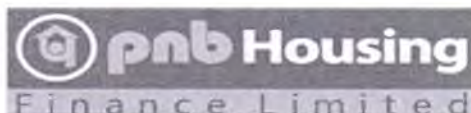


**PRIVATE PLACEMENT OFFER LETTER DATED NOVEMBER 24, 2014**

[Issued in conformity with Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, 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, 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, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended and Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 issued by National Housing Bank vide its notification no. NHB.HFC.NCD-DIR.1/CMD/2014 dated April 19, 2014, as amended]



(A Public Sector Company/ Government Company under Section 2(36-A) of the Income Tax Act, 1961)  
(Subsidiary of Punjab National Bank - A Government of India Undertaking)  
Registered Office: 9th Floor Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi - 110 001  
Tel No: (011) 23445200, 23445215; Fax No: (011) 23736857  
Website: www.pnbhfl.com; E-mail: sanjay.jain@pnbhfl.com, jayesh.jain@pnbhfl.com  
CIN: U65922DL1988PLC033856

**PRIVATE PLACEMENT OF UNSECURED REDEEMABLE NON-CONVERTIBLE SUBORDINATED TIER II BONDS IN THE NATURE OF PROMISSORY NOTES ("BONDS") (SERIES III) 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  
E-mail: itsl@idbitrustee.co.in

**REGISTRAR TO THE ISSUE**



**MCS Limited**  
F-65 First Floor  
Okhla Industrial Area  
Phase - I  
New Delhi - 110 020  
Tel No. (011) 4140 6149  
Fax No. 91-11-4170 9881  
E-mail: admin@mcsdel.com

**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 Ltd.**  
609, 6th Floor, Antriksh Bhawan 22  
Kasturba Gandhi Marg  
New Delhi - 110001  
Tel: (011) 23739628  
Fax: (011) 23739627



**ICICI Securities Primary Dealership Ltd.**  
ICICI Tower, NBCC Place, Bisham  
Pitamah Marg, Pragati Vihar  
New Delhi-110003  
Tel: (011) 24390025 / 26  
Fax: (011) 43560036



**Axis Bank Ltd.**  
Statesman House, 13th Floor  
148, Barakhamba Road  
New Delhi- 110001  
Tel: (011) 43682437  
Fax: (011) 41515449



**Trust Investment Advisors Pvt. Ltd.**  
109/110, 1st Floor, Balrama, Bandra  
Kurla Complex, Bandra (East)  
Mumbai - 400051  
Tel:(022) 40845000  
Fax:(022) 40845066



**ICICI Bank Ltd.**  
ICICI Tower, NBCC Place, Bisham  
Pitamah Marg, Pragati Vihar  
New Delhi - 110003  
Tel: (011) 42218113  
Fax: (011) 24390124



**Yes Bank Ltd.**  
Nehru Centre, 9th Floor, Discovery of  
India, Dr. A.B. Road, Worli  
Mumbai - 400 018  
Tel: (022) 66699219  
Fax: (022) 66699018



*Payent in*  
*Sanjay Jain*

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## I. DISCLAIMER

### 1. DISCLAIMER OF THE ISSUER

This Private Placement Offer Letter is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in conformity with Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014; 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; 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, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended and Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 issued by National Housing Bank vide its notification no. NHB.HFC.NCD-DIR.1/CMD/2014 dated April 14, 2014, as amended. This Private Placement Offer Letter does not constitute an offer to public in general to subscribe for or otherwise acquire the Bonds to be issued by PNB Housing Finance Ltd. (the "Issuer"/ the "Company"/ "PNBHFL"). This Private Placement Offer Letter 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 Private Placement Offer Letter, no offer document or prospectus has been prepared in connection with the offering of this bond issue or in relation to the Issuer.

This Private Placement Offer Letter 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 the Issuer. This Private Placement Offer Letter has been prepared to give general information regarding the Issuer 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. The Issuer believes that the information contained in this Private Placement Offer Letter is true and correct as of the date hereof. The Issuer does not undertake to update this Private Placement Offer Letter to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with the Issuer. However, the Issuer reserves its right for providing the information at its absolute discretion. The Issuer 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 Private Placement Offer Letter 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 the Bonds and matters incidental thereto.

This Private Placement Offer Letter 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 AND EXCHANGE BOARD OF INDIA**

Pursuant to rule 14 (3) of The Companies (Prospectus and Allotment of Securities) Rules, 2014, a copy of this Private Placement Offer Letter shall be filed with the Registrar of Companies, National Capital Territory of Delhi & Haryana along with fee as provided in The Companies (Registration Offices and Fees) Rules, 2014 and with SEBI within a period of thirty days of circulation of this Private Placement Offer Letter. The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter 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 Private Placement Offer Letter. However SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Private Placement Offer Letter.

## **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 Private Placement Offer Letter. 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 Private Placement Offer Letter 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 Private Placement Offer Letter. The Arrangers shall use this Private Placement Offer Letter 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 Private Placement Offer Letter by the Arrangers should not in any way be deemed or construed that the Private Placement Offer Letter 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 Private Placement Offer Letter; 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 Private Placement Offer Letter.

## **4. DISCLAIMER OF THE STOCK EXCHANGE**

As required, a copy of this Private Placement Offer Letter has been submitted to National Stock Exchange of India Limited (hereinafter referred to as "NSE"/ "Stock Exchange") for seeking in-principle approval for listing of the Bonds. It is to be distinctly understood that such submission of the Private Placement Offer Letter with NSE or hosting the same on its website should not in any way be deemed or construed that the Private Placement Offer Letter 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 Private Placement Offer Letter; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Stock 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 Stock 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

ALM	Asset Liability Management
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 Private Placement Offer Letter 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
Articles	Articles of Association of the Company as originally framed or as altered from time to time or applied in pursuance of any previous company law or of the Companies Act, 2013
AS	Accounting Standards of auditing or any addendum thereto for companies or class of companies referred to in sub-section (10) of section 143 of the Companies Act, 2013
Associate Company	A company in which the Issuer has a significant influence, but which is not a subsidiary company of Issuer having such influence and includes a joint venture company. Significant influence means control of at least 20% of total share capital, or of business decisions under an agreement
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	Collective body of the directors of the Company or committee thereof, unless otherwise specified
Bond(s)	Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of promissory notes ("Bonds") (Series III) of Rs. 10,00,000/- each for cash at par to be issued by PNB Housing Finance Limited (the "Issuer" or the "Company" or "PNBHFL") through private placement route under the terms of this Private Placement Offer Letter
Record Date	Reference date for payment of interest/ repayment of principal
CAR	Capital Adequacy Ratio
CARE	Credit Analysis and Research Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CRISIL	CRISIL Limited
Coupon Payment Dates	The date on which interest on Bonds shall fall due for payment as specified in this Private Placement Offer Letter
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 Bank 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
Debentures	Debenture stock, bonds or any other instrument of the Issuer evidencing a debt, whether constituting a charge on the assets of the Issuer or not
Deemed Date of Allotment	The cut-off date declared by the Company from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholders. The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment
Depository	A depository as defined in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act
Private Placement Offer Letter	Private Placement Offer Letter dated November 24, 2014 for private placement of Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of promissory notes ("Bonds") (Series III) of Rs. 10,00,000/- each for cash at par aggregating to Rs. 200 crore to be issued by PNB Housing Finance Limited
DP	Depository Participant
DRR	Debenture Redemption Reserve



EPS	Earnings Per Share
FIs	Financial Institutions
FIIs	Foreign Institutional Investors
HFC	Housing Finance Company registered with National Housing Bank
Financial Year/ FY	Period of twelve months ending March 31, of that particular year
Trustees	Trustees for the Bondholders in this case being IDBI Trusteeship Services Limited
Issuer/ Company/ PNBHFL	PNB Housing Finance Limited, incorporated on November 11, 1988 under the Indian Companies Act, 1956 and having its registered office at 9th Floor Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi - 110 001 and bearing CIN U65922DL1988PLC033856
ICRA	ICRA Limited
Independent Director	An independent director referred to in sub-section (5) of section 149 of the Companies Act, 2013
IT Act	The Income Tax Act, 1961, as amended from time to time
Key Managerial Personnel	Key managerial personnel, in relation to the Company, shall mean: i. Managing Director & Chief Executive Officer, Whole-Time Directors; or the Manager; ii. Company Secretary; iii. Chief Financial Officer; and iv. Any such other officer as may be prescribed under the Companies Act.
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
MD	Managing Director & Chief Executive Officer of the Company
Memorandum/ Memorandum of Association	Memorandum of association of the Company as originally framed or as altered from time to time in pursuance of any previous company law or of the Companies Act, 2013
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited, being the stock exchange on which, the Bonds of the Company are proposed to be listed. NSE shall be the designated stock exchange for the Issue
NHB	National Housing Bank
NPAs	Non Performing Assets
NRI	Non Resident Indians
OCBs	Overseas Corporate Bodies
PAN	Permanent Account Number
Private Placement	Offer of Bonds or invitation to subscribe to the Bonds of the Issuer (other than by way of public offer) through issue of this Private Placement Offer Letter, in pursuance of section 42 of the Companies Act, 2013 without prejudice to the provisions of section 26 of the Companies Act, 2013, by PNB Housing Finance Limited to not more than 49* investors on such conditions including the form and manner of private placement as prescribed under the Companies Act, 2013 * prescribed under the Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 issued by National Housing Bank vide its notification no. NHB.HFC.NCD-DIR.1/CMD/2014d dated April 14, 2014.
PAT	Profit After Tax
PBIT	Profit Before Interest and Tax
GIR	General Index Number
GOI	Government of India
NBFCs	Non Banking Financial Companies, as defined under RBI guidelines
Rs./ INR/	Indian National Rupee
RBI	Reserve Bank of India
NHB Guidelines	Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 issued by National Housing Bank vide its notification no. NHB.HFC.NCD-DIR.1/CMD/2014 dated April 14, 2014

RTGS	Real Time Gross Settlement
ROC	Registrar of Companies, National Capital Territory of Delhi & Haryana
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; 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 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended
TDS	Tax Deducted at Source
The Companies Act, 1956	The Companies Act, 1956, as amended and in force
The Companies Act, 2013	The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India, as applicable
The Companies Act	The Companies Act, 1956, as amended and/or The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India, as applicable
The Issue/ The Offer	Private Placement of Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of promissory notes ("Bonds") (Series III) of Rs. 10,00,000/- each for cash at par aggregating to Rs. 200 crore to be issued by PNB Housing Finance Limited (the "Issuer" or the "Company" or "PNBHFL") under the terms of this Private Placement Offer Letter
YTM	Yield to Maturity

### III. RISK FACTORS & MANAGEMENT'S PERCEPTION

Investors should carefully consider all the information in this Private Placement Offer Letter, including the risks and uncertainties described below, and the financial information of the Issuer, before making an investment in the Bonds. Additional risks and uncertainties not known to the Issuer or that it currently believes to be immaterial may also have an adverse effect on the business, financial condition and prospects of the Issuer. If any of the following or any other risks actually occur, business, financial condition and prospects of the Issuer may be adversely affected and the price and value of the investment made by the Investors in the Bonds could decline such that they may lose all or part of their investment.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence have not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another.

Investors should not invest in the Issue unless they are prepared to accept the risk of losing all or part of their investment, and they should consult their own tax, financial and legal advisors about the particular consequences of an investment in the Bonds.

#### RISKS RELATING TO THE BUSINESS OF THE ISSUER

1. Growth plans of the Issuer are subject to a number of risks and uncertainties, which may result in an adverse effect on its business, financial condition and prospects.
2. With the housing finance industry becoming increasingly competitive, the growth of the Issuer shall depend upon its ability to raise financial resources on competitive terms; inability to do so may have a material adverse effect on its business prospects, financial condition and results of operations.
3. The Issuer operates under a regulated and policy driven environment. Adverse changes in applicable laws, policies, regulations issued by the Government/ statutory authorities may adversely affect business, financial condition and prospects of the Issuer.
4. The business of the Issuer is concentrated on providing finance to the housing sector and any change that adversely affects its ability to recover dues from the borrowers may adversely affect the business, financial condition and prospects of the Issuer.
5. The Issuer is involved in few legal proceedings and claims that may be determined against it.
6. The Issuer has incurred significant indebtedness and may incur substantial additional borrowings in connection with its business which may impact its debt-equity ratio and lead to increased leveraging.
7. The business, financial condition and prospects of the Issuer may be adversely affected if it is unable to take advantage of certain tax benefits or if there are adverse changes to the tax regime in the future.
8. The Statutory Auditors of the Issuer have included certain notes and matters of emphasis in their reports included in this Private Placement Offer Letter, which should be considered carefully by prospective investors in the Issue.
9. The Issuer has some contingent liabilities, which may result in an adverse effect on its business and financial condition to the extent that any such liabilities materialize.
10. Issuer's inability to attract and retain or appropriately replace, the key personnel and sufficient skilled workers may adversely affect its business, financial condition and prospects.
11. The interests of the Directors of the Issuer may cause conflicts of interest in the ordinary course of its business.
12. Inability to adapt to technological advancements or disruptions to the technology platforms or business or communication systems may affect the operations of the Issuer adversely.
13. The business of the Issuer involves various risks such as interest rate risk, risk of asset-liability mismatch, risk of default by the home loan borrowers, which if materialize, may result in an adverse effect on the business, financial condition and prospects of the Issuer.

14. Going forward, the business, financial condition and prospects of the Issuer may be adversely affected by any change in outlook or dilution of shareholding by its promoter.
15. The Issuer may not be able to recover, or there may be a delay in recovering, the expected value from the security and collaterals against the loans disbursed by it, which may affect its financial condition.
16. The Issuer has advanced construction finance to various private sector builders on a non-recourse or limited recourse basis, which may cause the risk of non-recovery and may adversely affect its financial condition.
17. In the event of any significant increase in the level of non-performing assets in the loan portfolio of the Issuer, its financial condition would be adversely affected.
18. Negative trends in the Indian housing finance sector or the Indian economy could adversely affect the business and financial performance of the Issuer.
19. The Issuer has certain cash credit facilities which can be recalled by the lenders at any time, which may affect its financial condition adversely.
20. A decline in the capital adequacy ratio of the Issuer could restrict its future business growth.

#### **RISKS RELATING TO INDIA**

21. Economic, political or other factors beyond control of the Issuer may have an adverse impact on its business, financial condition and prospects.
22. Issuer's ability to raise capital outside India may be constrained by Indian law.
23. Issuer's failure to successfully adopt IFRS-converged accounting standards may have an adverse effect on the price of the Bonds.

#### **RISKS RELATING TO INVESTMENT IN THE BONDS**

24. There has been no prior public market for the Bonds and it may not develop in the future and the price of the Bonds may be volatile.
25. There is no guarantee that the Bonds will be listed on the Stock Exchange in a timely manner or at all, or that monies refundable to Applicants will be refunded in a timely manner.
26. Investors may not be able to recover, on a timely basis or at all, the full value of outstanding amounts on the Bonds.
27. Changes in interest rates may affect the price of the Bonds.
28. A downgrade in credit rating of the Bonds may affect the price of the Bonds.
29. Payments on the Bonds shall be subordinated to certain tax and other liabilities preferred by law.

## IV. ISSUER INFORMATION

<b>Name of the Issuer</b>	:	<b>PNB Housing Finance Limited</b>
<b>Registered &amp; Corporate Office</b>	:	9th Floor Antriksh Bhawan 22, Kasturba Gandhi Marg New Delhi - 110 001
<b>Tel. No.</b>	:	(011) 23445200, 23445215
<b>Fax No.</b>	:	+91-11-23736857
<b>Website</b>	:	www.pnbhfl.com
<b>E-mail</b>	:	jayesh.jain@pnbhfl.com
<b>CIN</b>	:	U65922DL1988PLC033856
<b>Compliance Officer for the Issue</b>	:	<b>Mr. Sanjay Jain</b> <b>Company Secretary</b> <b>PNB Housing Finance Limited</b> Registered Office 9th Floor Antriksh Bhawan 22, Kasturba Gandhi Marg New Delhi - 110 001 Tel No.: (011) 23354286 Fax No.: +91-11-23357173 E-mail: sanjay.jain@pnbhfl.com
<b>Chief Financial Officer of the Issuer</b>	:	<b>Mr. Jayesh K. Jain</b> <b>Chief Financial Officer</b> <b>PNB Housing Finance Limited</b> Registered Office 9th Floor Antriksh Bhawan 22, Kasturba Gandhi Marg New Delhi - 110 001 Tel No.: (011) 23445205 Fax No.: +91-11-23357173 E-mail: jayesh.jain@pnbhfl.com
<b>Trustees for the Bondholders</b>	:	<b>IDBI Trusteeship Services Limited</b> Registered Office Asian Building, Ground Floor 17, R Kamani Marg Mumbai - 400 001 Tel: (022) 66311771-3 Fax: +91-22-66311776 E-mail:itsl@idbitrustee.co.in

**Registrar to the Issue** : **MCS Limited**  
 F-65, 1st Floor  
 Okhla Industrial Area  
 Phase - I  
 New Delhi - 110 020  
 Tel No. (011) 4140 6149  
 Fax No.+91-11-4170 9881  
 E-mail: admin@mcsdel.com

**Credit Rating Agencies** : **ICRA Limited**  
 Mumbai Office  
 1802, 18th Floor, Tower 3,  
 Indiabulls Finance Centre,  
 Senapati Bapat Marg,  
 Elphinstone, Mumbai 400013,  
 Board : +91-22-61796300  
 Fax: +91-22-24331390

**CRISIL Limited**  
 Registered Office  
 CRISIL House  
 Central Avenue  
 Hiranandani Business Park  
 Powai, Mumbai - 400076  
 Tel: (022) 33423000  
 Fax: +91-22-33423001  
 E-mail: crisilratingdesk@crisil.com

**Auditors of the Issuer** : **M/s. BR Maheshwari & Co.**  
 (for FY 2014-15) *Chartered Accountants*  
 Firm Registration No: 001035N  
 M -118, Connaught circus  
 New Delhi - 110001  
 Tel: (011) 43402222, 23416341  
 Fax: +91-11-23415796  
 E-mail: brmc@brmco.com

**Arrangers to the Issue**  
 (in alphabetic order)

**A. K. Capital Services Ltd.**  
 609, 6th Floor, Antriksh Bhawan 22  
 Kasturba Gandhi Marg  
 New Delhi - 110001  
 Tel: (011) 23739628  
 Fax: (011) 23739627

**Axis Bank Ltd.**  
 Statesman House, 13th Floor  
 148, Barakhamba Road  
 New Delhi- 110001  
 Tel: (011) 43682437  
 Fax: (011) 41515449

**ICICI Bank Ltd.**  
 ICICI Tower, NBCC Place, Bisham  
 Pitamah Marg, Pragati Vihar  
 New Delhi - 110003  
 Tel: (011) 42218113  
 Fax: (011) 24390124

**ICICI Securities Primary Dealership Ltd.**  
 ICICI Tower, NBCC Place, Bisham  
 Pitamah Marg , Pragati Vihar  
 New Delhi-110003  
 Tel: (011) 24390025 / 26  
 Fax: (011) 43560036

**Trust Investment Advisors Pvt. Ltd.**  
 109/110, 1st Floor, Balrama, Bandra  
 Kurla Complex, Bandra (East)  
 Mumbai - 400051  
 Tel:(022) 40845000  
 Fax:(022) 40845066

**Yes Bank Ltd.**  
 Nehru Centre, 9th Floor  
 Discovery of India  
 Dr. A.B. Road, Worli  
 Mumbai - 400 018  
 Tel: (022) 66699219  
 Fax: (022) 66699018

**V. 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 Private Placement Offer Letter is as under:

The composition of the Board of Directors of the Issuer as on date of this Private Placement Offer Letter is as under:

<b>Sr. No.</b>	<b>Name, Designation and DIN</b>	<b>Age (in years)</b>	<b>Address</b>	<b>Director of the Company since</b>	<b>Other Directorships</b>
1.	<b>Dr Ram S Sangapure</b> Director DIN: 03297417	56	Executive Director Punjab National Bank Head Office, 7, Bhikaiji Cama Place New Delhi – 110 066  Res; A-265, Ganpat Andalkar Block, Asiad Village Complex, New Delhi-110049	08.08.14	<ul style="list-style-type: none"> <li>Executive Director, Punjab National Bank</li> </ul>
2.	<b>Mr. Tejinder Singh Laschar</b> Director DIN: 00226860	67	C-287, 1st Floor, Defence Colony New Delhi -1100024	13.02.09	Rockland Hospitals Limited
3.	<b>Mr. P. K. Gupta</b> Director DIN: 00603676	66	1006, Urvashi-1, Amrapali Royal 2B, Vaibhav Khand, Indrapuram Ghaziabad - 201010.	09.12.09	<ul style="list-style-type: none"> <li>U V Asset Reconstruction Co Ltd.</li> </ul>
4.	<b>Mr. S. K. Jain</b> Director DIN: 00047474	74	5/10, Shantinekatan New Delhi -110021	09.12.09	<ul style="list-style-type: none"> <li>Can Rebeco Asset Management Company</li> <li>R S Software India Ltd.</li> </ul>
5.	<b>Mr. Vivek Vig</b> Director DIN: 01117418	53	Destimoney Enterprises Pvt. Ltd. Marathon Innova, Wing B-1, Genpatrapo Kadam Marg Lower Parel (West) Mumbai – 400013  Res. B Wing-1901, 19th Floor, Beaumonde, Appasaheb Marthe Marg,Prabhadevi Mumbai– 400026	09.12.09	<ul style="list-style-type: none"> <li>Destomoney Enterprises Pvt. Ltd.</li> <li>Destimoney Financial Services Pvt. Ltd</li> </ul>



6.	<b>Mr. Anand Dorairaj</b> Director DIN: 01662849	48	New Silk Route Advisors Pvt. Ltd. 205 Ceejay House, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai – 400018, India  Res: 44 A, Mehar Apartment, Anstey Road, Mumbai, Maharashtra – 400026	09.12.09	<ul style="list-style-type: none"> <li>• New Silk Route Advisors Pvt. Ltd.</li> <li>• Destimoney Enterprises Pvt. Ltd.</li> <li>• Destimoney Financial Services Pvt. Ltd.</li> <li>• Destimoney Commodities Pvt. Ltd.</li> <li>• Destimoney Securities Pvt. Ltd.</li> </ul>
7.	<b>Mr. S S Bhatia</b> Director DIN: 05176843	59	General Manager -Punjab National Bank Atma Ram House, Tolstoy Marg New Delhi – 110 001	06.11.12	Nil
8.	<b>Mr. Sanjaya Gupta</b> Managing Director DIN: 02939128	51	PNB Housing Finance Ltd. 9 <sup>th</sup> 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>

## 2. CHANGES IN DIRECTORS OF THE ISSUERSINCE LAST THREE YEARS

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

Name, Designation and DIN	Date of Appointment	Date of Cessation	Reason
<b>Mr. Tejinder Singh Laschar</b> Director DIN: 00226860	13.02.2009	Continuing	Appointment
<b>Mr. K. R. Kamath</b> Chairman DIN: 01715073	09.11.2009	27.10.2014	Resignation
<b>Mr. G. N. Bajpai</b> Director DIN: 00946138	09.12.2009	08.08.2014	Expiry of tenure
<b>Mr. P. K. Gupta</b> Director DIN: 00603676	09.12.2009	Continuing	Appointment
<b>Mr. S. K. Jain</b> Director DIN: 00047474	09.12.2009	Continuing	Appointment
<b>Mr. Vivek Vig</b> Director DIN: 01117418	09.12.2009	Continuing	Appointment
<b>Mr. Anand Dorairaj</b> Director DIN: 01662849	09.12.2009	Continuing	Appointment
<b>Mr. Sanjaya Gupta</b> Managing Director DIN: 02939128	25.06.2010	Continuing	Appointment
<b>Mr. Rakesh Sethi</b> Director DIN: 02420709	30.04.2011	12.03.2014	Resignation

<b>Mr. S. P. Singh</b> Director DIN: 05176843	01.09.2011	31.07.2012	Expiry of tenure
<b>Mr. S. S. Bhatia</b> Director DIN: 05176843	06.11.2012	Continuing	Appointment
<b>Dr. Ram S. Sangapure</b> Director DIN: 03297417	08.08.2014	Continuing	Appointment

### 3. KEY MANAGERIAL PERSONNEL

Following are the details of key managerial person of the Company as on date of this Private Placement Offer Letter:

Sr. No.	Name, Designation, Age & Qualifications	Address	Associated with the Company since	Background/ Functions handled
1.	<b>Mr. Shaji Varghese</b> Age: 42 years Qualifications: LLB and PGDM/PGDBM	PNB Housing Finance Ltd. 9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi -110001	2012	Business Head
2.	<b>Mr. Ajay Gupta</b> Age: 48 years Qualifications: B.Com and ACA	PNB Housing Finance Ltd. 9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi -110001	2012	Chief Risk Officer
3.	<b>Mr. Nitant Desai</b> Age: 52 years Qualifications: B.Com	PNB Housing Finance Ltd. 9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi -110001	2011	Head Operations and IT
4.	<b>Mr. Anshul Bhargava</b> Age: 47 years Qualifications: MBA	PNB Housing Finance Ltd. 9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi -110001	2011	Chief Peoples Officer
5.	<b>Mr. Sanjay Jain</b> Age: 50 years Qualifications: FCS, LL.B	PNB Housing Finance Ltd. 9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi -110001	1995	Company Secretary and Head Compliance
6.	<b>Mr. Jayesh K. Jain</b> Age: 37 years Qualifications: B.com, FCA, DISA, CISA, CISM	PNB Housing Finance Ltd. 9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi -110001	2014	Chief Financial Officer

### 4. INTEREST OF PROMOTERS & DIRECTORS, LITIGATION ETC.

- (a) The Promoter, Directors or Key Managerial Personnel of the Company do not have any financial or other material interest in the Issue of Bonds and thus there shall be no effect which is different from the interests of other persons.
- (b) Since Punjab National Bank, a Government of India undertaking, is the Promoter of the Company, it is not possible to give details of litigations, legal actions or directions pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of the Company during the last three years.

**5. REMUNERATION OF DIRECTORS****A. WHOLE-TIME DIRECTORS**

The following table sets forth the remuneration paid to the Whole-Time Directors of the Company during the current year and last three financial years:

(Rs. in lacs)						
Financial Year	Name of the Whole-Time Director	Salary & Allowances	Contribution to Provident Fund	Reimburse-ments	Variable Pay	Total
2013-14	Mr. Sanjaya Gupta Managing Director	55.44	2.60	6.09	20.00	84.13
2012-13	Mr. Sanjaya Gupta Managing Director	55.57	2.31	6.27	20.26*	84.41
2011-12	Mr. Sanjaya Gupta Managing Director	42.42	1.58	2.65	-	46.65

\* includes arrears of Rs 9.17 lacs relating to FY 2010-11 and Rs. 11.09 lacs relating to FY 2011-12.

**B. PART-TIME NON-OFFICIAL DIRECTORS**

The Company has paid the following sums as sitting fees to the Part-Time Non-Official Directors for attending Board/ Committee meetings during the current year and last three financial years:

(Rs. in lacs)		
Financial Year	Fees Paid to Part-Time Non-Official Directors	Total Amount
2013-14	Sitting fees for attending Board/ Committee Meetings	6.69
2012-13	Sitting fees for attending Board/ Committee Meetings	4.73
2011-12	Sitting fees for attending Board/ Committee Meetings	5.05

**6. RELATED PARTY TRANSACTIONS**

Details of related parties of the Company and transactions entered by the Company with the related parties during the last three financial years immediately preceding the year of circulation of the Private Placement Offer Letter including with regard to loans advanced, guarantees given or securities provided, are furnished as under:

**A. PROMOTER/ HOLDING COMPANY**

The Company is promoted by and is a subsidiary of Punjab National Bank, a Government of India undertaking, which holds 51% shareholding in the Company as on September 30, 2014 and the balance 49% shareholding is held by Destimoney Enterprises Pvt. Ltd.

Details of transactions entered into by the Company with Punjab National Bank, during last three years are as under:

Details of transaction	(Rs. in lacs)		
	Financial Year		
	2013-14	2012-13	2011-12
Loan advanced by PNB to the Company	166000	129667	96577
Guarantee given by PNB to the Company	Nil	Nil	Nil
Security provided by PNB to the Company	Nil	Nil	Nil

Details of transactions entered into by the Company with Destimoney Enterprises Pvt Ltd., during last three years are as under:

Details of transaction	(Rs. in lacs)		
	Financial Year		
	2013-14	2012-13	2011-12
Direct Marketing Agent's Commission	526.10	511.83	192.26
Interest on Compulsorily Convertible Debentures	-	185.48	996.96
Dividend	470.66	171.60	171.60
Reimbursements	2.00	2.66	-
Conversion of Compulsorily Convertible Debentures	-	13732.35	-
Issue of Bonus Shares	-	317.05	-
<b>Total</b>	<b>998.76</b>	<b>14920.97</b>	<b>1360.82</b>

**B. GROUP COMPANIES/ SUBSIDIARIES OF HOLDING COMPANY OF WHICH THE COMPANY IS ALSO A SUBSIDIARY**

Transactions of the Company with PNB Gilts Ltd. (Rs. in crores)

Details of transaction	Financial Year		
	2013-14	2012-13	2011-12
-- NIL --			

Transactions of the Company with PNB Investment Services Ltd. (Rs. in crores)

Details of transaction	Financial Year		
	2013-14	2012-13	2011-12
-- NIL --			

Transactions of the Company with PNB Insurance Broking Pvt. Ltd. (Rs. in crores)

Details of transaction	Financial Year		
	2013-14	2012-13	2011-12
-- NIL --			

**C. SUBSIDIARIES**

The Company does not have any subsidiary company as on September 30, 2014.

**D. ASSOCIATE COMPANIES, JOINT VENTURES, AFFILIATES OF THE COMPANY/ COMPANIES PROMOTED/ CO-PROMOTED BY THE COMPANY**

The Company does not have any associate company/ joint venture/ affiliate company/ company promoted/ co-promoted as on September 30.

**E. OTHER RELATED PARTIES**

The Company has not entered into any transaction with any other related parties as given hereunder, with respect to loan advanced, guarantee given or security provided, during last three years.

- i. Directors of the Company or their relatives;
- ii. Key Managerial Personnel of the Company or their relatives;
- iii. Firm, in which Directors, Key Managerial Personnel of the Company or their relatives are a partner;
- iv. Private company in which Directors or Key Managerial Personnel of the Company are a member or director;
- v. Public company in which Directors or key Managerial Personnel of the Company are a director and hold along with their relatives, more than 2% of its paid up share capital;
- vi. Body corporate whose board of directors, Managing Director or Key Managerial Personnel are accustomed to act in accordance with the advice, directions or instructions of the Directors or Key Managerial Personnel of the Company and such directions or instructions are not given in a professional capacity;
- vii. Person on whose advice, directions or instructions the Directors or Key Managerial Personnel of the Company are accustomed to act and such directions or instructions are not given in a professional capacity.

**VI. DETAILS OF STATUTORY AUDITORS OF THE ISSUER****1. CURRENT STATUTORY AUDITOR OF THE ISSUER (FY 2014-15)**

Being a Government Company, the statutory auditors of the Issuer are appointed by the Comptroller and Auditor General of India ("CAG"). The annual accounts of the Issuer are reviewed every year by CAG and a report is published.

Details of the statutory auditors of the Issuer for financial year 2014-15 are as under:

Name of Statutory Auditor	Firm Registration No.	Address& Contact Details	Auditor since
<b>M/s. BR Maheshwari &amp; Co.</b> <i>Chartered Accountants</i>	001035N	M -118, Connaught Circus New Delhi-110 001 Tel: (011) 43402222, 23416341 Fax: +91-11-23415796 E-mail: brmc@brmco.com	21.10.2013

**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. No: (0512) 2372244,3261222 Fax No: (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>M/s. 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 - 110 088 Tel. No: (011) 41419973, 274487547 Fax No: (011) 27476964 E-mail: ca.rajkagg@yahoo.com	06.11.2012	21.10.2013	06.11.2012	Retired

**VII. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS****1. HIGHLIGHTS OF THE ISSUER**

- a) Subsidiary of Punjab National Bank, a premier nationalized bank more than a century old bank having total business of Rs. 8,00,666 crore and total assets of Rs. 5,50,420 crore as on March 31, 2014.
- b) Professionally managed Company with a strong track record of profitability.
- c) Incorporated under the Companies Act, 1956 and commenced operations on November 11, 1988.
- d) Registered as a housing finance company with National Housing Bank (NHB).
- e) Presence in most of the major cities throughout the country with a network of 35 branches and 3 zonal offices.
- f) Loans sanctioned Rs. 8,840 crore (growth of 45%) and disbursed Rs. 5,500 crore (growth of 49%) in FY 2013-14.
- g) Loans outstanding of Rs. 10,591 crore as on March 31, 2014 (growth of 60%).
- h) Deposits outstanding Rs. 1,712 crore as on March 31, 2014 (growth of 63%).
- i) Gross NPAs of 0.32% and Net NPAs of 0.16% as on March 31, 2014.
- j) Total Income of Rs. 1,115 crore during FY 2013-14 (growth of 69%).
- k) Profit After Tax of Rs. 127.44 crore during FY 2013-14 (growth of 39%).
- l) Net worth of Rs. 920 crore as on March 31, 2014 (growth of 51%).
- m) Capital Adequacy Ratio of 13.39% as on March 31, 2014.

**Highlights (Half-year ended September 30, 2014):**

- *The Company has sanctioned 11392 loan applications worth INR 6888 Cr (109% growth in sanction value over H-1 of last year).*
- *The Company has disbursed loans worth INR 4314 Cr (72% growth over H-1 of last year).*
- *Loan book of the Company has grown to INR 13737 Cr (61% growth over 30<sup>th</sup> September 2013).*
- *Deposits have grown to INR 2,958 Cr (97% growth over 30<sup>th</sup> September 2013);*
- *Total income was INR 781 Cr, (57% growth over H-1 of last year);*
- *Operating Profit at INR 149 Cr, (62% growth over H-1 of last year);*
- *Profit after tax at INR 87 Cr, (54% growth over H-1 of last year);*
- *Total loan delinquencies were INR 154 Cr i.e. 1.12% of ENR (last year 1.89% of ENR);*
- *Gross NPAs were INR 48.90 Cr i.e. 0.36% of ENR (last year 0.53% of ENR) and Net NPAs were INR 29.57 Cr i.e. 0.22% of ENR (last year 0.32% of ENR);*

## 2. OWNERSHIP

As on September 30, 2014, 51% shareholding of the Company is held by Punjab National Bank - a Government of India undertaking and 49% by Destimoney Enterprises Pvt. Ltd.

## 3. 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 35 branches throughout India.

Since 1988, the Company has steadily grown in business. During FY 2013-14, Company's total income was Rs. 1,115.87 crore, net profit before tax was Rs. 175.74 crore and net profit after tax was Rs. 127.44 crore. As on March 31, 2014, the total loans outstanding were Rs. 10,591 crore (60% growth over March, 2013), the net worth was Rs. 920 crore, the book value per share was Rs. 140 and earnings per share was Rs. 25.42.

## 4. 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 35 branches and 3 zonal hubs spread across India. During FY 2013-14, the Company has sanctioned loans of Rs. 8,840 crore and disbursed loans worth Rs. 5,500 crore. The Company has shown a steady trend in the growth of loans business over the years.

## 5. 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 offers the 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 also offers the 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.

## 6. 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. 25,000 crore under section 180 of the Companies Act, 2013. The total borrowings of the Company are well within this limit. The Company borrows funds from different sources such as public deposits, bank borrowings, refinance from NHB and bonds/non-convertible debentures. There is a healthy mixture of different sources so as to broad base various sources, reduce cost of funds and meet the ALM requirement.

The Company has maintained Net Interest Margin ("NIM") of about 3.00%-3.25% in the last three years through efficient funds management and reduction in cost of funds. The Company brings down cost of borrowings by tying up low cost funds.



## 7. BUSINESS TRANSFORMATION AND RE-ENGINEERING PROJECT

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

## 8. INFORMATION TECHNOLOGY

The Company is upgrading software for all the key functions such as deposits, loans and accounts. The Company is also integrating all branches, hubs and Central Support Office. The entire project is expected to take about 6 months' time to complete.

## 9. CORE VALUES

### a. 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.

### b. 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.

### c. 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.

## 10. MANAGEMENT & MANPOWER

The Company is headed by a Managing Director. He is assisted by a senior team drawn from business, risk, operations, human relations, internal audit and finance & accounts stationed at central support office. The zonal hubs at North, West and South are headed by a hub head and each of 35 branches are headed by a branch head.

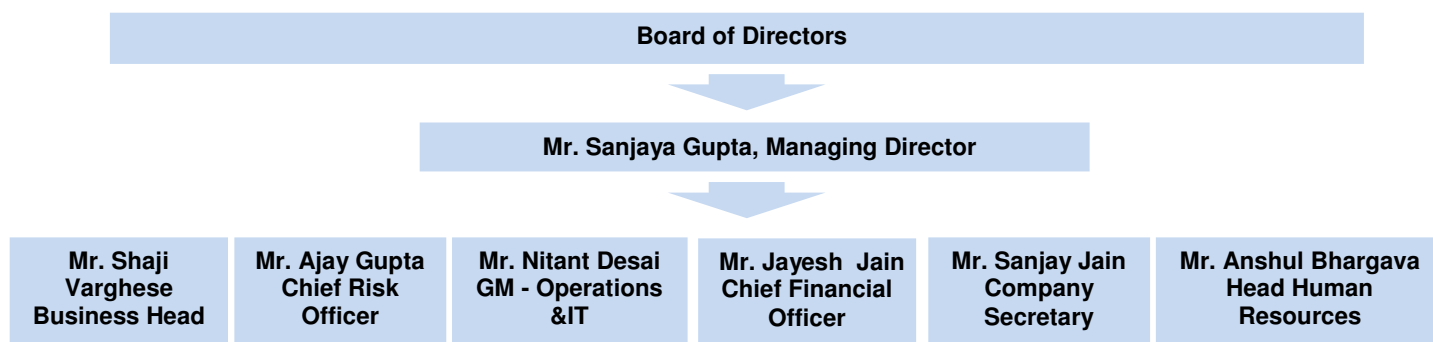
The Company has accorded high importance to the Human Resources Development and is hiring specialized manpower from the market in order to upgrade the knowledge, skill and concept at every level in the context of the emerging realities. New recruitments under various verticals are underway as part of 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 581 employees as on September 30, 2014.

## 11. CORPORATE STRUCTURE

(as on date of Private Placement Offer Letter)



As on September 30, 2014 the functional distribution of the employees stood as under:

Sr. No.	Functions handled	% of employees
1.	Operations, Branch, Accounts, IT & GAD	27%
2.	Sales & Business Development	28%
3.	Risk Management	30%
4.	Collections	10%
5.	Support Function	5%

## 12. KEY OPERATIONAL & FINANCIAL PARAMETERS OF THE ISSUER FOR THE LAST 3 AUDITED YEARS (standalone)

Sr. No.	Parameters	Half Year ended 30.09.2014 (Reviewed)	FY 2013-14	FY 2012-13	FY 2011-12
1.	Share Capital	80.77	65.69	50.00	30.00
2.	Reserves & Surplus	1,137.25	868.95	570.80	373.97
3.	Net-worth	1,218.01	934.64	620.80	403.97
4.	Total Debt of which:	12712.00	10098.35	6684.67	3917.07
	- Non-Current Maturities of Long Term Borrowing	9,147.57	7947.18	5328.03	2802.35
	- Short Term Borrowing	0	0	0	0
	- Current Maturities of Long Term Borrowings	3564.43	2151.17	1356.64	1114.72
5.	Net Fixed Assets	25.75	22.77	12.57	3.67
6.	Non-Current Assets	11627.94	8951.65	5506.44	3840.95
7.	Cash and Cash Equivalent	182.03	24.75	188.49	11.43
8.	Current Investments	435.11	526.74	718.82	324.69
9.	Current Assets	2831.78	2201.03	1439.50	351.99
10.	Current Liabilities	4632.81	2768.44	1873.81	1310.43
11.	Assets Under Management	NA	NA	NA	NA
12.	Off Balance Sheet Assets	NA	NA	NA	NA
13.	Interest Income	756.40	1,077.57	642.43	454.37
14.	Interest Expense	557.41	801.15	461.64	315.05
15.	Provisioning and Write-offs	18.00	30.43	12.46	5.27
16.	Profit After Tax	87.37	127.44	91.51	75.20
17.	Gross NPA (%)	0.36	0.32	0.56	1.04
18.	Net NPA (%)	0.22	0.16	0.35	0.67
19.	Capital Adequacy Ratio (%)	12.97	13.39	14.40	17.77
20.	Tier I Capital Adequacy Ratio (%)	10.51	10.38	9.78	11.50
21.	Tier II Capital Adequacy Ratio (%)	2.46	3.01	4.62	6.27

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

(Amount Rs. in crore)

Particulars	Pre-Issue (as on 30-09-2014)	Post Issue of Bonds of Rs. 200 crore *
<b>GROSS DEBT</b>		
Gross Debt	12712.00	12912.00
<b>SHAREHOLDERS' FUNDS</b>		
Share Capital	80.77	80.77
Reserve & Surplus (excluding Revaluation Reserve)	1137.26	1137.26
Net Worth	1,218.01	1,218.01
<b>GROSS DEBT/ EQUITY RATIO</b>		
Gross Debt/ Equity Ratio	10.44	10.60

\* after adding proposed Bonds of Rs. 200 crore to the figures of September 30, 2014.

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

The Company is involved into the business of 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. There is no project being executed by the Company.

**15. SUBSIDIARIES OF THE ISSUER**

The Company does not have any subsidiary company as on date of this Private Placement Offer Letter.

## VIII. 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 30.12.1989. 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. As on March 31, 2014, the authorized equity share capital comprised of 15,00,00,000 equity shares of face value of Rs. 10/- each aggregating to Rs. 150 crore.

As on September 30 2014, paid-up and subscribed capital of the Company comprised of 5,00,00,000 fully paid up equity shares of face value of Rs. 10/- each aggregating to Rs. 50 crore and 7,69,23,000 partly paid-up (called and paid up Rs. 4/- per share) equity shares of face value of 10/- each aggregating to Rs. 30.77 crores (total paid up capital being Rs. 80.77 crores), of which 6,47,30,700 equity shares are held by Punjab National Bank (constituting 51% of paid up share capital) and balance 6,21,92,300 equity shares are held by DEPL (constituting 49% of paid up share capital). The Company is a subsidiary of Punjab National Bank and is a part of Punjab National Bank Group. PNB Gilts Ltd. and PNB Investment Services Ltd. are the associate companies of the Company.

#### 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 Limited and commenced operations on April 12, 1895 from Lahore. Upon nationalization in 1969, it was renamed as Punjab National Bank.

With more than 119 years of strong existence, 6200 branches including 5 foreign branches, 6940 ATMs and more than 87 million customers as on March 31, 2014, PNB is country’s a leading public sector commercial bank offering banking products and services to corporate and commercial, retail and agricultural customers. As on March 31, 2014/ for FY 2013-14, key financial parameters of PNB stood as under:

Particulars (stand-alone)	Amount (Rs. in crore)
Paid Up Share Capital	362.07
Reserves & Surplus	34125.07
Total Income	47799.96
Operating Profit	11384.45
Profit After Tax	3342.57
Deposits	451396.75
Advances	349269.12
Total Business	800665.87
Investments	143785.50
Shareholding of Government of India (%)	58.87
Capital Adequacy Ratio as per Basel-III (%)	11.52
% of net NPAs (%)	2.85

#### PNB Gilts Limited

PNB Gilts Limited was formed in 1996 and PNB holds 74.07% shareholding in the company. 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.

#### PNB Investment Services Limited

PNB Investment Services Limited is a wholly owned subsidiary of PNB that carries out merchant banking business. The company provides services in field of project appraisal, loan syndication, debt placement, financial restructuring, security trustee services and advisory to SME, medium and large corporate customers and executes initial public offerings/ further public offerings/ qualified institutional placements. The company is registered with SEBI as a Category- I Merchant Banker. The company has its head office at New Delhi and branches at Mumbai, Chennai, Ahmedabad and Hyderabad.

**PNB Insurance Broking Private Limited**

PNB holds a majority stake in company jointly with Vijaya Bank as a minor shareholder. The company is however non-functional and the broking license has been surrendered and steps are being initiated for winding-up of the company.

**2. KEY MILESTONES**

Financial Year	Major milestone/achievement
November 11, 1988	Incorporated under the Indian Companies Act, 1956 as a wholly-owned subsidiary of Punjab National Bank
FY 1992-93	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	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	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. 43.53 crores. PNB's stake in the Company stood at 51%
March 2013	Total loans outstanding crossed Rs. 6600 crore mark Total deposits outstanding crossed Rs. 1050 crore mark Got amongst the top 5 housing finance companies in the country in terms of loan assets
August 2013	Authorised share capital increased from Rs. 50 crore to Rs. 150 crore
November 2013	Floated rights issue of equity shares of Rs. 400 crore
March 2014	Total loans outstanding crossed Rs. 10,591 crore Total deposits outstanding crossed Rs. 1,712 crore Loans sanctioned crossed Rs. 8,840 crore Loans disbursed crossed Rs. 5,500 crore Total Income crossed Rs. 1,115 crore Profit after tax surged over Rs. 127 crore

**3. CAPITAL STRUCTURE (as on September 30, 2014)**

Particulars	Amount (Rs. in crore)
1. SHARE CAPITAL	
a. Authorized Equity Share Capital	
15,00,00,000 Equity Shares of Rs. 10/- each	150.00
b. Issued, Subscribed & Paid-up Equity Share Capital	
(i) 5,00,00,000 Equity Shares of Rs. 10/- each fully paid up	50.00
(ii) 7,69,23,000 Equity Shares of Rs. 10/- each (amount called and paid up Rs. 4/- per share)	30.77
Total Issued, Subscribed & Paid-Up Equity Share Capital	80.77
2. SHARE PREMIUM ACCOUNT	493.02
<b>Notes:</b>	
(i)	The present offer comprises of issue of Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of promissory notes ("Bonds") (Series III) of Rs. 10,00,000/- each for cash at par aggregating to Rs. 200 crore.
(ii)	Since the present offer comprises of issue of non-convertible debt securities, it shall not affect the paid-up equity share capital or share premium account of the Company after the offer.

## 4. EQUITY SHARE CAPITAL HISTORY OF THE ISSUER SINCE INCORPORATION

Sl. No.	Date of Allotment	No. of Equity Shares allotted	Face Value of Equity Shares (in Rs.)	Issue Price of Equity Shares (in Rs.)	Nature/ form of consideration	Cumulative Equity Share Premium (Rs. in crore)	Cumulative Paid-up Equity Share Capital (Rs. 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-Jun-2012	1,35,29,411	10/-	101.50	Conversion of CCDs	123.79	43.53
4.	30-Mar-2013	64,70,589	10/-	10/-	Issue of bonus shares	123.79	50.00
5.	29-Mar-2014	3,92,30,700	10/- (Rs. 4/- called & paid up)	130/- (Rs. 52/- called & paid up)	Cash - Rights Issue	312.10	65.69
6.	08-Aug-2014	3,76,92,300	10/- (Rs. 4/- called & paid up)	130/- (Rs. 52/- called & paid up)	Cash - Rights Issue	493.02	80.77
<b>Notes:</b>							
i The Company had allotted 1,35,29,411 Equity Shares of face value of Rs. 10/- each at a premium of Rs. 91.50 per share on 08.06.2012 to DEPL upon conversion of 1,35,29,411 Compulsorily Convertible Debentures ("CCDs").							
ii The Company had issued 64,70,589 Equity Shares of face value of Rs. 10/- each as fully paid up Bonus shares after capitalisation of General Reserves of Rs. 6,47,05,890 on March 30, 2013 to existing shareholders in proportion of their shareholding (PNB - 33,00,000 equity shares and DEPL 31,70,589 equity shares).							
iii The Company has allotted 7,69,23,000 Equity Shares of Rs. 10/- each (amount called and paid up Rs. 4/- per share) along with premium of Rs. 120/- per share (proportionate share premium called and paid up Rs. 48/- per share) aggregating to Rs. 40000.00 lacs to Punjab National Bank on March 29, 2014 and to Destimoney Enterprises Private Limited on August 8, 2014.							

## 5. DETAILS OF EQUITY SHARES ALLOTTED FOR CONSIDERATIONS OTHER THAN CASH

Sl. No.	Date of Allotment	No. of Equity Shares allotted	Face Value of Equity Shares (in Rs.)	Issue Price of Equity Shares (in Rs.)	Consideration	Aggregate Paid-up value and share premium (Rs. in crore)
1.	08-Jun-2012	1,35,29,411	10/-	101.50	Conversion of CCDs	137.32
2.	30-Mar-2013	64,70,589	10/-	10/-	Issue of bonus shares	6.47
<b>Note:</b>						
Other than and to the extent shown above, the Company has not made any allotment of equity shares for consideration other than cash.						

## 6. CHANGES IN AUTHORISED CAPITAL OF THE ISSUER

Sl. No.	Date of change (AGM/EGM)	Particulars of change
1.	14-August-2013	The authorized share capital was increased from Rs. 50 crore (comprising of 5,00,00,000 Equity Shares of face value of Rs. 10/- each) to Rs. 150 crore (comprising of 15,00,00,000 Equity Shares of face value of Rs. 10/- each)

**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, 2014)

Sr. No.	Name of Shareholder	No. of Shareholders	Total No. of Shares	No. of Shares in demat form	Total Shareholding as a %age of Total No. of Shares
1.	Punjab National Bank (Holding Company)	1	6,47,30,700	6,47,30,700	51.00
2.	Destimoney Enterprises Pvt. Ltd.	1	6,21,92,300	6,21,92,300	49.00
<b>Total</b>		<b>2</b>	<b>12,69,23,000</b>	<b>12,69,23,000</b>	<b>100.00</b>

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

(as on September 30, 2014)

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	6,47,30,700	6,47,30,700	51.00
2.	Destimoney Enterprises Pvt. Ltd.	6,21,92,300	6,21,92,300	49.00
<b>Total</b>		<b>12,69,23,000</b>	<b>12,69,23,000</b>	<b>100.00</b>

**11. PROMOTER HOLDING IN THE ISSUER**

(as on September 30, 2014)

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	6,47,30,700	6,47,30,700	51.00	Nil	Nil

**12. CONTRIBUTION BEING MADE BY THE PROMOTERS OR DIRECTORS EITHER AS PART OF THE OFFER OR SEPARATELY IN FURTHERANCE OF OBJECTS OF THE ISSUE**

The Promoter or the Directors of the Company have not made any contribution and shall not be subscribing to the present Issue of Bonds.

**13. BORROWINGS OF THE ISSUER**

(as on September 30, 2014)

**A. SECURED LOAN FACILITIES**

Lender's Name	Type of Facility	Loan Outstanding (Rs. in crore)	Remaining Period	Installment Amount (Rs. in crore)	Installment Frequency	Security
Punjab National Bank	Term Loan-I	100.00	1 Year	100.00	Annual	*
	Term Loan-II	60.00	1 Year	60.00	Annual	*
	Term Loan-III	43.33	1 Year	43.33	Half Yearly	*
	Term Loan-IV	140.00	4 Years	20.00	Half Yearly	*
	Term Loan-V	400.00	4 Years	50.00	Half Yearly	*
	Term Loan-VI	270.00	4 Years	30.00	Half Yearly	*
	Term Loan-VII	500.00	5 Years	50.00	Half Yearly	*



National Housing Bank	Refinance	19.67	4 Years	1.31	Quarterly	^
	Refinance	0.80	4 Years	0.05	Quarterly	^
	Refinance	0.03	4 Years	0.00	Quarterly	^
	Refinance	1.01	4 Years	0.07	Quarterly	^
	Refinance	8.63	4 Years	0.58	Quarterly	^
	Refinance	4.04	5 Years	0.23	Quarterly	^
	Refinance	3.93	5 Years	0.21	Quarterly	^
	Refinance	13.91	5 Years	0.73	Quarterly	^
	Refinance	2.96	5 Years	0.15	Quarterly	^
	Refinance	3.84	2 Years	0.64	Quarterly	^
	Refinance	3.84	2 Years	0.64	Quarterly	^
	Refinance	13.51	2 Years	1.95	Quarterly	^
	Refinance	10.46	2 Years	1.52	Quarterly	^
	Refinance	8.44	8 Years	0.26	Quarterly	^
	Refinance	14.36	8 Years	0.48	Quarterly	^
	Refinance	26.74	8 Years	0.87	Quarterly	^
	Refinance	1.69	8 Years	0.05	Quarterly	^
	Refinance	2.72	8 Years	0.08	Quarterly	^
	Refinance	15.69	9 Years	0.46	Quarterly	^
	Refinance	1.76	9 Years	0.05	Quarterly	^
	Refinance	9.46	2 Years	1.58	Quarterly	^
	Refinance	6.22	2 Years	1.06	Quarterly	^
	Refinance	12.67	2 Years	1.58	Quarterly	^
	Refinance	24.74	8 Years	0.83	Quarterly	^
	Refinance	38.15	8 Years	1.19	Quarterly	^
	Refinance	98.43	8 Years	3.08	Quarterly	^
	Refinance	0.71	8 Years	0.02	Quarterly	^
	Refinance	27.10	8 Years	0.82	Quarterly	^
	Refinance	25.38	8 Years	0.77	Quarterly	^
	Refinance	187.44	8 Years	5.51	Quarterly	^
	Refinance	43.59	8 Years	1.28	Quarterly	^
	Refinance	16.92	8 Years	0.51	Quarterly	^
	Refinance	32.37	3 Years	2.16	Quarterly	^
	Refinance	6.71	3 Years	0.45	Quarterly	^
	Refinance	165.60	8 Years	4.60	Quarterly	^
	Refinance	0.00	-1 Years	0.00	Quarterly	^
	Refinance	0.00	-1 Years	0.00	Quarterly	^
	Refinance	5.31	1 Years	0.93	Quarterly	^
	Refinance	1.61	8 Years	0.04	Quarterly	^
	Refinance	0.91	5 Years	0.04	Quarterly	^
Refinance	48.71	8 Years	1.29	Quarterly	^	
Refinance	120.00	8 Years	3.10	Quarterly	^	
Refinance	16.00	8 Years	0.42	Quarterly	^	
Refinance	4.00	8 Years	0.11	Quarterly	^	
Refinance	3.50	8 Years	0.09	Quarterly	^	
Refinance	15.00	8 Years	0.38	Quarterly	^	
Refinance	227.60	8 Years	5.84	Quarterly	^	
Refinance	23.90	8 Years	0.61	Quarterly	^	
HDFC Bank	Term Loan-IV (A)	91.67	1 Year	45.83	Half Yearly	^
	Term Loan-IV (B)	33.34	1 Year	16.67	Half Yearly	^
	Term Loan-V (A)	66.67	2 Years	16.67	Half Yearly	^
	Term Loan-V (B)	83.32	3 Years	16.67	Half Yearly	^
	Term Loan-VI	200.00	3 Years	33.33	Half Yearly	^
Union Bank of India	Term Loan-II	150.00	3 Years	30.00	Half Yearly	^
	Term Loan-III	210.00	4 Years	30.00	Half Yearly	^
Vijaya Bank	Term Loan	120.00	3 Years	20.00	Half Yearly	^
ICICI Bank	Term Loan	118.00	5 Years	21.85	Annual	^
Central Bank of India	Term Loan	160.00	4 Years	20.00	Half Yearly	^

United Bank of India	Term Loan-II	133.33	3 Years	33.33	Half Yearly	^
Dena Bank	Term Loan	366.67	3 Years	33.33	Quarterly	^
Bank of Baroda	Term Loan	100.00	4 Years	16.67	Half Yearly	^
State Bank of India	Term Loan	500.00	4 Years	100.00	Yearly	^
Deutsche Bank	Term Loan	100.00	1 Year	100.00	Repayable on 30.09.2015	^
International Finance Corporation	ECB - Term Loan	610.70	5 Years	610.70	Repayable on 07.08.2019	^
<b>Total</b>		<b>5877.09</b>		<b>1547.00</b>		
<b>Notes:</b>						
* Secured by hypothecation of book debts and negative lien on properties charged to/ guarantees obtained by the Company against loans disbursed.						
^ Secured by hypothecation of specific loans/ book debts against which refinance/ term loans has been availed by the Company.						

**B. UNSECURED FACILITIES**

(as on September 30, 2014)

Lender's Name	Type of Facility	Principal Amount Outstanding (Rs. in crore)	Repayment Date/Schedule
Holders of Fixed Deposits	Fixed Deposits - Non-Cumulative	425.77	Upto 5 Years
	Fixed Deposits - Cumulative	2331.78	Upto 5 Years
<b>Total</b>		<b>2757.55</b>	
<b>Note:</b>			
Non-current and current fixed deposits are secured by floating charge on SLR securities of Rs. 30,684.80 lacs as per NHB Directions.			

**C. SECURED BONDS**

Issue Series	Deemed Date of Allotment	Amount (Rs. in crore)	Tenure (in months)	Current Credit Rating	Coupon Rate (% p.a.)	Interest Payment Dates	Date of Redemption	Security
III	09.12.2006	100.00	116	*	8.70	30-Sep & 31-Mar	09.08.2016	+
IV	30.07.2007	90.00	116	*	9.25	30-Sep & 31-Mar	30.03.2017	+
VII-A	16.01.2008	30.00	132	*	9.20	30-Sep & 31-Mar	16.01.2019	+
VII-B	16.01.2008	30.00	144	*	9.20	30-Sep & 31-Mar	16.01.2020	+
VII-C	16.01.2008	30.00	156	*	9.20	30-Sep & 31-Mar	16.01.2021	+
VII-D	16.01.2008	30.00	168	*	9.20	30-Sep & 31-Mar	16.01.2022	+
VII-E	16.01.2008	30.00	180	*	9.20	30-Sep & 31-Mar	16.01.2023	+
IX-A \$	09.11.2009	75.00	60	*	8.55	30-Sep & 31-Mar	09.11.2014	+
IX-B	09.11.2009	125.00	120	*	8.85	30-Sep & 31-Mar	09.11.2019	+
X	26.07.2011	200.00	120	*	9.50	30-Sep & 31-Mar	26.07.2021	^
XI	12.09.2011	200.00	120	*	9.55	30-Sep & 31-Mar	12.09.2021	+
XII	29.06.2012	300.00	120	*	9.25	30-Sep & 31-Mar	29.06.2022	^
XIII	14.09.2012	200.00	120	*	9.15	30-Sep & 31-Mar	14.09.2022	+
XIV	21.12.2012	200.00	120	*	9.00	30-Sep & 31-Mar	21.12.2022	+
XV	16.05.2013	600.00	120	*	8.58	30-Sep & 31-Mar	16.05.2023	^
XVI	20.01.2014	300.00	42	#	9.59	30-Sep & 31-Mar	20.07.2017	^
XVII-A	31.01.2014	300.00	60	#	9.53	30-Sep & 31-Mar	31.01.2019	^
XVII-B	31.01.2014	300.00	120	#	9.48	30-Sep & 31-Mar	31.01.2024	^
XVIII	21.10.2014	600.00	36	*	9.05	30-Sep & 31-Mar	21.10.2017	^
<b>Total</b>		<b>3,740.00</b>						
<b>Notes:</b>								
^ Secured by way of hypothecation of book debts to the extent of 1.10 times of outstanding amount of Bonds and mortgage of buildings of Rs. 77.23 lacs.								
+ Secured by hypothecation of book debts to the extent of 1.25 times of outstanding amount of Bonds and mortgage of buildings of Rs. 77.23 lacs.								
* Bonds are rated "CARE AAA" by CARE and "CRISIL AA+/Stable" by CRISIL								
# Bonds are rated "CRISIL AA+/Stable" by CRISIL and "[ICRA] AA+ Outlook: Positive" by ICRA								
\$ Bonds are fully repaid on 09.11.2014 (maturity)								

**D. UNSECURED TIER II SUBORDINATED BONDS**

Issue Series	Deemed Date of Allotment	Amount (Rs. in crore)	Tenure (in months)	Current Credit Rating	Coupon Rate (% p.a.)	Interest Payment Dates	Date of Redemption
Tier II	22.07.2006	100.00	116	*	9.25	30-Sep & 31-Mar	22.03.2016
Tier II	21.12.2012	200.00	120	*	9.10	30-Sep & 31-Mar	21.12.2022
<b>Total</b>		<b>300.00</b>					
<b>Note:</b>							
* Bonds are rated "CARE AAA" by CARE and "CRISIL AA+/Stable" by CRISIL							

**14. TOP 10 BONDHOLDERS\***

(as on September 30, 2014)

Sr. No.	Name of bondholder	Total no. of bonds held
1.	FOOD CORPORATION OF INDIA CPF TRUST	1134
2.	TRUSTEES GEB'S C P FUND	1068
3.	VISAKHAPATNAM STEEL PROJECT EMPLOYEES PROVIDENT FUND TRUST	953
4.	CBT EPF-11-C-DM	855
5.	B E S AND T UNDERTAKING PF	820
6.	HINDUSTAN PETROLEUM CORPORATION LIMITED PROVIDENT FUND	650
7.	TATA MOTORS LIMITED PROVIDENT FUND	622
8.	BOARD OF TRUSTEES M.S. R.T.C. CPF	618
9.	DELHI DEVELOPMENT AUTHORITY	608
10.	TRUSTEES HINDUSTAN STEEL LIMITED CONTRIBUTORYPROVIDENT FUND, ROURKELA	600

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

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

None

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

(as on September 30, 2014)

S. No	Maturity Date (DD/MM/YY)	Total face value amount of commercial papers outstanding (Rs. in crore)
1	16/3/2015	200.00
2	3/11/2014	100.00
3	10/11/2014	100.00
4	15/12/2014	50.00
5	14/11/2014	200.00
<b>Total</b>		<b>650.00</b>

**17. OTHER BORROWINGS (INCLUDING HYBRID DEBT LIKE FOREIGN CURRENCY CONVERTIBLE BONDS ("FCCBs"), OPTIONALLY CONVERTIBLE BONDS/ DEBENTURES/ PREFERENCE SHARES)**

(as on September 30, 2014)

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.							

**18. DETAILS OF DEFAULT(S) AND/OR DELAY(S) IN PAYMENTS OF ANY KIND OF STATUTORY DUES, DEBENTURES/ BONDS/ DEBT SECURITIES AND INTEREST THEREON, DEPOSITS AND INTEREST THEREON, LOANS FROM ANY BANK OR FINANCIAL INSTITUTION AND INTEREST THEREON AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE ISSUER**

- a. The Issuer has not defaulted on payment of any kind of statutory dues to the Government of India, State Government(s), statutory/ regulatory bodies, authorities, departments etc, since inception.
- b. The main constituents of the Issuer's borrowings are generally in form of deposits, bonds/debentures/debt securities, commercial paper, loans from banks and financial institutions, refinance from National Housing Bank etc. In respect of such borrowings, the Issuer certifies that:
- (i) it has serviced all the principal and interest liabilities on all its borrowings on time and there has been no instance of delay or default since inception; and
  - (ii) it has not affected any kind of roll over or restructuring against any of its borrowings in the past.
- c. The Issuer has not defaulted on 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.

**19. DETAILS OF ANY INQUIRY, INSPECTIONS OR INVESTIGATIONS INITIATED OR CONDUCTED UNDER THE COMPANIES ACT OR ANY PREVIOUS COMPANY LAW IN THE LAST THREE YEARS IMMEDIATELY PRECEDING THE YEAR OF CIRCULATION OF PRIVATE PLACEMENT OFFER LETTER AGAINST THE COMPANY AND ITS SUBSIDIARIES**

There has been no inquiry, inspection or investigation initiated or conducted against the Company or its subsidiaries under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of Private Placement Offer Letter. Further there was no prosecution filed, fines imposed, compounding of offences against the Company or its subsidiaries in the last three years immediately preceding the year of circulation of Private Placement Offer Letter.

**20. DETAILS OF ACTS OF MATERIAL FRAUDS COMMITTED AGAINST THE COMPANY IN THE LAST THREE YEARS, IF ANY, AND IF SO, THE ACTION TAKEN BY THE COMPANY**

There has been no act of material fraud committed against the Company in the last three years immediately preceding the year of circulation of Private Placement Offer Letter.

**21. 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**

Other than and to the extent mentioned elsewhere in this Private Placement Offer Letter, the Issuer 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.

**22. MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE**

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.

## IX. AUDITED STAND-ALONE FINANCIAL INFORMATION OF THE ISSUER

## A. PROFIT &amp; LOSS STATEMENT

(Rs. in crore)

FOR THE YEAR	Half Year ended 30.09.2014 (Reviewed)	2013-14	2012-13	2011-12
<b>REVENUE FROM OPERATIONS</b>				
Interest and Other Charges	756.40	1077.57	642.43	454.37
Other Income	25.11	38.31	19.01	8.73
<b>Total Revenue</b>	<b>781.51</b>	<b>1115.87</b>	<b>661.44</b>	<b>463.10</b>
<b>EXPENSES</b>				
Finance Cost	557.41	801.15	462.27	315.05
Employee benefit expense	31.18	40.40	25.97	15.83
Other expenses	40.49	63.26	33.02	22.99
Depreciation expense	3.18	4.89	1.66	0.37
Provision for Doubtful Debts & Contingencies	17.84	22.44	9.92	3.50
Bad Debts Written Off/ Business Loss	0.16	7.99	2.55	2.77
<b>Total Expenses</b>	<b>650.26</b>	<b>940.13</b>	<b>535.40</b>	<b>360.52</b>
<b>Profit Before Tax</b>	<b>131.25</b>	<b>175.74</b>	<b>126.04</b>	<b>102.58</b>
Less: Provision for Tax - Current	38.94	50.00	34.55	28.96
- Earlier years (Net)	-	0.65	-	-
- Deferred Tax (Net)	4.94	(2.35)	(0.02)	(1.58)
<b>Profit After Tax</b>	<b>87.37</b>	<b>127.44</b>	<b>91.51</b>	<b>75.20</b>
Earning per equity share:				
- Basic (in Rs.)	18.93	25.42	22.30	25.07
- Diluted (in Rs.)	18.93	25.42	22.30	18.82

## B. BALANCE SHEET

(Rs. in crore)

AS ON	Half Year ended 30.09.2014 (Reviewed)	March 31, 2014	March 31, 2013	March 31, 2012
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Share Capital	80.77	65.69	50.00	30.00
Reserves & Surplus	1137.25	868.95	570.80	373.97
<b>Sub-Total</b>	<b>1,218.02</b>	<b>934.64</b>	<b>620.80</b>	<b>403.97</b>
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	9147.57	7947.18	5328.03	2802.35
Other long-term liabilities	39.72	28.01	14.88	-
Long term provisions	64.50	48.67	28.31	16.07
<b>Sub-Total</b>	<b>9,251.79</b>	<b>8023.86</b>	<b>5371.21</b>	<b>2818.42</b>
<b>Current Liabilities</b>				
Short-term provisions	255.71	237.46	175.90	137.50
Trade payables	37.02	16.51	6.42	3.16
Other current liabilities	4,340.07	2514.46	1691.49	1169.77
<b>Sub-Total</b>	<b>4,632.80</b>	<b>2768.44</b>	<b>1873.81</b>	<b>1310.43</b>
<b>TOTAL</b>	<b>15,102.61</b>	<b>11726.94</b>	<b>7865.81</b>	<b>4532.81</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Fixed Assets				
Tangible assets	25.75	22.77	12.57	3.67
Capital work-in-progress	13.84	3.02	3.59	0.53
Non-current investments	306.85	232.41	73.79	53.60
Deferred tax assets (net)	9.74	14.68	12.33	12.31
Loans & Advances	11195.22	8640.65	5388.16	3773.71
Other non-current assets	102.30	60.89	28.56	0.80
<b>Sub-Total</b>	<b>11653.70</b>	<b>8974.42</b>	<b>5519.00</b>	<b>3844.62</b>
<b>Current assets</b>				
Current investments	435.11	526.74	718.82	324.69

Cash and cash equivalents	182.03	24.75	188.49	11.43
Short-term loans and advances	2779.44	2156.44	1389.31	315.49
Other current assets	52.33	44.59	50.19	36.59
<b>Sub-Total</b>	<b>3448.91</b>	<b>2752.52</b>	<b>2346.81</b>	<b>688.19</b>
<b>TOTAL</b>	<b>15102.61</b>	<b>11726.94</b>	<b>7865.81</b>	<b>4532.81</b>

**C. CASH FLOW STATEMENT**

(Rs. in crore)

For the year	Half Year ended 30.09.2014 (Reviewed)	2013-14	2012-13	2011-12
Net Profit before tax	131.25	175.74	126.04	102.58
Add: Depreciation	3.18	4.89	1.66	0.37
Loss/(Profit) on sale of fixed assets	0.08	0.14	0.01	(0.01)
Provision for Doubtful Debts & Contingencies	17.84	22.44	9.92	3.50
Bad debts written off/ Business Loss	0.16	7.99	2.55	2.77
	<b>21.26</b>	<b>35.47</b>	<b>14.1</b>	<b>6.63</b>
	152.51	211.21	140.18	109.22
Less : Interest income	22.61	43.60	25.56	17.59
Dividend	8.40	11.54	3.69	4.17
Profit/ (loss) on sale of Investment	6.87	9.50	4.25	0.77
	<b>37.88</b>	<b>64.64</b>	<b>33.50</b>	<b>22.53</b>
Operating Profits before Changes in Working Capital	114.63	146.57	106.68	86.69
Adjustment for changes in working capital and provisions				
Loans	(3,142.01)	(3979.56)	(2651.22)	(809.92)
Trade and other receivables	(44.40)	(22.43)	(46.25)	(6.28)
Trade payables	444.58	51.67	82.71	13.25
Provisions	(5.10)	3.24	0.15	0.36
	<b>(2,746.94)</b>	<b>(3947.07)</b>	<b>(2614.60)</b>	<b>(802.59)</b>
Cash Generated from Operations	(2,632.31)	(3800.50)	(2507.92)	(715.90)
(Income/Interest Tax Paid)/ Refunds during the year (Net)	(34.78)	(48.76)	(37.11)	(32.29)
<b>A. NET CASH FROM OPERATING ACTIVITIES</b>	<b>(2,667.08)</b>	<b>(3849.26)</b>	<b>(2545.03)</b>	<b>(748.19)</b>
Fixed Assets :				
Purchase	(17.10)	(14.77)	(10.67)	2.85
Sale/Discarded	0.04	0.10	0.10	0.07
	<b>(17.06)</b>	<b>(14.66)</b>	<b>(10.57)</b>	<b>(2.78)</b>
Interest received	16.91	40.01	25.56	-
Dividend received	8.40	11.54	3.69	4.17
Investments :				
Purchase	(5,541.31)	(11685.49)	(7188.51)	(3470.04)
Sale	5,565.36	11728.46	6778.44	3403.28
<b>B. NET CASH USED IN INVESTING ACTIVITIES</b>	<b>32.31</b>	<b>79.85</b>	<b>(391.39)</b>	<b>(47.78)</b>
Proceeds from borrowings				
-Bonds	-	1500.00	900.00	400.00
-Banks	1,970.70	2642.40	2331.69	766.85
-Unsecured Loans (net)	1,824.73	594.06	859.79	139.65
Repayment of borrowings				
-Bonds	10.00	(150.00)	(216.00)	(12.00)
-Banks	(1,191.78)	(1172.78)	(754.33)	(546.60)
Proceeds from issue of share capital	15.08	15.69	0.00	0.00
Share Premium	180.92	188.31	0.00	0.00
Dividend paid (including dividend distribution tax)	(17.59)	(12.00)	(7.67)	(7.67)

<b>C. NET CASH USED IN FINANCING ACTIVITIES</b>	<b>2,792.05</b>	<b>3605.68</b>	<b>3113.49</b>	<b>740.23</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>157.28</b>	<b>(163.74)</b>	<b>177.06</b>	<b>(55.74)</b>
Cash or Cash equivalents (Opening Balance )	24.75	188.49	11.43	67.17
Cash or Cash equivalents (Closing Balance )	182.03	24.75	188.49	11.43
<b>NET INCREASE OF CASH OR CASH EQUIVALENTS DURING THE YEAR</b>	<b>157.28</b>	<b>(163.74)</b>	<b>177.06</b>	<b>(55.74)</b>

**D. OTHER FINANCIAL PARAMETERS**

(Rs. in crore)

Particulars	Half Year ended 30.09.2014 (Reviewed)	FY 2013-14	FY 2012-13	FY 2011-12
Dividend declared (%age)	-	30	25	22

**E. CHANGES IN ACCOUNTING POLICIES DURING THE LAST THREE YEARS AND THEIR EFFECT ON THE PROFITS AND THE RESERVES OF THE COMPANY**

Financial Year	Change in accounting policies and their effect
2013-14	None
2012-13	Booking of loans / resources acquisition cost (Please Refer Not no. 22.18 of Balance sheet of F.Y. 2012-13)
2011-12	None

**F. AUDITORS' QUALIFICATIONS**

Financial Year	Auditors' qualifications, reservations and adverse remarks
2014-15	None
2013-14	None
2012-13	None
2011-12	None
2010-11	Regarding non-provision of deferred tax liability on the Special Reserve of Rs. 101.81 crore, 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	None

**X. SUMMARY TERM SHEET**

Issuer	PNB Housing Finance Limited (“PNBHFL”/ the “Company”/ the “Issuer”)
Issue Size	Rs. 200 crore
Option to retain oversubscription	Nil
Objects of the Issue	Enhancing the long-term resource base of the Company for carrying out its regular business activities including discharging existing debt obligations
Utilization of Issue Proceeds	The funds being raised through present Issue of Bonds are not meant for financing any particular project. The Issuer shall utilise the proceeds of the Issue for enhancing the long-term resource base for carrying out its regular business activities including discharging existing debt obligations. The management of the Issuer shall ensure that the funds raised via the present Issue shall be utilized only towards satisfactory fulfillment of the Objects of the Issue
Instrument	Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of promissory notes (Series III) (“Bonds”)
Issuance Mode	In demat mode only
Trading Mode	In demat mode only
Credit Rating	“[ICRA] AA+ Outlook: Positive” by ICRA and “CRISIL AA+ (Outlook: Stable)” by CRISIL
Seniority	Unsecured and Subordinated
Mode of Issue	Private Placement
Security	Unsecured
Security Name	8.70%-PNBHFL-2024
Face Value	Rs. 10 Lacs per Bond
Premium on issue	Nil
Discount on issue	Nil
Issue Price	At par (Rs. 10 Lacs) per Bond
Premium on redemption	Nil
Discount on redemption	Nil
Redemption Amount	At par (Rs. 10 Lacs) per Bond
Minimum Application	10 Bonds and in multiples of 1 Bond thereafter
Tenor	10 years from the Deemed Date of Allotment
Put Option	None
Put Option Price	Not applicable
Put Option Date	Not applicable
Put Notification Time	Not applicable
Call Option	None
Call Option Price	Not applicable
Call Option Date	Not applicable
Call Notification Time	Not applicable
Redemption/ Maturity	At the end of 10th year from the Deemed Date of Allotment with prior consent of NHB
Redemption Date	November 24, 2024
Coupon Rate	8.70% p.a.
Step Up/ Step Down Coupon Rate	None
Coupon Payment Frequency	Semi-annually
Coupon Payment Dates	Semi-annually on March 31 and September 30, of every year and on maturity of Bonds
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 against which Allotment is made	In respect of Investors who get Allotment of Bonds in the Issue, interest on Application Money shall be payable at the Coupon Rate (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) on the aggregate face value amount of Bonds for the period starting from and including the date of realization of Application Money in Issuer's Bank Account up to but excluding the Deemed Date of Allotment. Such interest on Application Money shall be paid by the Issuer to the relevant Applicants within 15 days from the Deemed Date of Allotment.
Interest on Refunded Money against which Allotment is not made	In respect of applications, which are valid but rejected on account of oversubscription, interest on refunded money shall be payable at the Coupon Rate (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) (excluding the valid rejections) for the period starting from and including the date of realization of Application Money in Issuer's Bank Account up to but excluding the Deemed Date of Allotment. The refund amounts together with interest thereon shall be paid by the Issuer to the relevant Applicants within 15 days from the Deemed Date of Allotment.  No interest on Application Money will be payable in respect of applications which are invalid and rejected for not being in accordance with the terms of this Private Placement Offer Letter.
Listing	Proposed on the Wholesale Debt Market (WDM) segment of National Stock of India Limited ("NSE")
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/ RTGS/ Fund Transfer/ NECS/ NEFT or any other electronic mode offered by the Banks
Business Day/ Working Day	A "Business Day/ "Working Day" shall be a day on which commercial banks are open for business in the city of New Delhi except with reference to Issue Schedule and Record Date, where "Business Day"/ "Working Day" shall mean a day excluding Sunday and public holidays at New Delhi or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881
Effect of holidays	If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.  If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.  In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.
Record Date	15 days prior to each Coupon Payment Date and Redemption Date
Mode of Subscription	The Applicants may make remittance of application money through either of following two modes: 1. Cheque(s)/ demand draft(s)/ bank funds transfer may be drawn in favour of " <b>PNB Housing Finance Ltd.</b> " and marked " <b>A/c Payee Only</b> " payable at par at any of the CBS branches of the Collecting Banker to the Issue as per details given hereunder: Name of the Banker Punjab National Bank Credit into Current A/c No. 3097008700006127

	2.	<p>Electronic transfer of funds through RTGS mechanism for credit as per details given hereunder:</p> <table border="1" data-bbox="534 235 1460 414"> <tr> <td>Name of the Banker</td> <td>Punjab National Bank</td> </tr> <tr> <td>Account Name</td> <td>PNB Housing Finance Ltd.</td> </tr> <tr> <td>Credit into Current A/c No.</td> <td>3097008700006127</td> </tr> <tr> <td>IFSC Code</td> <td>PUNB0013100</td> </tr> <tr> <td>Address of the Branch</td> <td>BO 74, Janpath, New Delhi - 110 001</td> </tr> <tr> <td>Narration</td> <td>Application Money for Bonds</td> </tr> </table>	Name of the Banker	Punjab National Bank	Account Name	PNB Housing Finance Ltd.	Credit into Current A/c No.	3097008700006127	IFSC Code	PUNB0013100	Address of the Branch	BO 74, Janpath, New Delhi - 110 001	Narration	Application Money for Bonds
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IFSC Code	PUNB0013100													
Address of the Branch	BO 74, Janpath, New Delhi - 110 001													
Narration	Application Money for Bonds													
Investors who are eligible to apply		<p>It is to be distinctly noted that in pursuance of sub clause (d) of clause (2) of Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, remittance of Application Money for subscription to the Bonds shall be made only from the bank account of the person/ entity subscribing to the Bonds. In case of monies payable on subscription to the Bonds to be held by joint holders, the remittance of Application Money shall be made from the bank account of the person whose name appears first in the Application Form.</p> <p>The Applicants are required to submit a self-attested copy of their bank account statement reflecting debit for the application money. Such bank account statement must contain the name of Applicant, account number, name and branch of the bank.</p> <ul style="list-style-type: none"> <li>a) Scheduled Commercial Banks;</li> <li>b) Insurance Companies registered with the Insurance Regulatory and Development Authority;</li> <li>c) Mutual Funds;</li> <li>d) Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;</li> <li>e) Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds;</li> <li>f) Co-operative Banks, Regional Rural Banks authorized to invest in bonds/ debentures;</li> <li>g) Companies and Bodies Corporate authorized to invest in bonds/ debentures;</li> <li>h) Societies authorized to invest in bonds/ debentures;</li> <li>i) Trusts authorized to invest in bonds/ debentures;</li> <li>j) Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures;</li> <li>k) Resident Individual Investors;</li> <li>l) Hindu Undivided Families through Karta;</li> <li>m) Partnership firms formed under applicable laws in India in the name of the partners.</li> <li>n) Alternative Investment Funds registered with SEBI</li> </ul>												
Investors who are not eligible to apply		<ul style="list-style-type: none"> <li>a) Qualified Foreign Investors;</li> <li>b) Sovereign Wealth Funds;</li> <li>c) Venture Capital Funds and Foreign Venture Capital Investors;</li> <li>d) Overseas Corporate Bodies;</li> <li>e) Multilateral and Bilateral Development Financial Institutions;</li> <li>f) Foreign Nationals;</li> <li>g) Non-Resident Indians;</li> <li>h) Persons resident outside India;</li> <li>i) Foreign Institutional Investors;</li> <li>j) Minors without a guardian name;</li> <li>k) Person ineligible to contract under applicable statutory/ regulatory requirements.</li> </ul>												

Transaction Documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> <li>1. Letter appointing IDBI Trusteeship Services Ltd. as Trustees to the Bondholders;</li> <li>2. Debenture Trusteeship Agreement;</li> <li>3. Rating Agreement with ICRA;</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 letters from ICRA and CRISIL not being more than one month old from the issue opening date;</li> <li>2. Written consent letter from IDBI Trusteeship Services Ltd. conveying their consent to act as Trustees for the Bondholders;</li> <li>3. Making an 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 Private Placement Offer Letter:</p> <ol style="list-style-type: none"> <li>1. Ensuring that the payment made for subscription to the Bonds is received from the bank account of the person/ entity subscribing to the Bonds and keep record of the bank accounts from where payments for subscriptions have been received. In case of subscription to the Bonds to be held by joint holders, application monies should be received from the bank account of the person whose name appears first in the Application Form;</li> <li>2. Maintaining a complete record of private placement offers in Form PAS-5 and filing the such record along with Private Placement Offer Letter in Form PAS-4 with the Registrar of Companies, National Capital Territory of Delhi &amp; Haryana with fee as provided in Companies (Registration Offices and Fees) Rules, 2014 and with Securities and Exchange Board of India, within a period of thirty days of circulation of the Private Placement Offer Letter;</li> <li>3. Filing a return of allotment of Bonds with complete list of all Bondholders in Form PAS-3 under section 42 of the Companies Act, 2013, with the Registrar of Companies, National Capital Territory of Delhi &amp; Haryana within thirty days of the Deemed Date of Allotment along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014;</li> <li>4. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within two working days from the Deemed Date of Allotment;</li> <li>5. Making listing application to NSE within 15 days from the Deemed Date of Allotment of Bonds and seeking listing permission within 20 days from the Deemed Date of Allotment of Bonds;</li> </ol> <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Private Placement Offer Letter.</p>

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 dates, the same shall constitute an "Event of Default" by the Issuer
Remedies	Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bondholders, declare the amounts outstanding to be due and payable forthwith
Cross Default	Not Applicable
Role and Responsibilities of Trustees	<p>The Trustees shall protect the interest of the Bondholders in the event of default by the Company in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Company. No Bondholder shall be entitled to proceed directly against the Company unless the Trustees, having become so bound to proceed, fail to do so.</p> <p>In pursuance of the extant provisions, it shall be the duty of the Trustee to:</p> <ul style="list-style-type: none"> <li>(a) satisfy himself that the Private Placement Offer Letter does not contain any matter which is inconsistent with the terms of the issue of Bonds or with the Debenture Trusteeship Agreement;</li> <li>(b) call for periodical status or performance reports from the Company;</li> <li>(c) communicate promptly to the Bondholders defaults, if any, with regard to payment of interest or redemption of Bonds and action taken by the Trustee therefor;</li> <li>(d) appoint a nominee director on the Board of the Company in the event of: <ul style="list-style-type: none"> <li>i. two consecutive defaults in payment of interest to the Bondholders; or</li> <li>iii. default in redemption of Bonds.</li> </ul> </li> <li>(e) ensure that the Company does not commit any breach of the terms of issue of Bonds or covenants of the Debenture Trusteeship Agreement and take such reasonable steps as may be necessary to remedy any such breach;</li> <li>(f) inform the Bondholders immediately of any breach of the terms of issue of Bonds or covenants of the Debenture Trusteeship Agreement;</li> <li>(g) ensure the implementation of the conditions regarding creation of security for the Bonds, if any, and Debenture Redemption Reserve;</li> <li>(h) call for reports on the utilization of funds raised by the issue of Bonds;</li> <li>(i) take steps to convene a meeting of the Bondholders as and when such meeting is required to be held;</li> <li>(j) ensure that the Bonds have been redeemed in accordance with the terms of the issue of Bonds;</li> <li>(k) perform such acts as are necessary for the protection of the interest of the Bondholders and do all other acts as are necessary in order to resolve the grievances of the Bondholders.</li> </ul> <p>The Trustee shall convene the meeting of all the Bondholders on:</p> <ul style="list-style-type: none"> <li>(a) requisition in writing signed by Bondholders holding at least one-tenth in value of the Bonds for the time being outstanding;</li> <li>(b) happening of any event, which constitutes a breach, default or which in the opinion of the Trustees affects the interest of the Bondholders.</li> </ul>

	<p>The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of the Companies Act, 2013, SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, Debenture Trusteeship Agreement Private Placement Offer Letter and all other related transaction documents, with due care, diligence and loyalty.</p> <p>The Company shall, till the redemption of the Bonds, submit its latest audited/ limited review half yearly consolidated (if 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 Trustee 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 from time to time. Further, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholders within two working days of their specific request.</p>
Governing Law and Jurisdiction	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
Additional Covenants	<ol style="list-style-type: none"> <li>1. <b>Security Creation:</b> Not applicable, as issue in Unsecured</li> <li>2. <b>Allotment of Bonds:</b> The Company shall allot the Bonds within sixty days from the date of receipt of the application money for such Bonds and if the Company is not able to allot the Bonds within such period, it shall repay the application money to the subscribers within fifteen days from the date of completion of sixty days and if the Company fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day.</li> <li>3. <b>Default in Payment:</b> In case of default in payment of interest and/ or principal redemption on the due dates, the Company shall pay additional interest at the rate of 2.00% p.a. over the Coupon Rate 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>4. <b>Delay in Listing:</b> The Company shall make listing application to NSE within 15 days from the Deemed Date of Allotment of the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Company shall pay penal interest at the rate of 1.00% p.a. 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).</li> </ol> <p>The interest rates mentioned in above four covenants shall be independent of each other.</p>

Issue Schedule*	Issue Opening Date	Monday, November 24, 2014
	Issue Closing Date	Monday, November 24, 2014
	Pay-in Date	Monday, November 24, 2014
	Deemed Date of Allotment	Monday, November 24, 2014

\* The Company 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 Company. The Company 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 Company 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 Company.

**XI. 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 III) 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 Rs. 200 crore through issue of Unsecured Redeemable Non-Convertible Subordinated Tier II Bonds in the nature of promissory notes (“Bonds”) (Series III) of Rs. 10.00 lacs each (the “Issue”).

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

The Issuer or the person in control of the Issuer, or its Promoter(s), have 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:

- a. resolution passed by the Board of Directors of the Company on 06<sup>th</sup> February 2014 and delegation provided there under; and
- b. special resolution passed by the shareholders of the Company in the general meeting on 08<sup>th</sup> August 2014 and delegation provided there under.

The Company can issue the Bonds in pursuance of the above approvals and no further approval from any Government Authority is required for the present issue.

**5. OBJECTS OF THE ISSUE**

The funds are being raised by the Company for enhancing its long-term resource base for carrying out its regular business activities including discharging existing debt obligations.

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 enhancing its long-term resource base for carrying out its regular business activities including discharging existing debt obligations. The Issuer is subject to a number of regulatory checks and balances as stipulated in its regulatory environment. The Issuer is a Government Company 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 Application Money received in pursuance of the Issue, pending allotment, shall be kept in a separate bank account in a scheduled bank and shall not be utilised for any purpose other than for (a) adjustment against allotment of Bonds or (b) repayment of monies where the Company is unable to allot the Bonds.

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 RBI/ SEBI/ RoC/ Stock Exchange(s).

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 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 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 III) ("Bonds").

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

Each Bond has a face value of Rs. 10.00 lacs and is issued at par i.e. for Rs. 10.00 lacs. The Bonds shall be redeemable at par i.e. for Rs. 10.00 lacs 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.

## 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)/ bank funds transfer/ RTGS for the full issue price of Bonds applied for.

Face Value per Bond	Minimum Application for	Amount Payable on application per Bond
Rs. 10 Lacs	10 Bonds and in multiples of 1 Bond thereafter	Rs. 10 Lacs



It is to be distinctly noted that in pursuance of sub clause (d) of clause (2) of Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, remittance of Application Money for subscription to the Bonds shall be made only from the bank account of the person/ entity subscribing to the Bonds. In case of monies payable on subscription to the Bonds to be held by joint holders, the remittance of Application Money shall be made from the bank account of the person whose name appears first in the Application Form.

The Applicants are required to submit a self-attested copy of their bank account statement reflecting debit for the application money. Such bank account statement must contain the name of Applicant, account number, name and branch of the bank.

### **13. ALLOTMENT OF BONDS**

All benefits under the Bonds including payment of interest will accrue to the Bondholders from and including November 24, 2014 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-pond/ postponed) by the Issuer at its sole and absolute discretion.

The Company shall allot the Bonds within sixty days from the date of receipt of the application money for such Bonds and if the Company is not able to allot the Bonds within such period, it shall repay the application money to the subscribers within fifteen days from the date of completion of sixty days and if the Company fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day, provided that monies received on application shall be kept in a separate bank account in a scheduled bank and shall not be utilised for any purpose other than for (a) adjustment against allotment of Bonds or (b) repayment of monies where the Company is unable to allot the Bonds.

No fresh offer or invitation of bonds shall be made by the Company unless the allotment with respect to the present Issue has been made or the present Issue has been withdrawn or abandoned by the Company.

### **14. LETTERS OF ALLOTMENT/ BOND CERTIFICATES/ REFUND ORDERS/ ISSUE OF LETTERS OF ALLOTMENT**

The beneficiary account of the investors with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within two 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 CERTIFICATES**

Subject to the completion of all statutory formalities within timeframe 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 Limited (Address: F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110020; Tel No. (011) 41406149; Fax No. 91-11-41709881; E-mail: admin@mcsdel.com) as Registrars & Transfer Agent for the present Issue. The Company has made necessary depository arrangements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("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, NSDL and the Registrar for dematerialization of the Bonds offered under the present Issue.
- Tripartite Agreement between the Issuer, 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 what so ever, 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**

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 Rs.10 lacs each. Trading of Bonds would be permitted in demat mode only in standard denomination of Rs. 10 lacs 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 and follow a basis of allocation/ allotment at its sole and absolute discretion. Broadly the basis of allocation/ allotment shall be as under:

- a. Beginning from the issue opening date and until the day immediately prior to the issue closing date, full and firm allotment shall be made against all valid applications for the Bonds on a first-come-first-served basis, subject to the limit of the Issue size. If and to the extent, the Issue is fully subscribed prior to the issue closing date, no allotments shall be accepted once the Issue is fully subscribed.
- b. Allotment on first-come-first-served basis shall be executed on "day-priority basis". In case of oversubscription over and above the issue size, the allotment of such valid applications received on the closing day shall be on pro rata basis to the applicants in the ratio in which they have applied regardless of category of investors. If the proportionate allotment of Bonds to such applicants is not a minimum of one Bond or in multiples of one Bond (which is the market lot), the decimal would be rounded off to the next higher whole number if that decimal is 0.5 or higher and to the next lower whole number if that decimal is lower than 0.5. All successful applicants on the issue closing date would be allotted the number of Bonds arrived at after such rounding off.

## **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 Private Placement Offer Letter.

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

- a. In respect of Investors who get Allotment of Bonds in the Issue, interest on Application Money shall be payable at the Coupon Rate (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) on the aggregate face value amount of Bonds for the period starting from and including the date of realization of Application Money in Issuer's Bank Account upto but excluding the Deemed Date of Allotment. Such interest on Application Money shall be paid by the Issuer to the relevant Applicants within 15 days from the Deemed Date of Allotment.
- b. In respect of applications, which are valid but rejected on account of oversubscription, interest on refunded money shall be payable at the Coupon Rate (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) (excluding the valid rejections) for the period starting from and including the date of realization of Application Money in Issuer's Bank Account upto but excluding the Deemed Date of Allotment. The refund amounts together with interest thereon shall be paid by the Issuer to the relevant Applicants within 15 days from the Deemed Date of Allotment.
- c. No interest on Application Money will be payable in respect of applications which are invalid and rejected for not being in accordance with the terms of this Private Placement Offer Letter.

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

The Bonds shall carry interest at the Coupon Rate (i.e. @ 8.70 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. November 24, 2014) payable semi-annually on March 31 and September 30, every year till Redemption Date (i.e. on November 24, 2024), to the holders of Bonds (the "Holders" and each, a "Holder") as of the relevant Record Date. The interest payable on any Coupon 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. November 24, 2014 to March 31, 2015 including the first as well as the last date. The first interest payment would be made on March 31, 2015. The second and subsequent interest period (except the last interest period) is defined as the actual number of days between March 31 & September 30, 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, 2024 and Redemption Date i.e. November 24, 2024, excluding the first date as well as the last date. The last interest payment would be made on redemption date i.e. on November 24, 2024, alongwith the redemption of principal amount. Interest on Bonds will cease on the Redemption Date in all events.

If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.

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 Rupees per the Fixed Income Money Market and Derivatives Association ("FIMMDA") handbook on market practices. 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 Coupon Payment Date, the transferees for the Bonds shall not have any claim against the Issuer in respect of interest so paid to the registered Bondholders.

In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.

## **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 Limited (Address: F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110020; Tel No. (011) 41406149; Fax No. 91-11-41709881; 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 fulfills 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. 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 Redemption Date.

### 30. REDEMPTION

The face value of the Bonds shall be redeemed at par, on the Redemption Date i.e. November 24, 2024 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.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

### 31. 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 dates, the same shall constitute an "Event of Default" by the Issuer.

### 32. EVENTS OF DEFAULT & REMEDIES

Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bondholders, declare the amounts outstanding to be due and payable forthwith.

### 33. ADDITIONAL COVENANTS

- a) **Security Creation:** Not applicable, as issue in Unsecured
- b) **Allotment of Bonds:** The Company shall allot the Bonds within sixty days from the date of receipt of the application money for such Bonds and if the Company is not able to allot the Bonds within such period, it shall repay the application money to the subscribers within fifteen days from the date of completion of sixty days and if the Company fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day.
- c) **Default in Payment:** In case of default in payment of interest and/ or principal redemption on the due dates, the Company shall pay additional interest at the rate of 2.00% p.a. over the Coupon Rate 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.
- d) **Delay in Listing:** The Company shall make listing application to NSE within 15 days from the Deemed Date of Allotment of the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Company shall pay penal interest at the rate of 1.00% p.a. 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).

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

### 34. 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/ RTGS/ Fund Transfer/ NECS/ NEFT or any other electronic mode offered by the Banks 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 respective 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.

### 35. EFFECT OF HOLIDAYS

If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.

Set forth below is an illustration for guidance in respect of the day count convention and effect of holidays on payments. **Investors should note that this example is solely for illustrative purposes.**

#### Illustration

Name of Issuer	PNB Housing Finance Limited
Face Value of Bonds	Rs. 10,00,000
Deemed Date of Allotment	November 24, 2014
Redemption Date	November 24, 2024
Coupon Rate	8.70 per cent per annum
Frequency of Coupon Payment with specified dates	Semi-annually on March 31 and September 30, every year till Redemption Date (i.e. on November 24, 2024). The first interest period shall be defined as the actual number of days falling between the Deemed Date of Allotment i.e. November 24, 2014 to March 31, 2015 including the first as well as the last date. The first interest payment would be made on March 31, 2015. The second and subsequent interest period (except the last interest period) is defined as the actual number of days between March 31 and September 30, 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, 2024 and Redemption Date i.e. November 24, 2014, excluding the first date as well as the last date. The last interest payment would be made on redemption date i.e. on November 24, 2014, alongwith the redemption of principal amount. Interest on Bonds will cease on the Redemption Date in all events.
Day Count Convention	Actual/ Actual Coupon shall be computed on an "actual/actual basis". Where the coupon period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis

#### Cash Flows

Particulars	Original Coupon Payment Date & Redemption Date	Modified Coupon Payment Date & Redemption Date	No. of Days	Amount payable per Bond (in Rs.)
Allotment Date	Monday, November 24, 2014	Monday, November 24, 2014	0	-10,00,000
1st Coupon Payment	Tuesday, March 31, 2015	Tuesday, March 31, 2015	128	30510
2nd Coupon Payment	Wed., September 30, 2015	Wed., September 30, 2015	183	43619
3rd Coupon Payment	Thursday, March 31, 2016	Thursday, March 31, 2016	183	43500
4th Coupon Payment	Friday, September 30, 2016	Friday, September 30, 2016	183	43500
5th Coupon Payment	Friday, March 31, 2017	Friday, March 31, 2017	182	43381
6th Coupon Payment	Saturday, September 30, 2017	Saturday, September 30, 2017	183	43619
7th Coupon Payment	Saturday, March 31, 2018	Saturday, March 31, 2018	182	43381
8th Coupon Payment	Sunday, September 30, 2018	Monday, October 01, 2018	184	43858
9th Coupon Payment	Sunday, March 31, 2019	Monday, April 01, 2019	182	43381
10th Coupon Payment	Monday, September 30, 2019	Monday, September 30, 2019	182	43381
11th Coupon Payment	Tuesday, March 31, 2020	Tuesday, March 31, 2020	183	43500

Particulars	Original Coupon Payment Date & Redemption Date	Modified Coupon Payment Date & Redemption Date	No. of Days	Amount payable per Bond (in Rs.)
12th Coupon Payment	Wed., September 30, 2020	Wed., September 30, 2020	183	43500
13th Coupon Payment	Wednesday, March 31, 2021	Wednesday, March 31, 2021	182	43381
14th Coupon Payment	Thursday, September 30, 2021	Thursday, September 30, 2021	183	43619
15th Coupon Payment	Thursday, March 31, 2022	Thursday, March 31, 2022	182	43381
16th Coupon Payment	Friday, September 30, 2022	Friday, September 30, 2022	183	43619
17th Coupon Payment	Friday, March 31, 2023	Friday, March 31, 2023	182	43381
18th Coupon Payment	Saturday, September 30, 2023	Saturday, September 30, 2023	183	43619
19th Coupon Payment	Sunday, March 31, 2024	Monday, April 01, 2024	184	43738
20th Coupon Payment	Monday, September 30, 2024	Monday, September 30, 2024	182	43262
21th Coupon Payment	Sunday, November 24, 2024	Saturday, November 23, 2024	53	12633
<b>Redemption Date</b>	Sunday, November 24, 2024	Saturday, November 23, 2024		10,00,000

**Assumptions and Notes:**

- For the purposes of the above illustration, only such dates that fall on Sundays, have been considered as non-Business Days;
- The aggregate coupon payable to each Bondholder shall be rounded off to the nearest rupee as per the Fixed Income Money Market and Derivatives Association handbook on market practices.

**Notes:**

- As the 8th Coupon Payment Date is falling due on September 30, 2018 which is a Sunday, the Coupon Payment Date has been post-poned to Monday, October 01, 2018.
- As the 9th Coupon Payment Date is falling due on March 31, 2019 which is a Sunday, the Coupon Payment Date has been post-poned to Monday, April 01, 2019.
- As the 19th Coupon Payment Date is falling due on March 31, 2024 which is a Sunday, the Coupon Payment Date has been post-poned to Monday, April 01, 2024.
- As the 21th Coupon Payment Date also being the Redemption/ Maturity Date is falling due on November 24, 2024 which is a Sunday, the Coupon Payment Date and the Redemption Date has been pre-poned to Saturday, November 23, 2024.

THE AGGREGATE COUPON / INTEREST PAYABLE TO EACH BONDHOLDER SHALL BE ROUNDED OFF TO THE NEAREST RUPEE AS PER THE FIXED INCOME MONEY MARKET AND DERIVATIVES ASSOCIATION HANDBOOK ON MARKET PRACTICES.

**36. 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.

**37. 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.

### **38. INVESTORS WHO ARE ELIGIBLE TO APPLY**

The following categories of investors are eligible to apply for this private placement of Bonds, subject to authorisation under their respective laws:

- a) Scheduled Commercial Banks;
- b) Insurance Companies registered with the Insurance Regulatory and Development Authority;
- c) Mutual Funds;
- d) Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;
- e) Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds;
- f) Co-operative Banks, Regional Rural Banks authorized to invest in bonds/ debentures;
- g) Companies and Bodies Corporate authorized to invest in bonds/ debentures;
- h) Societies authorized to invest in bonds/ debentures;
- i) Trusts authorized to invest in bonds/ debentures;
- j) Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures;
- k) Resident Individual Investors;
- l) Hindu Undivided Families through Karta;
- m) Partnership firms formed under applicable laws in India in the name of the partners.
- n) Alternative Investment Funds registered with SEBI

However, out of the aforesaid class of investors eligible to invest, this Private Placement Offer Letter 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 Private Placement Offer Letter 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.

### **39. INVESTORS WHO ARE NOT ELIGIBLE TO APPLY**

This Issue is not being offered to the following categories of investors and any application from such investors will be deemed an invalid application and rejected:

- a) Qualified Foreign Investors;
- b) Sovereign Wealth Funds;
- c) Venture Capital Funds and Foreign Venture Capital Investors;
- d) Overseas Corporate Bodies;
- e) Multilateral and Bilateral Development Financial Institutions;
- f) Foreign Nationals;
- g) Non-Resident Indians;
- h) Persons resident outside India;
- i) Foreign Institutional Investors;
- j) Minors without a guardian name;
- k) Person ineligible to contract under applicable statutory/ regulatory requirements.



#### 40. DOCUMENTS TO BE PROVIDED BY INVESTORS

Investors need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:

- Copy of Applicant's bank account statement reflecting debit for the application money, name of Applicant, account number, name and branch of the bank;
- Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
- Board Resolution authorizing the investment and containing operating instructions;
- Power of Attorney/ relevant resolution/ authority to make application;
- Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
- Government Notification (in case of Primary Co-operative Bank and RRBs);
- Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department;
- Copy of a cancelled cheque for ECS payments;
- Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.

#### 41. APPLICATION BY PROVIDENT FUNDS, SUPERANNUATION FUNDS AND GRATUITY FUNDS

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. As per notification no. S.O.3450(E) dated November 21, 2013 by Ministry of Labour and Employment, Government of India, upto 55% of all incremental accretions belonging to the fund can be invested in debt securities with maturity of not less than three years tenure issued by Body 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.

**PNB Housing Finance Limited is a Public Sector Company under Section 617 of the Companies Act, 1956 and therefore the present Issue of Bonds is eligible for investments by Provident Funds, Superannuation Funds and Gratuity Funds.**

#### 42. HOW TO APPLY

This being a private placement offer, only the investors who are established/ resident in India and who have been addressed through this Private Placement Offer Letter are eligible to apply.

All Application Forms duly completed by the Applicants, together with remittance of application money through cheque(s)/ demand draft(s)/ bank funds transfer/ electronic transfer of funds through RTGS, must be delivered before the closing of the issue to the specified branches of Bankers to the Issue named herein or to the Arrangers to the Issue.

Applications should be for a minimum of 10 Bonds and in multiples of 1 Bond thereafter. The entire amount of Rs. 10.00 lacs per Bond is payable on application.

Applicants may make remittance of application money through either of following two modes:	
1.	Cheque(s)/ demand draft(s)/ bank funds transfer may be drawn in favour of <b>“PNB Housing Finance Ltd.”</b> and marked <b>“A/c Payee Only”</b> payable at par at any of the CBS branches of the Collecting Banker to the Issue as per details given hereunder:
	Name of the Banker Punjab National Bank
	Credit into Current A/c No. 3097008700006127
2.	Electronic transfer of funds through RTGS mechanism for credit as per details given hereunder:
	Name of the Banker Punjab National Bank
	Account Name PNB Housing Finance Ltd.
	Credit into Current A/c No. 3097008700006127
	IFSC Code PUNB0013100
	Address of the Branch BO 74, Janpath, New Delhi - 110 001
	Narration Application Money for Bonds

It is to be distinctly noted that in pursuance of sub clause (d) of clause (2) of Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, remittance of Application Money for subscription to the Bonds shall be made only from the bank account of the person/ entity subscribing to the Bonds. In case of monies payable on subscription to the Bonds to be held by joint holders, the remittance of Application Money shall be made from the bank account of the person whose name appears first in the Application Form.

The Applicants are required to submit a self-attested copy of their bank account statement reflecting debit for the application money. Such bank account statement must contain the name of Applicant, account number, name and branch of the bank.

Applications complete in all respects (along with all necessary documents as detailed in this Private Placement Offer Letter) 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)/ bank funds transfer/ electronic transfer of funds through RTGS. Applicants are advised to write their names and application serial number on the reverse of the instruments by which the payments are made. Please note that remittance of application monies by way of 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 Private Placement Offer Letter.

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.

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 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.***

#### **43. 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.

#### **44. APPLICATIONS UNDER POWER OF ATTORNEY**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with 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.

#### **45. 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.

#### **46. 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 acknowledgment slip at the bottom of each Application Form.

#### **47. 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 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. Number of Bonds applied for exceeding the issue size;
- c. Application money received not being from the bank account of the person/ entity subscribing to the Bonds or from the bank account of the person/ entity whose name appears first in the Application Form, in case of joint holders;
- d. Bank account details of the Applicants not given;
- e. Details for issue of Bonds in dematerialized form not given;
- f. PAN/GIR and IT Circle/Ward/District not given;
- g. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

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

**48. 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.

**49. 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.

**50. NOMINATION**

As per Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, any Bondholder of the Company may, at any time, nominate, any person as his nominee in whom the Bonds shall vest in the event of his death. On the receipt of the nomination form, a corresponding entry shall forthwith be made in the relevant register of Bondholders, maintained by the Company. Where the nomination is made in respect of the Bonds held by more than one person jointly, all joint holders shall together nominate any person as nominee. The request for nomination shall be recorded by the Company within a period of two months from the date of receipt of the duly filled and signed nomination form. In the event of death of the Bondholder or where the Bonds are held by more than one person jointly, in the event of death of all the joint holders, the person nominated as the nominee may upon the production of such evidence as may be required by the Board, elect, either (a) to register himself as holder of the Bonds or (b) to transfer the Bonds, as the deceased Bondholder could have done.

If the person being a nominee, so becoming entitled, elects to be registered as Bondholder himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Bondholder(s). All the limitations, restrictions and provisions of the Companies Act, 2013 relating to the right to transfer and the registration of transfers of Bonds shall be applicable to any such notice or transfer as aforesaid as if the death of the Bondholder had not occurred and the notice or transfer were a transfer signed by that Bondholder, as the case may be.

A person, being a nominee, becoming entitled to any Bonds by reason of the death of the holder shall be entitled to the same interest and other advantages to which he would have been entitled to if he were the registered Bondholder except that he shall not, before being registered as a Bondholder in respect of such Bonds, be entitled in respect of these Bonds to exercise any right conferred by the membership in relation to meetings of the Company, provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Bonds, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all interest or other moneys payable in respect of the Bonds, until the requirements of the notice have been complied with.

A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the Bondholder who has made the nomination, by giving a notice of such cancellation or variation, to the Company in prescribed form. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received by the Company.

Where the nominee is a minor, the Bondholder making the nomination, may appoint a person in a prescribed form, who shall become entitled to the Bonds of the Company, in the event of death of the nominee during his minority.

**51. RIGHTS OF BONDHOLDERS**

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 Bonds 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, Articles of Association of the Issuer, the terms of this Private Placement Offer Letter and the other terms and conditions as may be incorporated in the Trust Deed and other documents that may be executed in respect of these Bonds.

**52. 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.

**53. BUY-BACK OF BONDS**

Unless stated otherwise, the Company may if authorised by its Memorandum and Articles of Association, buy-back the Bonds subject to the terms and conditions prescribed under rule 17 of the Companies (Share Capital and Debentures) Rules, 2014.

**54. 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 Bondholders or the Trustees in this connection.

**55. DEBENTURE REDEMPTION RESERVE (“DRR”)**

In pursuance of clause (7) of section 18 of the Companies (Share Capital and Debentures) Rules, 2014 (as amended), a company is required to create a Debenture Redemption Reserve for the purpose of redemption of debentures, in accordance with the conditions given below:

- (a) the Debenture Redemption Reserve shall be created out of the profits of the company available for payment of dividend;
- (b) the company shall create Debenture Redemption Reserve (DRR) in accordance with following conditions:
  - (i) No DRR is required for debentures issued by All India Financial Institutions (AIFIs) regulated by Reserve Bank of India and Banking Companies for both public as well as privately placed debentures. For other Financial Institutions (FIs) within the meaning of clause (72) of section 2 of the Companies Act, 2013, DRR will be as applicable to NBFCs registered with RBI.
  - (ii) For NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997 and for Housing Finance Companies registered with the National Housing Bank, ‘the adequacy’ of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures.
  - (iii) For other companies including manufacturing and infrastructure companies, the adequacy of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities), Regulations 2008 and also 25% DRR is required in the case of privately placed debentures by listed companies. For unlisted companies issuing debentures on private placement basis, the DRR will be 25% of the value of debentures.
- (c) every company required to create Debenture Redemption Reserve shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than 15%, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely:
  - (i) in deposits with any scheduled bank, free from any charge or lien;
  - (ii) in unencumbered securities of the Central Government or of any State Government;
  - (iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
  - (iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882;
  - (v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above:  
Provided that the amount remaining invested or deposited, as the case may be, shall not at anytime fall below fifteen per cent of the amount of the debentures maturing during the year ending on the 31st day of March of that year;

- (d) in case of partly convertible debentures, Debenture Redemption Reserve shall be created in respect of non-convertible portion of debenture issue in accordance with this sub-rule.
- (e) the amount credited to the Debenture Redemption Reserve shall not be utilised by the company except for the purpose of redemption of debentures.

***In view of above and being a private placement of debentures, no DRR is required in this case. However, the Company has appointed a Debenture Trustee to protect the interest of the investors.***

#### **56. 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 Bondholders, 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.

#### **57. 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.

#### **58. 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.

#### **59. 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 Private Placement Offer Letter.

**X. CREDIT RATING FOR THE BONDS**

**ICRA Limited** (“**ICRA**”) has assigned a rating of “[**ICRA**] **AA+ Outlook: Positive**” to the Bonds of the Company aggregating to Rs. 1100 crore vide its letter No. D/RAT/2014-15/P223/3 dated November 13<sup>th</sup> 2014. 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 ICRA is enclosed elsewhere in this Private Placement Offer Letter.

**CRISIL Limited** (“**CRISIL**”) has assigned a rating of “**CRISIL AA+/Stable**” (Pronounced CRISIL double A plus rating with Stable Outlook) to the Bonds of the Company aggregating to Rs.200 crore vide its letter no. MS/FSR/PNBHFL/2014-15/1384 dated November 12<sup>th</sup> 2014. This rating indicates high degree of safety with regard to timely servicing of financial obligations. A copy of rating letter from CRISIL is enclosed elsewhere in this Private Placement Offer Letter.

Other than the credit ratings mentioned herein above, the Issuer 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 Private Placement Offer Letter.

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) Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended, (iv) sub-section (5) of section 71 of the Companies Act, 2013, (v) rule 18 (2) of the Companies (Share Capital and Debentures) Rules, 2014, (vi) 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: (022) 66311771-3  
Fax: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 Private Placement Offer Letter.

In pursuance of the provisions of rule 18 (3) of the Companies (Share Capital and Debentures) Rules, 2014, it shall be the duty of the Trustee to:

- (a) satisfy himself that the Private Placement Offer Letter does not contain any matter which is inconsistent with the terms of the issue of Bonds or with the Debenture Trusteeship Agreement;
- (b) call for periodical status or performance reports from the Company;
- (c) communicate promptly to the Bondholders defaults, if any, with regard to payment of interest or redemption of Bonds and action taken by the Trustee therefor;
- (d) appoint a nominee director on the Board of the Company in the event of:
  - i. two consecutive defaults in payment of interest to the Bondholders; or
  - iii. default in redemption of Bonds.
- (e) ensure that the Company does not commit any breach of the terms of issue of Bonds or covenants of the Debenture Trusteeship Agreement and take such reasonable steps as may be necessary to remedy any such breach;
- (f) inform the Bondholders immediately of any breach of the terms of issue of Bonds or covenants of the Debenture Trusteeship Agreement;
- (g) ensure the implementation of the conditions regarding creation of security for the Bonds, if any, and Debenture Redemption Reserve;
- (h) call for reports on the utilization of funds raised by the issue of Bonds;
- (i) take steps to convene a meeting of the Bondholders as and when such meeting is required to be held;
- (j) ensure that the Bonds have been redeemed in accordance with the terms of the issue of Bonds;
- (k) perform such acts as are necessary for the protection of the interest of the Bondholders and do all other acts as are necessary in order to resolve the grievances of the Bondholders.

In pursuance of the provisions of rule 18 (4) of the Companies (Share Capital and Debentures) Rules, 2014, the meeting of all the Bondholders shall be convened by the Trustee on:

- (c) requisition in writing signed by Bondholders holding at least one-tenth in value of the Bonds for the time being outstanding;
- (d) happening of any event, which constitutes a breach, default or which in the opinion of the Trustees affects the interest of the Bondholders.



The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of the Companies Act, 2013, SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, Debenture Trusteeship Agreement Private Placement Offer Letter and all other related transaction documents, with due care, diligence and loyalty.

The Company shall, till the redemption of the Bonds, submit its latest audited/ limited review half yearly consolidated (if available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustee 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 from time to time. Further, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholders within two working days of their specific request.

**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 the National Stock Exchange of India Limited ("NSE"). The Issuer has made an application to NSE for seeking its in-principle approval for listing of Bonds offered under the terms of this Private Placement Offer Letter.

The Company shall make listing application to NSE within 15 days from the Deemed Date of Allotment of the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Company shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholders.

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 ratings obtained for the Bonds shall be periodically reviewed by the credit rating agencies 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 Bondholders and the general public by placing them on their websites;
- (e) Trustees shall disclose the information to the Bondholders 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 Stock Exchange 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 from time to time.

**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 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. Resolution passed by the Board of Directors of the Company on 6<sup>th</sup> February 2014 authorising present Issue of Bonds.
- c. Special resolution passed by the shareholders of the Company in the general meeting held on 08<sup>th</sup> August 2014 authorising present Issue of Bonds.
- d. Letter of consent from the Trustees for acting as trustees for and on behalf of the holder(s) of the Bonds.
- e. Letter of consent from the Registrars for acting as Registrars to the Issue.
- f. Application made to NSE for grant of in-principle approval for listing of Bonds.
- g. Letter from ICRA conveying the credit rating for the Bonds.
- h. Letter from CRISIL conveying the credit rating for the Bonds.
- i. Tripartite Agreement between the Issuer, NSDL and Registrars for issue of Bonds in dematerialised form.
- j. Tripartite Agreement between the Issuer, CDSL and Registrars for issue of Bonds in dematerialised form.

**XIV. DECLARATION**

The Company undertakes that this Private Placement Offer Letter contains full disclosures in accordance with Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 and other provisions of the Companies Act, 2013, 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, 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 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended.

The Company has complied with the provisions of the Companies Act, 2013 and the rules made there under. It is to be distinctly understood that compliance with the Companies Act, 2013 and the rules does not imply that payment of interest or repayment of Bonds, is guaranteed by the Government of India.

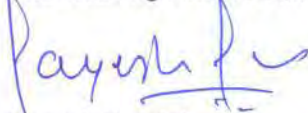
The Company undertakes that the monies received under the Issue shall be utilized only for the purposes and 'Objects of the Issue' indicated in the Private Placement Offer letter.

The Issuer accepts no responsibility for the statement made otherwise than in the Private Placement Offer Letter 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.

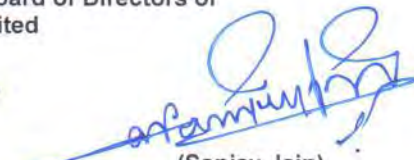
The undersigned has been authorized by the Board of Directors of the Company vide resolution dated 06<sup>th</sup> February 2014 to sign this Private Placement Offer Letter and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this Private Placement Offer Letter and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association of the Company.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Private Placement Offer Letter.

For and on behalf of the Board of Directors of  
PNB Housing Finance Limited



(Jayesh K. Jain)  
Chief Financial Officer



(Sanjay Jain)  
Company Secretary



Place: New Delhi

Date: November 24, 2014

Enclosures:

- a. Copy of resolution of the Board of Directors authorizing the preset Issue of Bonds;
- b. Copy of special resolution of shareholders authorizing the preset Issue of Bonds;
- c. Copy of rating letter from ICRA;
- d. Copy of rating letter from CRISIL; and
- e. Copy of consent letter from IDBI Trusteeship Services Ltd. to act as Trustees for the Bondholders.





**pnb Housing Finance Limited**

Regd. Office: 9<sup>th</sup> Floor Antriksh Bhawan, 22 K G Marg, New Delhi-110001  
CIN: U65922DL1988PLC033856

**CERTIFIED COPY OF THE RESOLUTION PASSED BY THE BOARD ON 06.02.2014**

**"RESOLVED THAT**

1. The company be and is hereby authorized to issue NCDs by way of private placement up to a maximum amount of Rs. 1800 crore in trenches, with or without green shoe option, on private placement, to augment resources on the following terms and conditions;

<b>Issue Amount</b>	Maximum amount Rs. 1800 crore in trenches up to 31.03.2015.
<b>Nature of Instrument</b>	Non-Convertible NCDs.
<b>Credit Rating</b>	By approved rating agencies.
<b>Security (Only for secured bonds)</b>	Book debts.
<b>Tenor</b>	Up to 15 years.
<b>Face Value/ Issue Price</b>	As per market practice from time to time.
<b>Redemption</b>	On maturity.
<b>Put and call option</b>	With or without put and call option.

2. That the Managing Director be and is hereby authorized to finalize the offer document before an issue, appoint the arrangers to the issue, appoint credit rating agency, approve fees for rating agencies (maximum 0.03% p.a. per agency), arrangers/advisors (maximum one-time fee 0.15%), and to do all such acts and deeds as may be necessary or incidental in connection with the bonds issue.
3. That the Company be and is hereby authorized to issue bonds in de-mat form and apply to NSDL/CSDL for holding of bonds in the de-mat form and also apply to National Stock Exchange for listing of bonds in the whole sale debt segment.
4. That MD/Company Secretary/Branch Head Mumbai/Branch Head Navi Mumbai or a person authorized by MD be and are hereby authorized to execute such deeds, documents and other writings as may be necessary or required.
5. That the common seal of the company be affixed on such documents/bond scripts/certificates as may be required in the presence of Managing Director who shall sign the same and Company Secretary who shall also sign/ counter-sign the same in token thereof."

**For PNB HOUSING FINANCE LTD.**

**Company Secretary**



**PNB Housing Finance Limited**

9<sup>th</sup> Floor Antriksh Bhawan, 22 K G Marg, New Delhi-110001  
CIN: U65922DL1988PLC033856

**CERTIFIED COPY OF THE SPECIAL RESOLUTION PASSED BY THE SHAREHOLDERS ON 08-08-2014**

- I. **"RESOLVED THAT** the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company in terms of section 180 (1), (2) and (5) of the Companies Act, 2013, to:
- a) borrow/ secure financial assistance for any sum or sums of moneys for and on behalf of the Company, from time to time, whether unsecured or secured, from any one or more persons, banks, financial institutions, firms, bodies corporate or other lenders, notwithstanding that the sum or sums of money to be borrowed, together with the money already borrowed by the Company (excluding temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs. 25,000 crores (Rupees twenty five thousand crores) at any point of time on account of the principal;
  - b) mortgage and/or charge any/all immovable and/or moveable properties of the Company including receivables in form of book debts, where so ever situated, present and future and the whole of the undertaking of the Company to or in favour of any one or more persons, banks, financial institutions, firms, bodies corporate or other lenders or trustees for the lenders/ debenture-holders, to secure the principal amount of financial assistance granted/ to be granted by the lenders, together with all interest thereon, commitment charges, costs, expenses involved and all other moneys payable by the Company to the lenders in terms of the respective facility agreements entered into by the Company in respect of the aforesaid assistances;
  - c) finalise and execute all documents for creation and registration of aforesaid mortgage and/or charge and/or hypothecation with the lenders/ trustees for the lenders/ debenture-holders of the Company and doing all such acts and things as may be necessary for giving effect to this resolution".
- II. **"RESOLVED THAT** pursuant to the (i) provisions of section 42 of The Companies Act, 2013, (ii) rule 14 (2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and (iii) other applicable provisions of The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India, as applicable and The Companies Act, 2013, as amended and in force, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to make offer(s) or invitation(s) to subscribe to the secured/unsecured, redeemable, non-convertible, bonds/debentures/debt securities ("Bonds") through private placement offer letter(s) in conformity with (i) Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, (ii) 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 (iii) 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 and (iv) Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended."

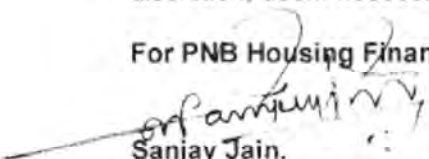
*Jain*



**"RESOLVED FURTHER THAT** the Board of Directors of the Company shall be authorized to issue Bonds of face value aggregating up to Rs. 10,000 crore (Rupees ten thousand crore) of tenure not exceeding 10 years upto a date that is not later than one year from the date hereof and notwithstanding that the aggregate amount of all such Bonds taken together with domestic/off-shore, secured/unsecured, loans/borrowings, guarantees shall not exceed the borrowing powers approved by the members by way of a special resolution under section 180 of the Companies Act, 2013."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds including but not limited to number of issues/ tranches, face value, issue price, issue size, timing, amount, security, coupon/interest rate(s), yield, listing, allotment and other terms and conditions of issue Bonds as they may, in their absolute discretion, deem necessary."

**For PNB Housing Finance Limited**

  
Sanjay Jain,  
Company Secretary  
A-72, Priyadarshni Vihar, Delhi-110092  
Membership No. F2642  
Pan No. AFEPJ2190P



**pnb Housing Finance Limited**

9<sup>th</sup> Floor Antriksh Bhawan, 22 K G Marg, New Delhi-110001  
CIN: U65922DL1988PLC033856

### **Explanatory statement**

Section 180 (1) (c) of the Companies Act, 2013 provides that the Board of Directors of a company shall exercise the powers to borrow money, where the money to be borrowed together with the money already borrowed by the company (excluding temporary loans obtained from the company's bankers in the ordinary course of business) shall exceed aggregate of its paid-up share capital and free reserves, only with the consent of the members of the company by a special resolution.

Section 180 (2) of the Companies Act, 1956 provides that every special resolution passed by the company in general meeting in relation to the exercise of the powers referred to above, shall specify the total amount up to which monies may be borrowed by the Board of Directors.

Due to the nature of Company's business, the financial assistances availed by the Company from various banks/ financial institutions/ debenture-holders exceed the aggregate of paid-up share capital and free reserves of the Company and the same have to be secured by way of mortgage and/or charge of the assets of the Company, both present and future, it is necessary for the members to pass a special resolution under Section 180 of the Companies Act, 2013. It is therefore proposed that the members authorize the Board to borrow money up to Rs. 25,000 crore.

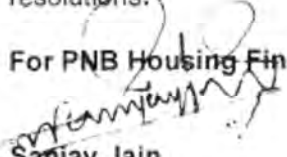
- II. The Company is engaged into the business of providing housing and non-housing loans. One of the main constituents of the Company's borrowings is in form of bonds/ debentures, rupee term loans from banks and financial institutions etc.

As on March 31, 2014, bonds/ debentures constitute about Rs. 3450 crore of the total borrowings of the Company. Borrowing through bonds/ debentures not only work out cost but also facilitate the raising of resource in a highly flexible and requirement driven manner. The Company intends to raise long term funds through bonds in the current year as well to meet lending requirements.

Section 42 of The Companies Act, 2013 and rule 14 (2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 require the Company to seek a special resolution from its members for raising the Bonds on private placement basis. The resolution is valid for a period of one year from the date of approval by the shareholders.

None of the Directors, key management person or their relatives are interested in the proposed resolutions.

**For PNB Housing Finance Limited**

  
Sanjay Jain,  
Company Secretary  
A-72, Priyadarshni Vihar, Delhi-110092  
Membership No. F2642  
Pan No. AFEPJ2190P





CONFIDENTIAL

D/RAT/2014-15/P223/3

November 13, 2014

Mr. Jayesh Jain  
Chief Financial Officer  
9<sup>th</sup> Floor, Antriksh Bhawan  
22 Kasturba Gandhi Marg  
New Delhi, 110001

Dear Sir,

Re: ICRA Credit Rating for Rs. 1100 crore Bonds programme of PNB Housing Finance Limited ( Details in Annexure)


Please refer to your rating revalidation request dated November 12, 2014 requesting ICRA to revalidate the rating assigned to the captioned Non Convertible Debenture programme.

We confirm that the "[ICRA]AA+" rating (pronounced ICRA double A plus) with a positive outlook, assigned to the captioned Non Convertible Debenture programme of your company and last communicated to you vide our letter dated September 30, 2014 stands. 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. Within this category, rating modifiers {"+" (plus)/ "-"(minus) can be used with the rating symbol. The modifiers reflect the comparative standing within the category.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letters D/RAT/2014-15/P223/2 dated September 30, 2014.

With kind regards,  
For ICRA Limited

For PNB HOUSING FINANCE LTD.  
  
COMPANY SECRETARY

  
Vibha Batra  
Senior Vice President

  
Supreeta Nijjar  
Assistant Vice President

Building No. 8, 2<sup>nd</sup> Floor  
Tower A, DLF Cyber City  
Phase II, Gurgaon - 122002

Tel. : + 91 - 124 - 4545300  
Fax : + 91 - 124 - 4050424  
CIN : L74999DL1991PLC042749

website : www.icra.in  
email : info@icraindia.com

Registered Office : 1105, Kailash Building, 11<sup>th</sup> Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001, Tel : +(91-11) 23357940-50 Fax : +(91-11) 23357014



Annexure

List of Bonds Rated By ICRA

Instrument	Amount	Rating
Non Convertible Debenture Programme	Rs 900 crore	[ICRA]AA+(positive)
Tier 2 Bonds Programme	Rs 200 crore	[ICRA]AA+(positive)

For FNB HOUSING FINANCE LTD.  
  
COMPANY SECRETARY

Ref: MS/FSR/PNBHFL/2014-15/1384

November 12, 2014

Mr. Jayesh Jain  
Chief Financial Officer  
PNB Housing Finance Limited,  
9th Floor, Antriksh Bhawan,  
22, K.G. Marg, New Delhi 110 001.



Dear Mr. Jain,

Re: CRISIL Rating for the Rs.2.00 billion Lower Tier II Bonds of PNB Housing Finance Limited.

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please refer to our letter dated July 10, 2014 bearing reference number MS/FSR/PNBHFL/2014-15/681

CRISIL has, after due consideration, reaffirmed the "CRISIL AA+/Stable" (pronounced "Double A rating with Stable outlook") rating for the captioned Debt instrument. 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 Instrument 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.

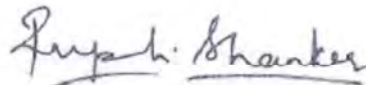
In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular<sup>1</sup> on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crisil.com](mailto:debtissue@crisil.com)


Should you require any clarifications, please feel free to contact us.

With warm regards,

Yours sincerely,



Rupali Shanker  
Director - Financial Sector Rating



Manish Saraf  
Associate Director - Financial Sector Rating

For PNB HOUSING FINANCE LTD.  
  
 COMPANY SECRETARY

<sup>1</sup> Please refer to SEBI circular (bearing reference number CIR/IM/D/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

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](mailto:CRISILratingdesk@crisil.com) or at (+91 22) 6691 3001 - 09.



# IDBI Trusteeship Services Ltd.



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

No. 3188/ITSL/OPR/CL/14-15/DEB/591  
November 13, 2014

Mr. Jayesh K. Jain  
Chief Financial Officer  
PNB Housing Finance Ltd.  
9<sup>th</sup> Floor, Antariksh Bhawan,  
22, Kasturbha Gandhi Marg,  
New Delhi - 110 001

Dear Sir,

**Consent to act as Bond Trustee for PNB Housing Finance Ltd ("Company") proposed Listed Unsecured Redeemable Non-convertible Bonds aggregating to Rs. 200 Crores.**

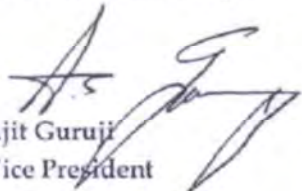
We acknowledge with thanks the receipt of your e-mail dated November 13, 2014 regarding appointment of IDBI Trusteeship Services Ltd. (ITSL) as Bond Trustee for the Company's proposed Listed, Unsecured Redeemable Non-convertible Bonds ("Bonds") issued on private placement basis, aggregating to Rs.200 Crore.

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.

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)/SEBI/ROC or any other authority required.

PNB Housing Finance Ltd. shall enter into Bond Trustee Agreement for the said issue of the NCDs.

Yours faithfully,  
For IDBI Trusteeship Services Ltd.

  
Ajit Gurujii  
Vice President

*For PNB HOUSING FINANCE LTD.*  
  
COMPANY SECRETARY

