2010-11 (Audited)	FY 2011-12 (Audited)	6 Months ended 30.09.2012 (Reviewed)
<b>Total Income</b>	<b>316.34</b>	<b>364.24</b>	<b>463.1</b>	<b>297.14</b>
<b>Operating Expenditure</b>	<b>215.88</b>	<b>258.47</b>	<b>357</b>	<b>235.74</b>
<b>Operating Profit</b>	<b>100.46</b>	<b>105.77</b>	<b>106.09</b>	<b>61.4</b>
NPA Provision and Contingencies	6.38	8.29	3.5	5.8
<b>Profit before tax</b>	<b>94.08</b>	<b>97.48</b>	<b>102.59</b>	<b>55.6</b>
Provision for Taxes (Net of Deferred tax)	27.32	28.1	27.4	14.47
<b>Profit after tax</b>	<b>66.76</b>	<b>69.38</b>	<b>75.18</b>	<b>41.13</b>

## b. Balance Sheet

i. Consolidated - Not Applicable

ii. Standalone

(₹ in crore)

Parameters	As at 31.03.2010 (Audited)	As at 31.03.2011 (Audited)	As at 31.03.2012 (Audited)	As at 30.09.2012 (Reviewed)
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	30	30	30	44
Reserves & Surplus	245	306	374	539
<b>LOAN FUNDS</b>				
Secured Loans	2,283	2,747	3,355	4,402
Unsecured Loans	372	426	566	647
<b>Total</b>	<b>2,930</b>	<b>3,509</b>	<b>4,325</b>	<b>5,631</b>
<b>APPLICATION OF FUNDS</b>				
Fixed Assets	2	2	4	7
Investments	430	311	378	669
Deferred Tax Asset (Net)	8	11	12	14
Loans	2,476	3,138	3,948	4,937
Current Assets, Loans & Advances	14	48	-17	4
<b>Total</b>	<b>2,930</b>	<b>3,509</b>	<b>4,325</b>	<b>5,631</b>

## c. Cash Flow Statement

i. Consolidated - Not applicable



## ii. Standalone

(₹ in crore)

Parameters	2009-10	2010-11	2011-12
Net Profit before tax	103	98	94
Adjustment for Working Capital etc	0	0	0
Cash Generated from Operations	-716	-547	-249
Income/Interest Tax Paid/ (Refunds) during the year (Net)	-32	-33	-34
<b>A. NET CASH FROM OPERATING ACTIVITIES</b>	<b>(748)</b>	<b>(580)</b>	<b>(283)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed Assets	-3	0	0
Interest received	18	4	13
Dividend received	4	1	3
Investments	-67	119	-63
<b>B NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(48)</b>	<b>124</b>	<b>(47)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>C. NET CASH USED IN FINANCING ACTIVITIES</b>	<b>740</b>	<b>516</b>	<b>316</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(56)</b>	<b>60</b>	<b>(14)</b>
Cash or Cash equivalents ( Opening Balance)	67	7	21
Cash or Cash equivalents ( Closing Balance)	11	67	7
<b>NET INCREASE OF CASH OR CASH EQUIVALENTS DURING THE YEAR</b>	<b>(56)</b>	<b>60</b>	<b>(14)</b>

## d. Auditors' Qualifications

Financial Year	Auditors' Qualifications
2011-12	None
2010-11	Regarding non-provision of deferred tax liability on the Special Reserve of Rs 101.81 crores, created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961 as required by Accounting Standard-22, which has resulted in understatement of Provision for Deferred Tax Liability by Rs 33.03 crore and overstatement of Profit after Tax by Rs 4.18 crore. This comment was withdrawn in FY 2011-12.
2009-10	Regarding non-provision of deferred tax liability on the Special Reserve of Rs 88.92 crores, created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961 as required by Accounting Standard-22, which has resulted in understatement of Provision for Deferred Tax Liability by Rs 29.54 crore and overstatement of Profit after Tax by Rs 3.65 crore. This comment was withdrawn in FY 2011-12.

## 20. MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE

The Issuer hereby confirms that there has been no material event, development or change having implications on the financials/ credit quality of the Issuer (e.g. any material regulatory proceedings against the Issuer/ promoters of the Issuer, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of Issue which may affect the Issue or the investor's decision to invest/ continue to invest in the debt securities of the Issuer.

## VIII. SUMMARY TERM SHEET

Issuer	PNB Housing Finance Limited (“PNBHFL”/ the “Company”/ the “Issuer”)
Issue Size	₹ 200 crore
Option to retain oversubscription	None
Objects of the Issue	Augmenting Tier II Capital of the Company for strengthening its Capital Adequacy and to augment long-term resources of the Company
Instrument	Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of Promissory Notes (Series II) for inclusion as Tier II capital.
Issuance Mode	In demat mode only
Trading Mode	In demat mode only
Credit Rating	“CARE AA+” by CARE and “CRISIL AA/Stable” by CRISIL
Seniority	Subordinated
Nature and Status	Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of Promissory Notes (Series II) for inclusion as Tier II capital. These Bonds shall be fully paid-up, unsecured, subordinated to the claims of other creditors, free of restrictive clauses and shall not be redeemable at the initiative of the holder or without the prior consent of National Housing Bank
Mode of Issue	Private Placement
Security	Unsecured
Bond Series	Series II
Security Name	9.10%-PNBHFL-2022
Face Value	₹ 10 lakhs per Bond
Premium on issue	Nil
Discount on issue	Nil
Issue Price	At par (₹ 10 lakhs) per Bond
Premium/ Discount on redemption	Nil
Redemption Amount	At par (₹ 10 lakhs) per Bond
Minimum Application	1 Bond and in multiples of 1 Bond thereafter
Tenor	10 Years from the Deemed Date of Allotment
Put & Call Option	None
Put Option Price	Not applicable
Put Option Date	Not applicable
Put Notification Time	Not applicable
Call Option Price	Not applicable
Call Option Date	Not applicable
Call Notification Time	Not applicable
Redemption/ Maturity	At par at the end of 10 Years from the Deemed Date of Allotment with prior consent of National Housing Bank
Redemption Date	December 21, 2022
Coupon Rate	9.10% p.a.
Step Up/ Step Down Coupon Rate	None
Coupon Payment Frequency	Semi-annual
Coupon Payment Dates	Semi-annually on March 31 and September 30, of every year
Coupon Type	Fixed
Coupon Reset	None

Day Count Basis	Actual/ Actual Interest shall be computed on an “actual/actual basis”. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis
Interest on Application Money	@ 9.10% p.a. (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer’s Bank Account upto one day prior to the Deemed Date of Allotment
Listing	Proposed on the Wholesale Debt Market (WDM) Segment of National Stock Exchange of India Limited (“NSE”)
Default Interest Rate	In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid
Events of Default	If the Issuer commits a default in making payment of any installment of interest or repayment of principal amount of the Bonds on the respective due date(s), the same shall constitute an “Event of Default” by the Issuer.  Besides, it would also constitute an “Event of Default” by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in this Disclosure Document, Debenture Trusteeship Agreement, which in opinion of the Trustees is incapable of remedy.
Cross Default	Not Applicable
Trustees	IDBI Trusteeship Services Limited
Depository	National Securities Depository Limited and Central Depository Services (India) Limited
Registrars	MCS Limited
Settlement	Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism
Business Day Convention	‘Business Day’ shall be a day on which commercial banks are open for business in the city of New Delhi. If any coupon payment date and/or redemption date falls on a day which is not a business day, payment of interest and/or principal amount shall be made on the next business day without liability for making payment of interest for the delayed period
Record Date	15 days prior to each coupon payment date and redemption date
Mode of Subscription	Cheque(s)/ demand draft(s) may be drawn in favour of “ <b>PNB Housing Finance Ltd. A/c No. 3097008700006127</b> ” and crossed “ <b>Account Payee Only</b> ” payable at par at designated centers mentioned elsewhere in the Disclosure Document or remittance through RTGS mechanism as per details given in application form
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:  <ol style="list-style-type: none"> <li>1. Letter appointing Trustees to the Bondholders;</li> <li>2. Debenture Trusteeship Agreement;</li> <li>3. Rating Agreement with CARE;</li> <li>4. Rating Agreement with CRISIL;</li> <li>5. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form;</li> <li>6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form;</li> <li>7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar;</li> <li>8. Application made to NSE for seeking its in-principle approval for listing of Bonds;</li> <li>9. Listing Agreement with NSE;</li> <li>10. Letters appointing Arrangers to the Issue.</li> </ol>

Conditions precedent to subscription of Bonds	<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ol style="list-style-type: none"> <li>1. Rating letter(s) from the aforesaid rating agencies not being more than one month old from the issue opening date;</li> <li>2. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s);</li> <li>3. Application to NSE for seeking its in-principle approval for listing of Bonds.</li> </ol>
Conditions subsequent to subscription of Bonds	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Disclosure Document:</p> <ol style="list-style-type: none"> <li>1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment;</li> <li>2. Making application to NSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment in terms of sub-section (1) of Section 73 of the Companies Act, 1956(1 of 1956);</li> </ol> <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.</p>
Role and Responsibilities of Trustees	<p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.</p> <p>The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the Bonds and Debenture/ Bond Redemption Reserve.</p> <p>The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit &amp; Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholder(s) within two working days of their specific request.</p>
Governing Law and Jurisdiction	<p>The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of New Delhi</p>
NHB Guidelines/ Directions	<p>The Housing Finance Companies (NHB) Directions, 2010 issued by National Housing Bank vide its Notification No. NHB.HFC.DIR.1/CMD/2010 dated June 10, 2010, as amended</p>
Additional Covenants	<ol style="list-style-type: none"> <li>1. <b>Security Creation:</b> Not applicable, as issue in Unsecured.</li> <li>2. <b>Default in Payment:</b> In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid.</li> <li>3. <b>Delay in Listing:</b> The Issuer shall complete all the formalities and seek listing permission within 20 days from the Deemed Date of Allotment. In the event of delay</li> </ol>

	<p>in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).</p> <p>4. <b>Refusal for Listing:</b> If listing permission is refused before the expiry of the 20 days from the Deemed Date of Allotment, the Issuer shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest of 1.00% per annum over the Coupon Rate from the expiry of 20 days from the Deemed Date of Allotment. If such monies are not repaid within 8 days after the Issuer becomes liable to repay it (i.e. from the date of refusal or 20 days from the Deemed Date of Allotment, whichever is earlier), then the Issuer and every director of the Issuer who is an officer in default shall, on and from expiry of 8 days, will be jointly and severally liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under Section 73 of the Companies Act, 1956.</p> <p>The interest rates mentioned in above four covenants shall be independent of each other.</p>
Issue Opening Date *	December 17, 2012
Issue Closing Date *	December 19, 2012
Pay-in Date *	December 17, 2012 to December 19, 2012
Deemed Date of Allotment *	December 21, 2012

\* The Issuer reserves its sole and absolute right to modify (pre-poned/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

**IX. TERMS OF OFFER (DETAILS OF DEBT SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED, REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION, DISCOUNT AT WHICH OFFER IS MADE AND EFFECTIVE YIELD FOR INVESTOR)**

**PRIVATE PLACEMENT OF UNSECURED REDEEMABLE NON-CONVERTIBLE SUBORDINATED TIER II BONDS IN THE NATURE OF PROMISSORY NOTES (“BONDS”) (SERIES II) OF RS. 10,00,000/- EACH FOR CASH AT PAR AGGREGATING TO RS. 200 CRORE BY PNB HOUSING FINANCE LIMITED (“PNBHFL” OR THE “ISSUER” OR THE “COMPANY”)**

**1. ISSUE SIZE**

PNB Housing Finance Limited (“PNBHFL” or the “Issuer” or the “Company”) proposes to raise ₹ 200 crore through issue of Unsecured Redeemable Non-Convertible Subordinated Bonds in the nature of Promissory Notes of face value of ₹ 10 lakhs each (“Bonds”) (the “Issue”).

**2. ELIGIBILITY TO COME OUT WITH THE ISSUE**

The Issuer or the person in control of the Issuer, or its promoter, has not been restrained or prohibited or debarred by SEBI/ any other Government authority from accessing the securities market or dealing in securities and such direction or order is in force.

**3. REGISTRATION AND GOVERNMENT APPROVALS**

The Company can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority(ies) is required by it to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

**4. AUTHORITY FOR THE ISSUE**

The present issue of Bonds is being made pursuant to the resolution passed by the Board of Directors of the Company on November 06, 2012. As per the resolution passed, the Company can issue Bonds of Rs. 1000 crore in one or more tranches, with or without put and call option. The Board has empowered the Managing Director of the Company to decide on the structure of the issue and take such other necessary action in this regard. The current issue of bonds is within the overall borrowings limits set out in resolution passed under section 293(1)(d) of the Companies Act, 1956 by the shareholders of the Company in the Annual General Meeting held on August 08, 2012. The Company can issue the bonds proposed by it in view of the present approvals and no further approvals in general from any Government Authority are required by it to undertake the proposed activity.

**5. OBJECTS OF THE ISSUE**

The funds are being raised for augmenting Tier II Capital of the Company for strengthening its Capital Adequacy and enhancing the long-term resource base of the Company. The Company has achieved sustained growth in its asset base over the past few years and expects this trend to continue.

The expenses of the present issue would be met from the proceeds of the Issue. The Main Object clause of the Memorandum of Association of the Company enables it to undertake the activities for which the funds are being raised through the present issue and also the activities which the Company has been carrying on till date. The proceeds of this Issue after meeting all expenses of the Issue will be used by the Company for meeting issue objects.

**6. UTILISATION OF ISSUE PROCEEDS**

The funds being raised by the Issuer through present issue of Bonds are not meant for financing any particular project. The Issuer shall utilise the proceeds of the Issue for its regular business activities and other associated business objectives such as discharging existing debt obligations which were generally undertaken for business operations. The Issuer is subject to a number of regulatory checks and balances as stipulated in its regulatory environment. The Issuer is a housing finance company registered with the National Housing Bank and a subsidiary of Punjab National Bank and is managed by professionals under the supervision of the Board of Directors. The management of the Issuer shall ensure that the funds raised via the present Issue shall be utilized only towards satisfactory fulfilment of the Objects of the Issue.

The Issuer undertakes that proceeds of the present Issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the NHB/ RBI/ SEBI/ RoC/ Stock Exchange(s).

In accordance with the SEBI Debt Regulations, the Issuer undertakes that it shall not utilise the proceeds of the Issue for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management. However, the Issuer is a Public Sector Company and, as such, it does not have any identifiable 'Group Companies' or 'Companies under the same Management'. The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any acquisition, including by way of a lease, of any property.

Further, the Issuer undertakes that Issue proceeds from the present issue of Bonds allotted to banks shall not be used for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

The main objects clause of the Memorandum of Association of the Issuer permits it to undertake its existing activities as well as the activities for which the funds are being raised through the present Bond Issue.

## 7. MINIMUM SUBSCRIPTION

In terms of the SEBI Debt Regulations, the issuer may decide the amount of minimum subscription which it seeks to raise by issue of Bonds and disclose the same in the offer document. The Issuer has decided not to stipulate any minimum subscription for the present Issue and therefore the Issuer shall not be liable to refund the issue subscription(s)/ proceed(s) in the event of the total issue collection falling short of issue size or certain percentage of issue size.

## 8. UNDERWRITING

The present Issue of Bonds is not underwritten.

## 9. NATURE AND STATUS OF BONDS

The Bonds are to be issued in the form of Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of Promissory Notes (Series II) for inclusion as Tier II capital. These Bonds shall be fully paid-up, unsecured, subordinated to the claims of other creditors, free of restrictive clauses and shall not be redeemable at the initiative of the holder or without the prior consent of National Housing Bank.

## 10. FACE VALUE, ISSUE PRICE, EFFECTIVE YIELD FOR INVESTOR

Each Bond has a face value of Rs. 10,00,000/- and is issued at par i.e. for Rs. 10,00,000/-. The Bonds shall be redeemable at par i.e. for Rs. 10,00,000/- per Bond. Since there is no premium or discount on either issue price or on redemption value of the Bonds, the effective yield for the investors shall be the same as the coupon rate on the Bonds (i.e. 9.10% p.a. semi-annual).

## 11. SECURITY

The Bonds are Unsecured.

## 12. TERMS OF PAYMENT

The full face value of the Bonds applied for is to be paid along with the Application Form. Investor(s) need to send in the Application Form and the cheque(s)/ demand draft(s)/ RTGS for the full issue price of Bonds applied for.

Face Value per Bond	Minimum Application for	Amount Payable on Application per Bond
₹ 10 lakhs	1 Bond and in multiples of 1 Bond thereafter	₹ 10 lakhs

**13. DEEMED DATE OF ALLOTMENT**

All benefits under the Bonds including payment of interest will accrue to the Bondholders from and including December 21, 2012 which shall be the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the investors from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Issuer reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. In case if the issue closing date/ pay in dates is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion.

**14. LETTER(S) OF ALLOTMENT/ BOND CERTIFICATE(S)/ REFUND ORDER(S)/ ISSUE OF LETTER(S) OF ALLOTMENT**

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 2 working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

**15. ISSUE OF BOND CERTIFICATE(S)**

Subject to the completion of all statutory formalities within time frame prescribed in the relevant regulations/ act/ rules etc, the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted. The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof. The Bonds shall be allotted in dematerialized form only.

**16. DEPOSITORY ARRANGEMENTS**

The Company has appointed MCS Ltd. (Address: Sri Venkatesh Bhavan, W-40 Okhla Industrial Area, Phase – II, New Delhi – 110 020; Tel No. (011) 4140 6148; Fax No. 91-11-4170 9881; E-mail: admin@mcsdel.com) as Registrars & Transfer Agent for the present bond issue. The Company has made necessary depository arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for issue and holding of Bonds in dematerialised form. In this context the Company has signed two tripartite agreements as under:

- Tripartite Agreement between the Issuer, National Securities Depository Limited (“NSDL”) and the Registrar for dematerialization of the Bonds offered under the present Issue.
- Tripartite Agreement between the Issuer, Central Depository Services (India) Limited (“CDSL”) and the Registrar for dematerialization of the Bonds offered under the present Issue.

Investors can hold the bonds only in dematerialised form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

**17. PROCEDURE FOR APPLYING FOR DEMAT FACILITY**

- a. Applicant(s) should have/ open a Beneficiary Account with any Depository Participant of NSDL or CDSL.
- b. The applicant(s) must specify their beneficiary account number and depository participants ID in the relevant columns of the Application Form.
- c. If incomplete/ incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, the allotment of Bonds shall be held in abeyance till such time satisfactory demat account details are provided by the applicant.
- d. The Bonds shall be directly credited to the Beneficiary Account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicant’s Depository Account will be provided to the applicant by the Depository Participant of the applicant.



- e. Interest or other benefits with respect to the Bonds would be paid to those bondholders whose names appear on the list of beneficial owners given by the depositories to the Issuer as on the Record Date. In case, the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, the Issuer shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the depository and intimated to the Issuer. On receiving such intimation, the Issuer shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation.
- f. Applicants may please note that the Bonds shall be allotted and traded on the stock exchange(s) only in dematerialized form.

#### **18. FICTITIOUS APPLICATIONS**

In terms of Section 68 of the Companies Act, 1956, any person who makes, in fictitious name, any application to a body corporate for acquiring, or subscribing to, the bonds, or otherwise induced a body corporate to allot, register any transfer of bonds therein to them or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to 5 years.

#### **19. MARKET LOT**

The market lot will be one Bond ("Market Lot"). Since the Bonds are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

#### **20. TRADING OF BONDS**

The marketable lot for the purpose of trading of Bonds shall be 1 (one) Bond of face value of ₹ 10 lakhs each. Trading of Bonds would be permitted in demat mode only in standard denomination of ₹ 10 lakhs and such trades shall be cleared and settled in recognised stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

#### **21. MODE OF TRANSFER OF BONDS**

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI.

#### **22. BASIS OF ALLOCATION / ALLOTMENT**

The issuer reserves the right to reject any/all applications at its sole discretion, without assigning any reason whatsoever.

#### **23. COMMON FORM OF TRANSFER**

The Issuer undertakes that it shall use a common form/ procedure for transfer of Bonds issued under terms of this Disclosure Document.

#### **24. INTEREST ON APPLICATION MONEY**

Interest at the coupon rate (i.e. @ 9.10 per cent per annum) (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds.

Such interest shall be paid for the period starting from and including the date of realization of application money in Issuer's Bank Account upto one day prior to the Deemed Date of Allotment. The interest on application money will be computed as per Actual/ Actual day count convention. Such interest would be paid on all valid applications, including the refunds. Where the entire subscription amount has been refunded, the interest on application money will be paid alongwith the Refund Orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant alongwith the interest on refunded money.

The interest cheque(s)/ demand draft(s) for interest on application money (alongwith Refund Orders, in case of refund of application money, if any) shall be dispatched by the Issuer within 15 days from the Deemed Date of Allotment and the relative interest warrant(s) alongwith the Refund Order(s), as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

## **25. INTEREST ON THE BONDS**

The Bonds shall carry interest at the coupon rate (i.e. @ 9.10 per cent per annum) (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the Company) from, and including, the Deemed Date of Allotment (i.e. December 21, 2012) payable semi-annually on March 31 and September 30, every year till final maturity (i.e. on December 21, 2022), to the holders of Bonds (the "Holders" and each, a "Holder") as of the relevant Record Date. The interest payable on any Interest Payment Date will be paid to the Bondholder(s) whose names appear in the List of Beneficial Owners given by the Depository to the Company as on the Record Date.

The first interest period shall be defined as the actual number of days falling between the Deemed Date of Allotment i.e. December 21, 2012 to March 31, 2013 including the first as well as the last date. The first interest payment would be made on March 31, 2013. The second and subsequent interest period (except the last interest period) is defined as the actual number of days between March 31 & September 30 and September 30 & March 31, excluding the first date and including the last date. The last interest period is defined as the actual number of days falling between September 30, 2022 and redemption date i.e. December 21, 2022, excluding the first date as well as the last date. The last interest payment would be made on redemption date i.e. on December 21, 2022, alongwith the redemption of principal amount. Interest on Bonds will cease on the date of final redemption in all events.

If any Coupon Payment Date falls on a day which is not a business day ('Business Day' being a day on which commercial banks are open for business in the city of New Delhi), payment of interest will be made on next business day without liability for making payment of interest for the delayed period.

In case the Deemed Date of Allotment is revised (pre-poned/ postponed) then the above Interest Payment Dates may also be revised pre-poned/ postponed) accordingly by the Company at its sole & absolute discretion.

## **26. COMPUTATION OF INTEREST**

Interest for each of the interest periods shall be computed as per Actual/ Actual day count convention on the face value amount of Bonds outstanding at the Coupon Rate rounded off to the nearest Rupee. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the face value amount of Bonds outstanding.

## **27. RECORD DATE**

The 'Record Date' for the Bonds shall be 15 days prior to each Coupon Payment Date and Redemption Date. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the Redemption Date. Interest payment and principal repayment shall be made to the person whose name appears as beneficiary with the Depositories as on Record Date. In the event of the Issuer not receiving any notice of transfer at least 15 days before the respective Coupon Payment Date and at least 15 days prior to the Redemption Date, the transferees for the Bonds shall not have any claim against the Issuer in respect of interest so paid to the registered Bondholders.

## 28. DEDUCTION OF TAX AT SOURCE

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source out of interest payable on Bonds.

Interest payable subsequent to the Deemed Date of Allotment of Bonds will be treated as "Interest on Securities" as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, at least 15 days before the payment of interest becoming due with the Registrars, MCS Ltd. (Address: Sri Venkatesh Bhavan, W-40 Okhla Industrial Area, Phase – II, New Delhi – 110 020; Tel No. (011) 4140 6148; Fax No. 91-11-4170 9881; E-mail: admin@mcsdel.com), or to such other person(s) at such other address(es) as the Company may specify from time to time through suitable communication. With effective from 01.06.2008, tax shall not be deductible at source under the provisions of section 193 of Income Tax Act, 1961, if the following conditions are satisfied:

- a. interest is payable on any security issued by a company
- b. such security is in dematerialized form
- c. such security is listed in a recognised stock exchange in India.

Present private placement of bonds fulfils the above conditions and therefore, no TDS will be deducted on the interest payable. However, if the present act changes subsequently, the applicability of TDS will be governed at the time of payment of interest on Bonds semi-annually. Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

## 29. PUT & CALL OPTION

Neither the bondholder(s) shall have any right to exercise Put Option nor the Issuer shall have right to exercise Call Option to redeem the Bonds, in whole or in part, prior to the respective Redemption Date.

## 30. REDEMPTION

The face value of the Bonds shall be redeemed at par, on the Redemption Date with prior consent of National Housing Bank. The Bonds will not carry any obligation, for interest or otherwise, after the Redemption Date. The Bonds shall be taken as discharged on payment of the redemption amount by the Issuer on the Redemption Date to the registered Bondholders whose name appear in the Register of Bondholders on the Record Date. Such payment will be a legal discharge of the liability of the Issuer towards the Bondholders.

In case if the Redemption Date falls on a day which is not a business day ('Business Day' being a day on which commercial banks are open for business in the city of New Delhi), then the payment due shall be made on the next business day without liability for making payment of interest for the intervening period.

## 31. ADDITIONAL COVENANTS

- a. **Security Creation:** Not applicable, as issue in Unsecured.
- b. **Default in Payment:** In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid.
- c. **Delay in Listing:** The Issuer shall complete all the formalities and seek listing permission within 20 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).

- d. **Refusal for Listing:** If listing permission is refused before the expiry of the 20 days from the Deemed Date of Allotment, the Issuer shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest of 1.00% per annum over the Coupon Rate from the expiry of 20 days from the Deemed Date of Allotment. If such monies are not repaid within 8 days after the Issuer becomes liable to repay it (i.e. from the date of refusal or 20 days from the Deemed Date of Allotment, whichever is earlier), then the Issuer and every director of the Issuer who is an officer in default shall, on and from expiry of 8 days, will be jointly and severally liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under Section 73 of the Companies Act, 1956.

The interest rates mentioned in above four covenants shall be independent of each other.

### **32. SETTLEMENT/ PAYMENT ON REDEMPTION**

Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism in the name of the Bondholders whose name appear on the List of Beneficial Owners given by Depository to the Issuer as on the Record Date.

The Bonds shall be taken as discharged on payment of the redemption amount by the Issuer on the Redemption Date to the list of Beneficial Owners as provided by NSDL/ CDSL/ Depository Participant as on Record Date. Such payment will be a legal discharge of the liability of the Issuer towards the Bondholders. On such payment being made, the Issuer shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bondholders with NSDL/ CDSL/ Depository Participant shall be adjusted.

The Issuer's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Issuer will not be liable to pay any interest or compensation from the Redemption Date. On the Issuer's dispatching/ crediting the amount to the Beneficiary(ies) as specified above in respect of the Bonds, the liability of the Issuer shall stand extinguished.

### **33. EFFECT OF HOLIDAYS**

Should any of date(s) defined in the Disclosure Document, excepting the Deemed Date of Allotment, fall on a Saturday, Sunday or a Public Holiday, the next working day shall be considered as the effective date(s).

### **34. LIST OF BENEFICIAL OWNERS**

The Issuer shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

### **35. SUCCESSION**

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Issuer shall recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Issuer shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

Where a non-resident Indian becomes entitled to the Bond by way of succession, the following steps have to be complied:

- a. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- b. Proof that the NRI is an Indian National or is of Indian origin.

Such holding by the NRI will be on a non-repatriation basis.

### 36. WHO CAN APPLY

The following categories are eligible to apply for this private placement of Bonds:

- Commercial Banks, Co-operative Banks, Urban Cooperative Banks and Regional Rural Banks;
- Financial Institutions;
- Companies, including Non Banking Finance Companies and Residuary Non Banking Finance Companies, Body Corporate & Societies registered under the applicable laws in India and authorised to invest in bonds;
- Provident/ Superannuation/ Gratuity/ Pension Funds and other Trusts authorised to invest in bonds;
- Insurance Companies;
- Mutual Funds.

However, out of the aforesaid class of investors eligible to invest, this Disclosure Document is intended solely for the use of the person to whom it has been sent by the Company for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Disclosure Document from the Company).

The applications must be accompanied by certified true copies of (1) Memorandum and Articles of Association/ Constitution/ Bye-laws (2) Resolution authorising investment and containing operating instructions (3) Specimen signatures of authorised signatories and (4) Necessary forms for claiming exemption from deduction of tax at source on the interest income/ interest on application money, wherever applicable.

#### Application by Provident Funds, Superannuation Funds and Gratuity Funds

1. As per circular no. F. No. 5 (88)/2006-PR.- dated August 14, 2008, issued by Department of Economic Affairs, Ministry of Finance, Government of India, Provident Funds, Superannuation Funds and Gratuity Funds can invest **upto 40%** of their incremental accretion in debt securities with maturity of not less than three years tenure issued by bodies corporate including banks and public financial institutions, provided that at least 75% of the investment in this category is made in instruments having an investment grade rating from at least one credit rating agency.
2. As per circular no. F. 5(53)/2002-ECB&PR dated January 25, 2005 issued by Department of Economic Affairs, Ministry of Finance, Government of India, Provident Funds, Superannuation Funds and Gratuity Funds can invest **upto 25%** of their incremental accretion in Bonds/ Securities of "Public Financial Institutions" as specified under Section 4(1) of the Companies Act; "**Public Sector Companies**" as defined in section 2(36-A) of the Income Tax Act, 1961 including public sector banks, provided that the instruments have an investment grade rating from at least two credit rating agencies.
3. As per S.O. 1400, dated June 30, 1998 issued by Ministry of Labour, Government of India, Provident Funds, Superannuation Funds and Gratuity Funds can invest **upto 40%** of their incremental accretion in Bonds/ Securities of 'Public Financial Institutions' as specified under Section 4(A) of the Companies Act; "**Public Sector Companies**" as defined in Section 2(36-A) of the Income Tax Act, 1961, including public sector banks.
4. As per notification dated July 09, 2003 issued by Ministry of Labour, Government of India, in super-session of the notification No. S.O. 1398 dated the 11th July 1998, the Provident Funds, Superannuation Funds and Gratuity Funds can invest **upto 30%** of their incremental accretions in Bonds of "**Public Sector Companies**" as defined in Section 2(36-A) of the Income Tax Act, 1961.

**PNB Housing Finance Ltd. is a "Public Sector Company" within the meaning of the aforesaid circulars/ notifications as the company is a subsidiary of Punjab National Bank – a Government of India undertaking and therefore the current issue of bonds is eligible for investments by Provident Funds, Superannuation Funds and Gratuity Funds.**

### 37. HOW TO APPLY

This being a private placement offer, investors who are established/ resident in India and who have been addressed through this communication directly only are eligible to apply.

All Application Forms, duly completed, together with cheque(s)/ demand draft(s) for the amount payable on application must be delivered before the closing of the issue to the specified branches of Bankers to the Issue named herein or to the Lead Arrangers to the Issue.

Applications should be for a minimum of 1 Bond and in multiples of 1 Bond thereafter. All cheques/ demand drafts should be in favour of “**PNB Housing Finance Ltd. A/c No. 3097008700006127**” and crossed “**Account Payee Only**”. The entire amount of Rs. 10 lakh (Rs. Ten Lakh only) per Bond is payable on application. Alternatively, investors can remit their application money by way of electronic transfer of funds through RTGS mechanism for credit in the account of **PNB Housing Finance Ltd. A/c No. 3097008700006127 at Punjab National Bank, BO 74, Janpath, IFSC Code No. PUNB 0013100.**

Applications complete in all respects (along with all necessary documents as detailed in this Disclosure Document) must be submitted before the last date indicated in the issue time table or such extended time as decided by the Bank, at any of the designated collection centres, accompanied by the subscription amount by way of cheque(s)/ demand draft(s) drawn on any bank including a co-operative bank which is situated at and is a member of the Bankers' clearing house located at a place where the application form is submitted. Cash, outstation cheques, money orders, postal orders and stockinvest shall not be accepted. The Company assumes no responsibility for any applications/ cheques/ demand drafts lost in mail. Detailed instructions for filling up the application form and list of collection centres are provided elsewhere in this Disclosure Document.

Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein. Applications not completed in the prescribed manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

The applicant or in the case of an application in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A(5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the investor should mention his PAN/GIR No. if the investor does not submit Form 15G/15AA/other evidence, as the case may be for non-deduction of tax at source. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention “Applied for” and in case the applicant is not assessed to income tax, the applicant shall mention ‘Not Applicable’ (stating reasons for non applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form at the address mentioned therein.

Unless the Company specifically agrees in writing with or without such terms or conditions it deems fit, a separate single cheque/ demand draft must accompany each Application Form. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are made.

All applicants are requested to tick the relevant column “Category of Investor” in the Application Form. Public/ Private/ Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring “approved security” status for making investments.

No separate receipts shall be issued for the application money. However, Bankers to the Issue at their Designated Branch(es) receiving the duly completed Application Forms will acknowledge the receipt of the applications by stamping and returning the acknowledgment slip to the applicant. Applications shall be deemed to have been received by the Issuer Company only when submitted to Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

For further instructions, please read Application Form carefully.

***For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Summary Term Sheet and the Application Form.***

### **38. FORCE MAJEURE**

The Issuer reserves the right to withdraw the issue prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

**39. APPLICATIONS UNDER POWER OF ATTORNEY**

A certified true copy of the power of attorney or the relevant authority as the case may be alongwith the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged alongwith the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to the Registrars or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

**40. APPLICATION BY MUTUAL FUNDS**

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

**41. ACKNOWLEDGEMENTS**

No separate receipts will be issued for the application money. However, the Bankers to the Issue receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form.

**42. RIGHT TO ACCEPT OR REJECT APPLICATIONS**

The Issuer reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. Interest on application money will be paid from the date of realization of the cheque(s)/ demand drafts(s) till one day prior to the date of refund. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- a. Number of bonds applied for is less than the minimum application size;
- b. Applications exceeding the issue size;
- c. Bank account details not given;
- d. Details for issue of Bonds in electronic/ dematerialized form not given;
- e. PAN/GIR and IT Circle/Ward/District not given;
- f. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

**43. PAN/GIR NUMBER**

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1971 and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

**44. SIGNATURES**

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

**45. NOMINATION FACILITY**

As per Section 109 A of the Companies Act, 1956, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

**46. RIGHT OF BONDHOLDER(S)**

Bondholder is not a shareholder. The Bondholders will not be entitled to any other rights and privilege of shareholders other than those available to them under statutory requirements. The Bond(s) shall not confer upon the holders the right to receive notice, or to attend and vote at the General Meeting of the Issuer. The principal amount and interest on the Bonds will be paid to the registered Bondholders only, and in case of Joint holders, to the one whose name stands first.

Besides the above, the Bonds shall be subject to the provisions of the Companies Act, 1956, the Articles of Association of the Issuer, the terms of this bond issue and the other terms and conditions as may be incorporated in the Debenture Trust Deed and other documents that may be executed in respect of these Bonds.

**47. MODIFICATION OF RIGHTS**

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Issuer where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Issuer.

**48. FUTURE BORROWINGS**

The Issuer shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes/ other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Issuer may think appropriate, without the consent of, or intimation to, the Bondholder(s) or the Trustees in this connection.

**49. BOND/ DEBENTURE REDEMPTION RESERVE (“DRR”)**

As per clarification issued by the Department of Company Affairs, Ministry of Law Justice and Company Affairs, Government of India vide general circular no.4/2003 dated 16/01/2003, for Housing Finance Companies registered with the National Housing Bank under NHB Act, “the adequacy” of Debenture Redemption Reserve (DRR) will be 50% of the value of debentures issued through public issue route and no DRR is required in the case of privately placed debentures. Since the Company is issuing bonds on private placement basis, the Company is not required to create DRR under current provisions of law.

**50. NOTICES**

All notices required to be given by the Issuer or by the Trustees to the Bondholders shall be deemed to have been given if sent by ordinary post/ courier to the original sole/ first allottees of the Bonds and/ or if published in one All India English daily newspaper and one regional language newspaper.

All notices required to be given by the Bondholder(s), including notices referred to under “Payment of Interest” and “Payment on Redemption” shall be sent by registered post or by hand delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time.

**51. JOINT-HOLDERS**

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to provisions contained in the Companies Act, 1956.

**52. DISPUTES & GOVERNING LAW**

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of New Delhi.



**53. INVESTOR RELATIONS AND GRIEVANCE REDRESSAL**

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Issuer endeavours to resolve the investor's grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at registered office of the Issuer. All investors are hereby informed that the Issuer has appointed a Compliance Officer who may be contracted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Disclosure Document.

**X. CREDIT RATING FOR THE BONDS**

Credit Analysis & Research Ltd. (“**CARE**”) has assigned a rating of “**CARE AA+**” (Pronounced Double A Plus) to the Bonds of the Company aggregating to Rs. 1000 crore (including Rs. 200 crore subordinated bonds) vide its letter dated December 03, 2012. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. A copy of rating letter from CARE is enclosed elsewhere in this Disclosure Document.

CRISIL Ltd. (“**CRISIL**”) has assigned a rating of “**CRISIL AA/Stable**” (Pronounced CRISIL double A rating with stable outlook) to the Bonds of the Company aggregating to Rs. 200 crore vide its letter no. KS/FSR/PNBHFL/2012-13/1417, dated November 23, 2012. This rating indicates high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. A copy of rating letter from CRISIL is enclosed elsewhere in this Disclosure Document.

Other than the credit ratings mentioned hereinabove, PNBHFL has not sought any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Disclosure Document.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

## XI. TRUSTEES FOR THE BONDHOLDERS

In accordance with the provisions of (i) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, (ii) Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended, (iii) Section 117B of the Companies Act, 1956 (1 of 1956) and (iv) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Issuer has appointed IDBI Trusteeship Services Limited, to act as Trustees ("Trustees") for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:

### **IDBI Trusteeship Services Limited**

Registered Office  
Asian Building, Ground Floor  
17, R Kamani Marg  
Mumbai – 400 001  
Tel No. (022) 66311771-3  
Fax No. 91-22-66311776  
E-mail: itsl@idbitrustee.co.in

A copy of letter from IDBI Trusteeship Services Limited conveying their consent to act as Trustees for the current issue of Bonds is enclosed elsewhere in this Disclosure Document.

The Issuer hereby undertakes that a Debenture/ Bond Debenture Trusteeship Agreement ("Debenture Trusteeship Agreement") shall be executed by it in favour of the Trustees within three months of the closure of the Issue for securing the Bonds. The Debenture Trusteeship Agreement shall contain such clauses as may be prescribed under section 117A of the Companies Act, 1956 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further, the Debenture Trusteeship Agreement shall not contain a clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Issuer in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 and circulars, regulations or guidelines issued by SEBI and (iii) indemnifying the Trustees or the Issuer for loss or damage caused by their act of negligence or commission or omission.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by the Issuer to the Trustees on behalf of the Bondholder(s) shall discharge the Issuer pro tanto to the Bondholder(s). The Trustees shall protect the interest of the Bondholders in the event of default by the Issuer in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Issuer. No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustees, having become so bound to proceed, fail to do so.

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.

The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the Bonds and Bond/ Debenture Redemption Reserve.

**XII. STOCK EXCHANGES WHERE BONDS ARE PROPOSED TO BE LISTED**

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited ("NSE"). NSE shall be the designated stock exchange for the purpose of present Issue of Bonds. The Issuer has made an application to NSE for seeking its in-principle approval for listing of Bonds offered under the terms of this Disclosure Document.

In terms of sub-section (1) of Section 73 of the Companies Act, 1956(1 of 1956), the Issuer shall make an application to NSE along with applicable disclosures within 15 days from the Deemed Date of Allotment of the Bonds to list the Bonds to be issued and allotted under this Disclosure Document. The Issuer shall complete all the formalities and seek listing permission within 20 days from the Deemed Date of Allotment.

In connection with listing of Bonds with NSE, the Issuer hereby undertakes that:

- (a) it shall comply with the conditions of listing as specified in the Listing Agreement for the Bonds;
- (b) the credit rating(s) obtained for the Bonds shall be periodically reviewed by the credit rating agency(ies) and any revision in the rating(s) shall be promptly disclosed by the Issuer to NSE;
- (c) any change in credit rating(s) shall be promptly disseminated to the Bondholder(s) in such manner as NSE may determine from time to time;
- (d) The Issuer, the Trustees and NSE shall disseminate all information and reports on the Bonds including compliance reports filed by the Issuers and the Trustees regarding the Bonds to the Bondholder(s) and the general public by placing them on their websites;
- (e) Trustees shall disclose the information to the Bondholder(s) and the general public by issuing a press release and placing on the websites of the Trustees, the Issuer and NSE, in any of the following events:
  - (i) default by Issuer to pay interest on the Bonds or redemption amount;
  - (ii) failure to create charge on the assets;
  - (iii) revision of the credit rating(s) assigned to the Bonds.
- (f) The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all Qualified Institutional Buyers ("QIBs") and other existing Bondholder(s) within two working days of their specific request.

**XIII. MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER**

By very nature of its business, the Issuer is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Issuer. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by the Issuer) which are or may be deemed to be material have been entered into by the Issuer. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Registered Office of the Issuer between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.

**A. MATERIAL CONTRACTS**

- a. Copy of letters appointing Lead Arrangers to the Issue.
- b. Copy of letter appointing Registrars and copy of MoU entered into between the Issuer and the Registrars.
- c. Copy of letter appointing Trustees to the Bondholders.

**B. DOCUMENTS**

- a. Memorandum and Articles of Association of the Issuer as amended from time to time.
- b. Board Resolution dated November 06, 2012 authorizing issue of Bonds offered under terms of this Disclosure Document.
- c. Letter of consent from the Trustees for acting as trustees for and on behalf of the holder(s) of the Bonds.
- d. Letter of consent from the Registrars for acting as Registrars to the Issue.
- e. Application made to the NSE for grant of in-principle approval for listing of Bonds.
- f. Letter from CARE conveying the credit rating for the Bonds.
- g. Letter from CRISIL conveying the credit rating for the Bonds.
- h. Tripartite Agreement between the Issuer, NSDL and Registrars for issue of Bonds in dematerialised form.
- i. Tripartite Agreement between the Issuer, CDSL and Registrars for issue of Bonds in dematerialised form.

**XIV. DECLARATION**

The Issuer undertakes that this Disclosure Document contains full disclosures in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended.

The Issuer also confirms that this Disclosure Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Disclosure Document also does not contain any false or misleading statement.

The Issuer accepts no responsibility for the statement made otherwise than in the Disclosure Document or in any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would be doing so at his own risk.

Signed pursuant to internal authority granted.

for **PNB Housing Finance Ltd.**

**(Sanjaya Gupta)**  
**Managing Director**

Place: New Delhi  
Date: December 22, 2012



**CREDIT ANALYSIS &  
RESEARCH LTD.**

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

**Shri Sanjay Jain**  
EVP & Company Secretary  
**PNB Housing Finance Limited**  
9<sup>th</sup> Floor, Antriksh Bhawan  
K.G.Marg, New Delhi-110001

December 3, 2012

Dear Sir,

Confidential

**Credit rating for proposed non convertible debentures (NCD) issue of Rs.1,000 crore (including Rs. 200 crore of Tier II bonds)**

Please refer to your request for rating of proposed long-term NCD issue aggregating to Rs.1,000 crore of your company. The proposed bonds would have tenure of five to fifteen years with repayment schedule as decided by the company from time to time.

2. Our Rating Committee has assigned a 'CARE AA+' [Double A Plus] rating to the aforesaid bond issue. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Our rating symbols for various medium and long term instruments (including NCDs) are annexed. The rationale for the rating will be communicated to you separately.
3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is December 3, 2012).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest-rate, date of payment of interest, date and amount of repayment etc.] as soon as the NCDs have been placed.
6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.

*Self*

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*ET*

7. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
8. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension/withdrawal/revision in the assigned rating in any manner considered appropriate by it, without reference to you.
9. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
10. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

A handwritten signature in blue ink, appearing to read "Jyotsna Gadgil".

**[Jyotsna Gadgil]**  
Joint General Manager

Encl : As above

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Kanika Aggarwal".

**[Kanika Aggarwal]**  
Manager

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The rating assigned by CARE is based on the capital deployed by the partners and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners in addition to the financial performance and other relevant factors.

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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

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CONFIDENTIAL



Ref. no.: KS/FSR/PNBHFL/2012-13/1417

November 23, 2012

**Mr. Sanjay Jain**  
Chief Financial officer  
**PNB Housing Finance Limited.**  
9th Floor, Antriksh Bhawan,  
22, K.G. Marg, New Delhi 110 001.  
Tel: 011 – 23710259  
Fax: 011 - 23357173

Dear Mr. Jain,

**Re: CRISIL Rating for the Rs.2.0 billion Lower Tier II bond Programme of PNB Housing Finance Limited.**

We refer to your request for a rating for the captioned Debt Programme.

CRISIL has, after due consideration, assigned a “**CRISIL AA/Stable**” (pronounced “CRISIL double A rating with stable outlook”) rating to the captioned Debt Programme. Instruments with this rating are considered to have **high degree of safety** regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

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

With warm regards,

Yours sincerely,

Handwritten signature of Rupali Shanker in black ink.

Rupali Shanker  
Director – Financial Sector Ratings

Handwritten signature of Kavita Shetty in blue ink.

Kavita Shetty  
Manager – Financial Sector Ratings

*A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.*

*CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crisil.com or at (+91 22) 3342 3001 – 09.*

**CRISIL Limited**

# **IDBI Trusteeship Services Ltd.**



No. 6794/ITSL/OPR/2012/CL - 12 - 13 - BT - 672

December 6, 2012

**Mr. Sanjay Jain**  
EVP (F) & Company Secretary  
**PNB Housing Finance Ltd.**  
9<sup>th</sup> Floor, Antariksh Bhawan,  
22, Kasturbha Gandhi Marg,  
New Delhi - 110 001

**Regd. Office :**  
Asian Building, Ground Floor,  
17, R. Karnani Marg, Ballard Estate,  
Mumbai - 400 001.

Dear Sir,

**Consent to act as Bond Trustee for Company's proposed Unsecured Non-convertible Redeemable Subordinated Tier-II Bonds in the nature of Promissory Notes Series II ("Bonds") aggregating to Rs. 200 crores**

We acknowledge with thanks the receipt of your e-mail dated December 6, 2012 regarding appointment of IDBI Trusteeship Services Ltd. (ITSL) as Bond Trustee for the Company's proposed Unsecured, Non-Convertible Redeemable Subordinated Tier-II Bonds in the nature of Promissory Notes Series II ("Bonds") aggregating to Rs. 200 crores. In this connection, we confirm our acceptance to act as Bond Trustee for the same, subject to the Company agreeing to the conditions set out in the *Annexure A* enclosed herewith.

The Company shall enter into Bond Trustee Agreement for the said bond issue *before the opening of list for subscription*. This Agreement is required to be executed in terms of Regulation 13 of SEBI (Debenture Trustee Regulation 1993). In case you do not execute the Bond Trustee Agreement before your list for subscription opens, this consent shall not be valid and operative and deemed to have been ipso facto revoked.

We are agreeable for inclusion of our name as trustees in the Disclosure document/listing application/any other document to be filed with the Stock Exchange(s).

Yours faithfully,

**Swati Borkar**  
Specialist