




A C C O M P A N Y   U S   T O   P R O G R E S S

28th  
Annual Report  
2011-12



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The journey to success cannot be completed in a day. No matter who you are or where you're from, growth takes time. And it is best enjoyed and accomplished when you have someone to make the trip with you. Our company believes in accompanying everyone we touch, every step of the way.

Our late Chairman's vision of 'A home for every Indian' still remains our driving force. Adding to his legacy, in the course of the past few decades, DHFL has generated value for all its stakeholders. But that isn't all the organization has done. It has generated goodwill, security and peace of mind too. Attributes of which we are very, very proud.

From the humble small town salesman to the reputed businessman and from the mightiest civic body to the newest trainee at one of our branches, we believe that everyone has the fundamental right to progress. And growth is a symbiotic process. Which is why we've always extended a hand to everyone we've served and with them, grown from strength to strength.

We invite you to walk with us. The best is yet to come.



LET US WALK YOU HOME





For millions of people across India, the journey to owning their own homes is the most significant one of their lives. With one's own home comes an elevated sense of self-worth, a cocoon of security and raised expectations of the future. Ironical then, that this journey is also one of the toughest to negotiate. And that's where DHFL has stepped in.

For nearly 3 decades now, our company has empowered Indians with limited means to acquire their own homes through easy home loans. Through superior market intelligence and an understanding of our consumer, we have been able to anticipate people's expectations and even exceed them. Because we realize that one can measure brick and mortar. But the delight of coming home to a place you can call your own is immeasurable.

In keeping with the changing aspirations of people across the length and breadth of the country, we have evolved too. Our branch offices have increased in number and we've added a repertoire of financial services such as fixed deposits and insurance to our existing offerings, catering to diverse customer groups. Technology too has played a key role in our development, making the process of buying a home simpler.

We believe in every individual's right to progress. And when a customer strikes up a relationship with us, we are proud to say that we will walk him all the way home.



A conceptual illustration featuring a large, realistic human hand with the index finger pointing upwards. At the very tip of the index finger, a tiny businessman in a dark suit, white shirt, and red tie stands with one hand on his hip and the other holding a brown briefcase. The hand is emerging from a dark blue sleeve with a white cuff. The background is a painterly sky with soft, yellow and white clouds against a blue backdrop. The overall style is a blend of realism and conceptual art.

AS TRUST GROWS,  
WEALTH MULTIPLIES



In today's day and age, investing wisely is as important as earning. Intelligent investments are the stepping stones to growth, and perhaps the only way that millions of Indians can rise above their circumstances and exceed the expectations that they and their loved ones have of them. Money lying idle is akin to going back to the starting line after the race has begun. But when channeled smartly, there's no looking back, and the sky is suddenly the limit.

Wealth creation encourages people to tap their hidden potential and fulfill their dreams. By diversifying from home loans to investment opportunities, DHFL has taken hundreds of thousands of Indians to the next level of financial independence. With an array of products from fixed deposit schemes to home insurance policies on offer, we have convinced people to take a leap of faith and put their hard-earned money to work. A leap that has earned them equitable returns, a high degree of security and higher interest rates in the case of women and senior citizens. In addition to these initiatives, DHFL has also opened many an eye to the potential of the financial markets.

We believe the choices people make determine their station in life. And we are privileged that so many have chosen to bank on us. If the company could speak to them, 'Race ahead,' it would say. 'We are right behind you.'



TOGETHER WE TAKE  
A LEAP OF FAITH





No man is an island. The same can be said of an institution. Over time, we have engaged with several financial and government bodies to maximize our results and spread the roots of progress farther and deeper. We have tackled macro issues of supply, demand and price control and striven to create standards of best practice. We have worked with project promoters and builders, backing them with funds and the confidence to give the country's housing infrastructure a makeover. And our allies have matched us step for step.

The various institutions under the DHFL umbrella have catered to divergent market expectations, all the while adhering to our core philosophy of value generation. From the Aadhar Housing Finance Pvt. Ltd., incorporated along with the International Finance Corporation to the Deutsche Postbank Home Finance Ltd acquired by us in 2010, our ventures have been as diverse as they have been fruitful.

Everyone who has joined hands with us has observed the way we operate, taken note of how we address the needs of different segments and watched as we have impacted the entire housing sector positively. Their belief in us is nothing short of a leap of faith. The good news is, it has paid off with the industry growing by leaps and bounds.



TOWARDS  
A BETTER TOMORROW,  
TOGETHER.





Our efforts have taken us far beyond base camp. Now, the summit beckons. But the journey will not be possible, if not for the thousands of employees who power every one of our endeavours. They are our partners, our friends and our family. As we transform the lives of millions, they are backing us all the way, removing obstacles, recording new achievements, and raising the bar.

What's in it for them, you may ask? The security a good job brings? Yes, of course. A healthy, transparent working environment? Certainly. But above all, there is a sense of pride. The pride of doing something meaningful with one's life. Of changing someone's future for the better. Pride in building our country, brick by brick. In putting money into people's hands and smiles on their faces.

From tackling inertia in the housing sector to standing by a family in good times and bad, DHFL employees have done it all. It is thanks to their collective efforts that today, our organization can claim to encourage project development in every district of the country.

In their progress, lies ours. And even as we laud their efforts, we invite them to climb higher with us.



Your inspiration has taken us above and beyond,  
To a place so many have dreamed about.  
By your beliefs we secure a faithful bond,  
In a mission to which we stay devout.









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## Chairman & Managing Director's Message

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“ *The Company’s growth is dependent on the trust of its customers, the hard work and commitment of its employees and the faith and continuous support of its investors.* ”



Dear Shareholder,

It is a pleasure and a privilege to present your Company's Annual Report for the year 2011-12 before you.

It was a dream of our late Chairman, Shri Rajesh Kumar Wadhawan, to provide financial accessibility for home buying to every Indian and every day we are working harder to make real his dream. DHFL, today, is the second largest private housing finance company and the third largest in the country and present across 421 locations reaching across all economic segments.

The company's loan book has been growing at nearly 40% over the past few years and this is a result of the company's unwavering commitment towards providing financial accessibility for home buying to the lower and middle income (LMI) segment in the semi-urban and rural areas of India. The company has further strengthened its commitment

through the acquisition of First Blue in northern India and the launch of Aadhar Housing Finance with International Finance Corporation in the six economically weaker states of the country. I am happy to inform that Aadhar operations has successfully achieved ₹ 100 crore loan book through its 15 branches in its first year of operations alone. Similarly, First Blue HFC has given us a significant access into the middle income segment in northern parts of the country and we are steadily consolidating our position and expanding our presence. Further, your company's home loan distribution alliances with Yes Bank, United Bank of India, Punjab & Sind Bank and Central Bank of India has provided access into new territories and customer segments.

DHFL's focused approach in reaching out to the LMI segment; its understanding of the customer base, its prudent financial practices and strong credit appraisal skills has helped



your company deliver an excellent outcome. Your company registered a housing loans growth of 39.35% with a consolidated AUM exceeding ₹ 27,000 crore.

The LMI segment in the tier II and III cities have shown a robust demand in terms of growth and demand and this segment is supposed to be growth factor in the sector in the coming decades according to various studies conducted by private consultants, multilateral agencies, government bodies and NGO's.

According to the Census of India 2011, the percentage of population living in urban areas in India has increased from 27.78% in 2001 to 31.16% in 2011 and expected to rise further to 33% by 2026. The Census estimates that India will add another 371 million people to its population by 2026 and urban areas will account for an increase of nearly 182 million, i.e. over 49% of the total population growth.

This, in turn, will lead to an increased demand for housing.

For a fast growing housing finance company like ours, it is critical to have access to a large amount of growth capital, both in form of equity and debt. The cost of capital depends on the fundamental health of the company, its credit ratings and access to varied source of capital. The company has maintained a long term rating of CARE AA+, BWR AAA rating for DHFL NCDs and FAAA ratings to its fixed deposits. The company's high credit ratings have provides it access to growth capital from diversified bouquet of lenders at reasonable rates. The much awaited opening of the 'External Commercial Borrowing' (ECB) for housing finance companies will further provide boost to the segment.

DHFL has been a trusted brand for years and has been the recipient of various national and



global recognitions. Your company has been awarded the 'PowerBrands' status as the top 100 brands of the country by Planman Marcom and I too have been chosen as the 'Corporate Icon of the Year 2011-12' and also as the 'Outstanding Entrepreneurship Award' of the prestigious Asia Pacific Entrepreneurship Awards 2011. I humbly accept this recognition on behalf of the entire DHFL family. DHFL was also the recipient of the 'GreenTech HR Excellence Award 2012' for Best Strategy.

Any company's growth is dependent on the trust of its customers, the hard work and commitment of its employees and the faith and continuous support of its investors. DHFL has been very fortunate to receive the trust and continuous support from its customers and shareholders and an unwavering commitment of its employees to build DHFL into a great organization. I would personally like to thank each of our stakeholders for believing in our dream.

DHFL today is gearing itself up to offer financial assistance to home buyers across various customer segments and simultaneously creating a platform to expand its balance sheet and reach a total Asset Under Management of ₹ 100,000 crore by 2017. In this endeavor, as always, we would like the continuous support and patronage of all our stakeholders.



**Kapil Wadhawan**

Chairman & Managing Director.





## Message from the Chief Executive Officer

**“DHFL believe in  
responsible lending,  
quality service and  
break-out solutions for  
our customer and this  
makes us distinctively  
different from others in  
this space”**

Dear Shareholders,

It is with pride that DHFL presents the annual report to you for the Fiscal Year 2011-2012. A year in which DHFL continued to scale new heights and deliver strong growth, truly built on the philosophy and culture of extending loans to the Lower and Middle Income segment of India, thereby ensuring that this segment fulfils their long cherished dream of “Owning a home of their own”. DHFL’s focus on the Lower and Middle Income segment is not by default; it has a history of operating for, to and by this Lower and Middle Income segment for over 28 years and has now built its processes



and systems to meet the needs and requirements of these customers. The success of trust reposed in this segment and the reciprocation received is evident right through the history of DHFL. This has only strengthened our resolve to stay continued in this segment and become a dominant player, servicing the hopes and aspirations of this group, thereby helping DHFL grow both the Top-Line and Bottom Line.

DHFL, in its growth agenda has imbibed a few values and principles and to DHFL this is the foundation on which it is continuing its pursuit of enhancing market share and customers confidence. DHFL believe in responsible lending, quality service and break-out solutions for our customer and this makes us distinctively different from others in this space.

### **Market Environment**

Much has been spoken, read and understood on the Global market as well domestic market situation. DHFL has seen how the common man has shown resilience and made adjustments to his livelihood, inspite of the food price inflation, drop in Industrial growth indices and higher cost of living index. DHFL has witnessed that the housing market, especially in the Tier-II cities and below, continues to exhibit a growing demand. This demand is now being fuelled by the changing dynamics of Indian Society. With the nuclearisation of the single family from the joint

family, decisions in life, especially when it comes to acquiring or constructing a house of their own, is taken much earlier. Low and affordable housing continues to play a key role in the residential real estate space, on the backdrop of significant pick-up in demand, even as the housing industry penetration remains the lowest amongst many of the developing and developed nations.

In spite of tough competition from banking and housing finance institutions, your company has continued to operate on its mission and objective.

### **Financial Review**

Your company has registered growth in all the financial parameters in the fiscal year 2011-2012. During the year under review, Loan sanctions, on a standalone basis, during the fiscal year ended 31st March, 2012 was ₹ 12,845 crore as against ₹ 8,949 crore in the previous fiscal year, representing a growth of 44%, Loan disbursements, on a standalone basis, during the fiscal year ended 31st March, 2012 was ₹ 9,065 crore as against ₹ 6,506 crore in the previous year, representing a growth of 39%.

### **Value Added Services**

The Fee from Value Added Services like Property Services, Insurance Services and Technical Consultancy & Project Management Services stood at ₹ 67.57 Crore as compared



to ₹ 46.47 crore in the previous financial year, indicating a growth of 46%.

## **Deposits**

During the year, the Company has achieved consistent Growth. The Outstanding Deposit as on the 31st March 2012, stood at ₹ 938.81 crore compared to ₹ 557.29 crore in the previous year.

## **DHFL : Brand Identity**

Your company continued to build and reinforce its brand equity, across various channels, communicating with both the retail as well as institutional audiences. The communication program included a well planned and orchestrated brand TV campaign that helped establish an emotional chord with the retail home loan audience, exhorting them to secure the future of their children, with a home of their own. Dovetailed with the TV campaign, was a high frequency Sustenance Print campaign in 10 languages, highlighting key occupations in line with DHFL's core philosophy of addressing the needs of the Lower & Middle Income groups. A separate Corporate Print campaign, in business newspapers and magazines, reinforced the DHFL Vision, Mission & Values, among the corporate and financial community.

DHFL also continued to participate and showcase its brand at major sporting events, thereby making its presence felt in the minds of the general public, raising brand salience. As

usual, DHFL made its presence felt at various festivals and exhibitions, further strengthening the bond with its core target group.

With the aim of getting close to the customer and boosting service level delivery, DHFL executed a novel concept in the housing finance industry – "DHFL-On-Wheels" with much success. A fully equipped, branded and manned van, covered small towns at the grass-roots level, canvassing primarily for home loans, besides other products. The launch of the consumer portal, My DHFL, on the DHFL website, is a big step towards empowering our customers who can now access their home loan records, payments made, etc., online, without having to visit the branch.

DHFL continued to reach out to Self - Help Groups and NGOs as its mission to fulfill its corporate social responsibility. Small but significant steps taken, with a resolve to contribute even more as we grow.

## **Awards & Accolades**

It's a matter of great pride and achievement when DHFL and its people are among the awards. It is a true testimony to the fact that DHFL excel at what DHFL do and the industry at large takes notice. I'm happy to inform you that our Chairman & Managing Director, Mr. Kapil Wadhawan was awarded 'Finalist in the Ernst & Young - Entrepreneur of the Year' and also inducted as a 'Power Icon in the Power Brand Hall of Fame'.



It is no small achievement that your company was reckoned as a 'Power Brand', for the second year in a row. Further, we clinched the Greentech HR Excellence Award – 2012 for Best Strategy (Gold Award), while our Head, Human Resources, Ms. Suma Krishnakumar also won the HR Award. Finally, our Head of Marketing, Mr. Mudit Bhatnagar was adjudged 'Marketer of the Year - Realty Plus Annual Excellence Awards (West)'. All these awards augur well for us as a company and the recognition will only spur us to do better in the future.

## **Conclusions**

Market conditions, both global and domestic, are continuously changing. The management has been keeping a close watch on the on-going developments, so as to take appropriate steps to uphold DHFLs positive growth. I believe that under the directions of the Board of Directors and with the professional capabilities of the team of officials, DHFL will be able to navigate the growth, built on consistency, in the years to come.

I would like to express my sincere thanks to the shareholders, our customers, depositors, stakeholders, bankers and all our well-wishers for their continued support and encouragement. I wish to put on record our appreciation for our regulator, National Housing Bank, for its continued role played in promoting, regulating and refinancing the

Housing Finance Companies and DHFL in particular. I also wish to thank all officers, staff and family members of DHFL for their sincere and dedicated involvement in building and continuing to build the DHFL brand, a force to reckon with.

In conclusion, I must express my sincere gratitude to the Chairman and Managing Director, Directors of Board for their immense contribution and suggestions to run the affairs of the company at all times. We truly believe that your support and guidance helped the management in steering DHFL in the right direction.

God Bless.



**Anil Sachidanand**



## Board of Directors

**Kapil Wadhawan**  
Chairman & Managing Director

<b>Dheeraj Wadhawan</b>	Director
<b>R. P. Khosla</b>	Director
<b>R. S. Hugar</b>	Director
<b>G. P. Kohli</b>	Director
<b>Ajay Vazirani</b>	Director
<b>V. K. Chopra</b>	Director
<b>Dr. P. S. Pasricha</b>	Director
<b>Anthony Hambro</b>	Nominee Director

### Audit Committee

<b>R. S. Hugar</b>	Chairman
<b>G. P. Kohli</b>	Member
<b>V. K. Chopra</b>	Member

### Remuneration & Compensation Committee

<b>R. P. Khosla</b>	Chairman
<b>R. S. Hugar</b>	Member
<b>G. P. Kohli</b>	Member

### Shareholders'/ Investors' Grievance Committee

<b>Kapil Wadhawan</b>	Chairman
<b>Ajay Vazirani</b>	Member

### Company Secretary

<b>S. Y. Sankhe</b>	Company Secretary
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## Bankers

Allahabad Bank  
Andhra Bank  
Axis Bank Ltd.  
Bank of Baroda  
Bank of India  
Bank of Maharashtra  
Canara Bank  
Central Bank of India  
Corporation Bank  
Dena Bank  
Federal Bank  
HDFC Bank Ltd.  
IDBI Bank Ltd.  
Indian Bank  
Indian Overseas Bank  
Karur Vysya Bank  
Oriental Bank of Commerce  
Punjab & Sind Bank  
Punjab National Bank  
South Indian Bank Limited  
State Bank of Bikaner and Jaipur  
State Bank of Hyderabad  
State Bank of India  
State Bank of Mysore  
State Bank of Patiala  
State Bank of Travancore  
Syndicate Bank  
UCO Bank  
Union Bank of India  
United Bank of India  
Vijaya Bank  
Yes Bank Ltd.

## Financial Institutions/ Multilateral Agencies/ Other Lenders

Asian Development Bank  
General Insurance Corporation of India  
International Finance Corporation  
Life Insurance Corporation of India  
National Housing Bank  
National Insurance Company Ltd.

## Auditors

**B. M. Chaturvedi & Co.**  
Chartered Accountants

## Registrar & Transfer Agent (For Equity)

LINK INTIME India Pvt. Ltd.,  
C-13, Pannalal Silk Mills Compound,  
L B S Marg, Bhandup (West), Mumbai - 400 078.  
Tel No. 25963838 Fax. No. 2594 6969

## Registrar & Transfer Agent (For Debentures)

System Support Services  
209, Shivani Industrial Estate, Andheri - Kurla Road,  
Sakinaka, Andheri (East), Mumbai - 400 072  
Tel No. 28500835 Fax No.28501438

## Debenture Trustee

GDA Trusteeship Ltd.  
GDA House, First Floor, Plot No.85,  
S.No.94 & 95, Bhusari Coloney (Right)  
Kothrud, Pune - 411038  
Tel No. (020) 25280081,  
Fax No. (020) 25280275

## Registered Office

Warden House, 2nd Floor,  
Sir P. M. Road, Fort, Mumbai - 400 001  
Tel No. 022-2202 9900  
Fax 022-2287 1985

## Corporate Office

HDIL Tower, 6th Floor, Anant Kanekar Marg,  
Bandra (East), Mumbai - 400 051.  
Telephone: 022-2658 3333 (30 lines),  
Fax: 022-2658 3344  
e-mail : [info@dhfl.com](mailto:info@dhfl.com)  
Website : [www.dhfl.com](http://www.dhfl.com)



# DHFL Growth

## OPERATIONAL HIGHLIGHTS

(₹ In Crore)

	2001 - 02	2002 - 03	2003 - 04	2004 - 05	2005 - 06	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11	2011 - 12
Approvals	215.85	447.36	525.94	741.46	1,257.02	1,502.89	2,009.55	2,698.18	5,273.96	8,949.48	12,845.31
Disbursements	203.04	418.65	468.54	633.76	1,110.30	1,472.87	1,761.53	2,266.02	3,865.56	6,505.54	9,065.24
Cumulative Disbursements	1,236.99	1,655.64	2,124.18	2,757.94	3,868.24	5,341.11	7,102.64	9,368.66	13,234.22	19,739.76	28,805.00

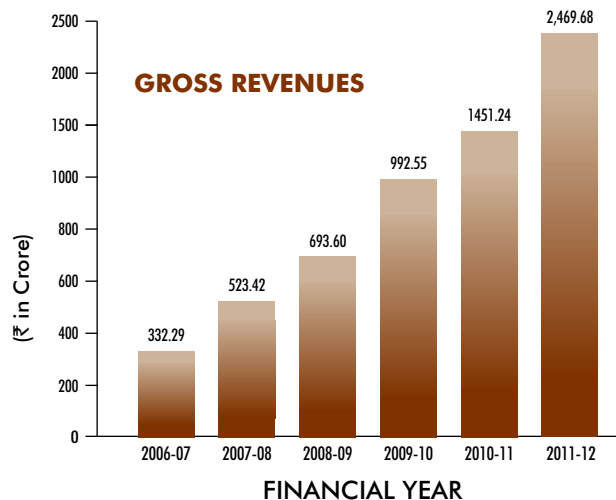
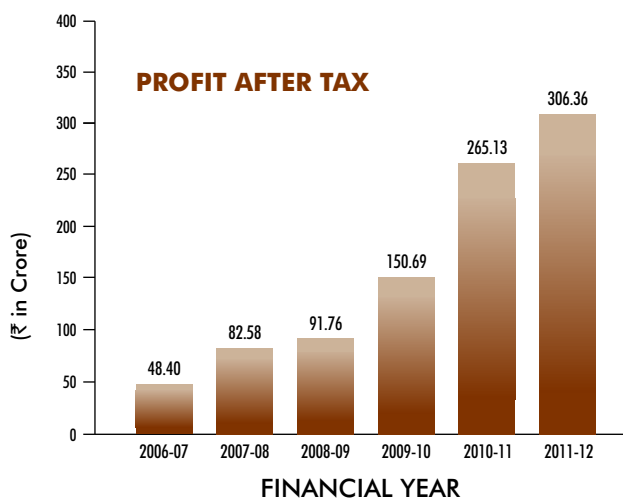
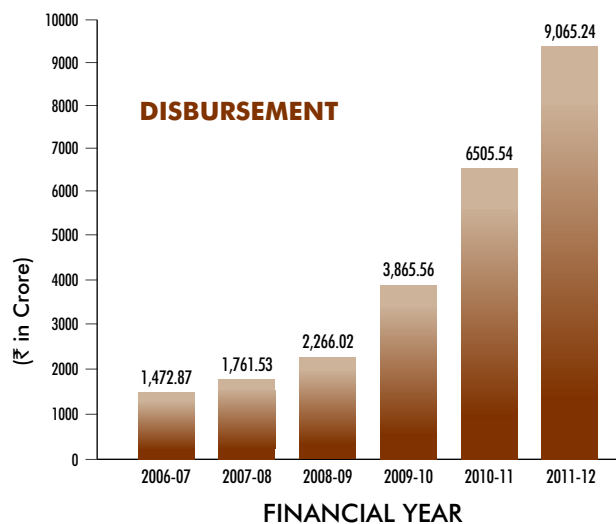
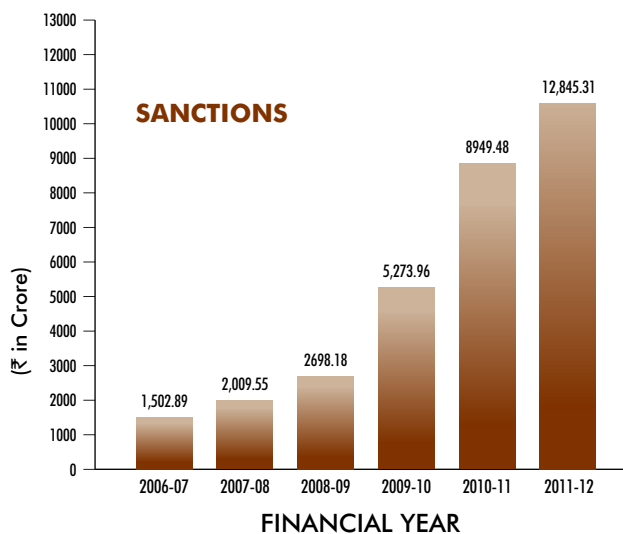
## FINANCIAL HIGHLIGHTS

(₹ In Crore)

	2001 - 02	2002 - 03	2003 - 04	2004 - 05	2005 - 06	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11	2011 - 12
Gross Revenues	115.42	130.31	146.89	163.82	226.80	332.29	523.42	693.60	992.55	1,451.24	2,469.68
Profit After Tax	17.07	19.62	22.40	27.10	41.71	48.40	82.58	91.76	150.69	265.13	306.36
Shareholders' Funds	115.58	119.91	131.70	189.59	270.66	365.27	445.07	513.54	873.44	1,548.43	2,032.72
Share Capital											
Equity	35.80	35.80	35.80	50.12	50.12	50.12	60.52	60.52	82.03	104.42	116.84
Preference	7.75	5.00	5.00	-	17.66	24.16	7.00	3.00	3.00	-	-
Others	-	-	-	-	2.50	2.50	-	56.00	-	-	-
Reserves and Surplus	72.03	79.11	90.90	139.48	200.37	288.49	377.55	394.02	788.41	1,444.01	1,915.88
Borrowings from NHB, Banks, FIs & Others	598.40	749.15	994.44	1,470.80	2,192.67	3,157.66	3,922.52	5,829.51	8,744.63	14,292.78	18,209.81
Deposits	147.06	144.23	123.02	95.77	76.93	57.05	46.90	46.87	182.16	557.29	938.82
Housing & Other Loan Outstanding	737.93	948.04	1,125.88	1,529.27	2,288.75	3,301.97	4,158.07	5,806.62	8,758.40	14,111.21	19,355.38
Dividend (%)											
Equity	15	15	25*	20	25	25	25	25	30	35	35.00
Book value per Share (Rs.) (Equity)	30	32	35	38	50	56	62	71	102.86	148.32	174.04
Earnings per Share (Rs.) (Basic)	4.41	5.31	6.12	7.05	8.32	9.22	14.43	15.15	19.78 19.58	26.43 26.12	28.97 28.67

Note: \*Includes one time special 10% dividend to mark 20th Anniversary.





net profit increased by  
**15.55%**  
to ₹ 306.36 crore

an increase in disbursement by  
**39.35%**  
to ₹ 9,065.24 crore

an increase in gross revenue by  
**70.18%**  
to ₹ 2,469.68 crore

Loan Portfolio stood at  
₹ **19,355.38** crore  
and total assets stood  
at ₹ **21,557.32** crore  
as on 31st March, 2011



## Profile of Directors

The details of the Directors including their brief profile are given as follows:



**Shri Kapil Wadhawan**, is an MBA from Edith Cowan University, Australia, Master in Finance. Upon taking over as Chairman & Managing Director from his late Father, Shri Rajesh Kumar Wadhawan, he donned the mantle of leadership and successfully transformed the Company from a national player to a significant Global player, with its presence in Dubai and London. He has guided the Company to successfully integrate systems and technologies that have resulted in improvements of profitability and operations of the Company. He has successfully steered to transform DHFL into one of the leading housing finance institutions in India. He has also played a significant role in shaping policy guidelines on matters relating to the mortgage finance industry. He received the Top Honour as the undisputed, unanimous choice for the POWERBRANDS HALL OF FAME CORPORATE ICON OF THE YEAR 2011-12 and was also awarded 'Finalist in the Ernst & Young - Entrepreneur of the Year'. He is a regular speaker at seminars on the mortgage finance industry.



**Shri Dheeraj Wadhawan**, is also the Promoter and Shareholder of the Company. He is the son of late Shri Rajesh Kumar Wadhawan and brother of Shri Kapil Wadhawan, Chairman & Managing Director. He has graduated in construction management from the University of London. He has over 11 years of experience in the real estate / developers and construction industry. He joined on the Board as a Non-Executive Director on 12th May, 2008.



**Shri R. P. Khosla** (Retd. IAS) is the former Secretary to the Government of India and has held senior positions in various Government undertakings in the past. He has been on the Board of the Company as an Independent Director since 17th March, 1993.



**Shri G. P. Kohli** is the former Managing Director of Life Insurance Corporation of India (LIC) and has vast experience in insurance, housing, human resource development, information technology and marketing, having worked in different positions in LIC. He has Master Degree in English literature MA. (Hons) and has acquired the Diploma in Labour Laws, Labour Welfare and Personnel Management. - LLD. Shri Kohli is on the Board of the Company as an Independent Director since 23rd May, 2001.





**Shri R. S. Hugar** is the former Chairman & Managing Director of Corporation Bank and has vast experience in banking, finance, treasury operations and International transactions. He has a Master Degree in Econometrics. He is also a Certified Associate from the Indian Institute of Bankers ("CAIIB"). He has been on the Board of the Company as an Independent Director since 31st July, 2002.



**Shri Anthony Hambro** is an Associate Director of Caledonia Investments Plc, (UK), having joined Caledonia in 2003. After a 17 years of banking career at Samuel Montagu and Grindlays Bank, in 1984 he set up his own corporate finance consultancy, Anthony Hambro & Co. From 1994 to 2002, he was an executive director of Ockham Holdings Plc., a listed insurance underwriting business. He is also a non-executive director of First Blue Home Finance Ltd, Marwadi Shares & Finance Ltd, Ocean Dial Group Ltd (UK) and Pragma Capital (France). He joined the Board of DHFL as a Nominee Director of M/s Caledonia Investments Plc., U.K. w.e.f. 22nd October, 2007.



**Shri Ajay Vazirani**, Ajay Vazirani is a Senior Partner of M/s. Hariani & Co. He has over 15 years of experience advising clients and specializes in Real Estate and Real Estate Finance transactions, Corporate and Commercial law, Mergers and Acquisitions, Private Equity & Funds, and Media & Entertainment. He has also handled various cross-border transactions. He is on the Board of the Company as an Independent Director since 4th January, 2008.



**Shri V K Chopra** is a Fellow Member of the Institute of Chartered Accountants of India (FCA) by profession. Shri Chopra had a career in banking, having served in that sector for over 36 years in different capacities. He was Chairman & Managing Director of Corporation Bank and SIDBI and Executive Director of Oriental Bank of Commerce for a long tenure. His last assignment was with Securities And Exchange Board of India (SEBI) as Whole Time Member for 2 years upto March, 2008. He is a non-executive and independent director of several listed companies. He joined the Board of the Company as an Independent Director on 12th May, 2008.



**Dr. P. S. Pasricha**, is Ph.D. in Management Studies from Jamnalal Bajaj Institute of Management Studies. He joined Indian Police Service (Maharashtra Cadre) in 1970 and retired as the Chief Director General of Police in Maharashtra. Thereafter he was on deputation to the Government of India and remained as the Chief Coordinator for the Tercentenary Celebrations at Nanded – Maharashtra and also advisor to the Government of Goa on various traffic management matters. He is the recipient of the President's Police Medal for distinguished service and Indian Police Medal for meritorious service, both awarded by the President of India. He is widely acknowledged as the country's leading authority on traffic and transport management. He has varied experience in special organization like Traffic, Intelligence, CID (Crime) Anti Corruption Bureau and Training. He has also served as Commissioner of Police, Mumbai and Director General, State Anti Corruption Bureau. A man of letter Dr. Pasricha has penned noteworthy books that carry strong social safety messages such as "You Only Live Once". He joined the Board as an Independent Director on 3rd March, 2010.



# Directors' Report

Dear Shareholders,

Your Directors are pleased to present the Twenty-Eighth Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2012.

## FINANCIAL RESULTS

The Financial performance of the Company for year ended 31st March, 2012 is summarized below:-

	2011-2012	2010-2011
(₹ in Crore)		
<b>Gross Income</b>	2,469.68	1,451.24
Less : Interest	1,799.23	973.13
Overheads	267.37	168.33
Depreciation	4.72	3.73
<b>Profit before Tax &amp; Exceptional Items</b>	<b>398.36</b>	<b>306.05</b>
Add : Exceptional Items	0.00	35.43
<b>Profit before Tax</b>	<b>398.36</b>	<b>341.48</b>
Less : Provision for taxation	92.00	76.35
<b>Profit after tax</b>	<b>306.36</b>	<b>265.13</b>
Add : Balance b/d from the previous year	69.96	30.35
<b>Surplus available for appropriations</b>	<b>376.32</b>	<b>295.48</b>
<b>Appropriations</b>		
Transferred to Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961	100.00	40.00
Transferred to General Reserve	100.00	100.00
Transfer to Contingency Reserve	-	35.00
Dividend on Preference Shares	-	0.02
Dividend for Earlier Year	0.08	6.59
Proposed Equity Dividend	40.89	36.57
Tax on proposed Dividend	6.51	7.34
Balance carried over to Balance Sheet	128.84	69.96
<b>Total</b>	<b>376.32</b>	<b>295.48</b>

Previous year figures have been regrouped as per Revised Schedule VI of the Companies Act, 1956 introduced by Ministry of Corporate Affairs vide notification dated February 28, 2011.



## PERFORMANCE

Your Company registered a remarkable growth in its operations. The operating profit before charging depreciation and tax amounted to ₹ 403.08 crore as against ₹ 309.78 crore in the preceding year; representing a rise of 30%. Profit After Tax (PAT) before extra ordinary items went up by 33% to ₹ 306.36 crore from ₹ 229.70 crore in the previous year. The EPS improved to ₹ 28.97 as against ₹ 26.43 of the previous year.

Besides Company's core business of providing housing finance, it also carries on vertical businesses such as insurance and property services. These vertical businesses are operated through Company's subsidiary /associate companies which have strong synergies with the Company and offer the customers wide range of financial products and services under DHFL brand.

The Proposed merger of subsidiary First Blue Home Finance Limited and DHFL Holdings Private Limited with the Company would further consolidate the Company's position in the housing industry.

### Lending Operations

The cumulative loan disbursements of the Company as at the end of financial year 2011-12 was ₹ 28,805 crore as compared to ₹ 19,739.76 crore in the previous year. The housing loans/other loan sanctioned during the year ended 31st March, 2012 were to the extent of ₹ 12,845.31 crore as against ₹ 8,949.48 crore sanctioned during the previous year.

### Disbursement

The loan disbursed during the year ended 31st March, 2012 was to the extent of ₹ 9,065.24 crore as against ₹ 6,505.54 crore disbursed during the previous year.

### Sale/assignment of Loans:

During the year, your Company securitized pool of housing and property loans and managed the joint syndicated loans where banks and others have participated aggregating to ₹ 1,637.78 crore. These assets have been de-recognised in the books of the Company. Your Company is responsible for collection and getting servicing of the securitized

portfolio on behalf of the buyer investor. In terms of the securitization agreement, your Company pays to buyer/investor/participant on monthly basis the collection amount, subject to retention of agreed extra interest spread for the Company.

Instrument through which loans have been sold / assigned have been rated by external credit rating agencies and carry a rating indicating the highest degree of safety regarding timely servicing of financial obligations.

### Loan Book:

As at 31st March, 2012, the loan book stood at ₹ 19,355.38 crore as against ₹ 14,121.98 crore in the previous year an increase of 37.06%.

### DIVIDEND

In view of the overall performance of the Company and the objective of rewarding shareholders, while retaining capital to maintain a healthy capital adequacy ratio to support future growth, the Board of Directors has recommended a dividend of ₹ 3.50 per share (35%) on 11,68,39,981 equity shares of ₹ 10 each for the financial year ended 31st March, 2012, subject to approval of the shareholders at the ensuing Annual General Meeting, as compared to dividend of ₹ 3.50 per share (35%) for the financial year ended 31st March, 2011. This dividend shall be subject to tax on dividend to be paid by the Company. The total outgo on account of dividend (including dividend distribution tax) will be ₹ 47.53 crore as against ₹ 42.76 crore in the previous year.

Your Company has paid dividend of ₹ 8 lakh and ₹ 1 lakh as tax on distribution of dividend to new shareholders on account of Final Dividend for the year 2010-11 as required under the Listing Agreement as those shares were allotted prior to record date for the dividend payment and after the date of earlier year balance sheet.

Equity shares that may be allotted on allotment of equity shares under Employee Stock Option Scheme as well as allotment, if any, of shares pursuant to approval of Scheme of Amalgamation before the date of the book closure for payment of dividend shall rank pari passu with the existing shares will be entitled to receive the dividend for the financial year 2011-12.



## UNCLAIMED DIVIDEND TRANSFERRED TO INVESTORS EDUCATION AND PROTECTION FUND (IEPF)

In terms of Section 205C of the Companies Act, 1956, the amount (dividends) that remained unclaimed and unpaid for more than 7 years from the date become first due for payment, shall be transferred to IEPF (Fund). In terms of the applicable statutory provisions of the Companies Act, 1956, no claim would lie against the Company or the said Fund after such transfer to IEPF.

The Company has been intimating the shareholders to lodge their claim for payment due, if any, from time to time and such claims have been settled. Despite constant and sincere efforts to pay the unclaimed dividend to the respective shareholders, certain amount still remains unclaimed. The Company has been intimating the shareholders to lodge their claim for dividend from time to time and such information is being mentioned in the Annual Reports every year.

Unclaimed dividend amounting to ₹ 4.97 lakh that has not been claimed by shareholders for the financial year 2003-04 has been transferred to Investor Education and Protection Fund (IEPF) during the month of September, 2011, as per the provisions of the Companies Act, 1956. As per section 205(B) of the Companies Act, 1956, no claim would lie against the Company or the said fund after the transfer.

The unpaid and unclaimed amounts lying with company for the last seven (7) financial years has been uploaded on the Company's website. Shareholders who have not claimed the said dividend may write to Registrars and Share Transfer agents.

## SHARE CAPITAL

During the year, the Company continued with its focus on measures to improve its net worth.

### (a) Qualified Institutional Placement:

Pursuant to a special resolution passed under section 192A of the Companies (Passing of the resolution by postal ballot) Rules, 2011 by the shareholders of the Company on 19th January 2012, your Company issued 1,19,09,873 (One Crore Nineteen Lakh Nine Thousand Eight Hundred Seventy Three) equity shares of face value of ₹ 10/- each at a price of ₹ 255.50 per

equity (including a premium of ₹ 245.50 per equity share) aggregating to ₹ 304,29,72,552 (Rupees Three Hundred Four Crore, Twenty Nine Lakh, Seventy Two Thousand, Five Hundred and Fifty Two Only) to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), as amended. The QIP was opened for subscription to QIBs on Wednesday, 22nd February, 2012 and closed on Friday, 24th February, 2012. The allotment of equity shares to QIBs was made on 29th February, 2012. The BSE and the NSE had given trading permission for the equity shares issued to QIBs on 2nd March, 2012.

### (b) Employee Stock Option Schemes:

During the year under review, the Company allotted in tranches 5,03,706 equity shares of ₹ 10/- each upon exercise of stock options to the eligible employees of the Company under the Employee Stock Option Scheme – 2008 and 2009.

In view of above allotments the paid-up equity share capital of the Company increased from 10,44,26,402 equity shares of ₹ 10/- each as on 31st March, 2011 to 11,68,39,981 equity shares of ₹ 10/- each as on 31st March, 2012.

### (c) Equity Shares to be allotted pursuant to the sanctioned Scheme of Amalgamation

On sanction of the Scheme of Amalgamation of First Blue Home Finance Ltd and DHFL Holdings Private Ltd. with your Company (the Scheme) by the respective High Courts, the Company will be required to allot an aggregate of 1,08,86,375 fully paid up equity shares of ₹ 10/- each, to certain shareholders of First Blue Home Finance Ltd.

Post allotment of the aforesaid shares, the paid-up equity share capital of the Company will increase to 12,77,26,356 equity shares.

The Company has paid the listing fees payable to the BSE and the NSE for the financial year 2011-12 in time.



## RESOURCE MOBILISATION

Financial Year 2011-12 turned out to be a year of reckoning for most countries. India witnessed rapid slowdown in growth, coupled with near double-digit inflation. Due to inflationary pressures, Reserve Bank of India had to tighten the monetary policy by increasing the key interest rates.

### Subordinated Debt:

During the year, your Company raised ₹ 75 crore through the issue of long-term Unsecured Redeemable Non-Convertible Subordinated Debentures. The subordinated debt was assigned an 'BWR AAA' rating by Brickworks and rating by CARE 'AA+'.

As at 31st March, 2012, your Company's outstanding subordinated debt stood at ₹ 655 crore. The debt is subordinated to present and future senior indebtedness of your Company and has been assigned the rating by CARE and Brickworks. Based on the balance term to maturity, as at 31st March, 2012, ₹ 582.00 crore of the book value of subordinated debt is considered as Tier II under the guidelines issued by the National Housing Bank (NHB) for the purpose of capital adequacy computation.

### Non-Convertible Debentures (NCD):

During the year, your Company issued NCDs amounting to ₹ 730.20 crore on a private placement basis. The Company's NCD issues have been listed on the Wholesale Debt Market (WDM) segment of the NSE. The Company's NCDs have been assigned the rating of 'AA+' by CARE and 'BWR AAA' by Brickworks. As at 31st March, 2012, NCDs outstanding stood at ₹ 1,850.20 crore.

### Innovative Perpetual Debt Instrument

During the year under review your Company has issued Innovative Perpetual Debt Instruments ("IPDI") qualifying for Tier II capital in to increase its capital adequacy ratio and fund its growing business operations. Your Company has raised the IPDI of principal amount of ₹ 125.20 crore, which qualify as Tier II capital of the Company, in conformity with NHB guidelines. The IPDI was assigned an 'AA-' rating by both CARE and Brickworks.

## Commercial Paper:

The Commercial Paper (CP) program of your Company has been rated by Credit Rating and Information Services of India Limited (CRISIL) and is assigned the rating of P1+ (P One Plus) having validity period of twelve months. During the year your Company issued CPs to the extent of ₹ 1,454.40 crore in tranches and placed them with investors' at the most competitive rates of interest. As at 31st March, 2012, commercial papers outstanding stood at ₹ 401.40 crore.

### Loans from Banks:

As part of its liability management, your Company endeavors to diversify its resource base in order to achieve an appropriate maturity structure and minimize the weighted average cost of borrowed funds. During the year under review, fresh term loans of ₹ 4,045 crore were availed from the commercial banks and financial institutions, taking the total term loan outstanding to ₹ 13,855.39 crore

### Refinance from National Housing Bank (NHB):

During the year, your Company has drawn refinance amounting to ₹ 228.00 crore under NHB's Refinance Scheme to Housing Finance Companies.

### Deposits:

During the Year, the Company has achieved consistent Growth. The Outstanding Deposit as on the 31st March 2012, stood at ₹ 938.81 crore compared to ₹ 557.29 crore in the previous year. Consistent Increase in the Investor has also been witnessed taking the Customer Accounts to 63,867 Nos.

Deposit Growth can be sustained only when the existing customers are retained effectively. It becomes even more critical for investor customer as investment opportunities are ample. We have taken a structured approach in sustenance of fixed deposit growth by focusing on the renewal of maturing fixed deposit database with the help of Direct Channel. Based on an analysis of the maturing database, a detailed strategy has been formulated and accordingly an unique two-fold program was developed which involved sending an unique Direct Mailer that seeded the thought of reinvestment amongst the depositors

which was followed by a focused tele-calling activity thus reinforcing the need to reinvest amongst the customers. The opportunities that arose through these concentrated efforts were disseminated to the business teams for further fulfillment.

As on 31st March 2012, 975 depositors had not claimed the deposits amounting to ₹ 5.10 crore. Depositors have been intimated regarding the maturity of their Deposits, with a request to either renew or claim their matured deposits. Fixed Deposits accepted by your Company have been secured appropriately to extent of Floating Charge created by way of Deed of Trust, as per guidelines issued by NHB.

### CREDIT RATING

Your Company has received an A1+ credit rating from CRISIL, which was reaffirmed in May, 2012, for its ₹ 1,500 crore short-term debt program indicating a "very strong degree of safety regarding timely payment of financial obligations".

In April 2012, CARE reaffirmed credit ratings for our fixed deposits (CARE AA+ up to ₹ 1,000 crore), our non-convertible debentures (CARE AA+ up to ₹ 2,605 crore in aggregate for three instruments) and subordinated debt (CARE AA up to ₹ 980 crore) and our Innovative Perpetual Debentures (CARE AA- upto ₹ 300 crore). Your Company has also obtained credit ratings for its long term bank borrowings (CARE AA+ upto amount of ₹ 15,814 crore).

A credit rating of CARE AA indicates that instruments with that rating are considered by CARE to "have a high degree of safety regarding timely servicing of financial obligations" among rated instruments while a credit rating of CARE AA+ reflects the comparative standing within the CARE AA category.

In January, 2012, BWR reaffirmed credit ratings for our fixed deposits (BWR FAAA up to ₹ 1,000 crore), our non-convertible debentures (BWR AAA up to ₹ 1,000 crore) and our subordinate debt (BWR AAA for two instruments of ₹ 250 crore each) for an additional subordinated debt instrument (BWR AAA up to ₹ 400 crore) and our innovative perpetual debentures (BWR AA- upto ₹ 300 crore).

A BWR FAAA rating indicates the "highest safety in terms of timely servicing of interest and principal" for

our fixed deposits and a BWR AAA credit rating indicates the "highest degree of safety regarding timely servicing of financial obligations", as compared to other rated instruments.

### CAPITAL ADEQUACY

As required under NHB Directions your Company is presently required to maintain a minimum capital adequacy of 12% on a stand-alone basis. In addition, the NHB Directions also require that your Company transfers minimum 20% of its annual profits to a reserve fund. The following table sets out our stand-alone capital adequacy ratios as at March 31 2010, 2011 and 2012.

Particulars	As on 31st March		
	2012	2011	2010
Capital Adequacy Ratio (Stand-alone) (Approximately)	18.24%	19.39%	17.26%

Your Company's stand-alone capital adequacy ratio was at 18.24% approximately as on 31st March, 2012, which we believe provides an adequate cushion to withstand business risks and is above the minimum requirement of 12% stipulated by the NHB.

### NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company adhered to the prudential guidelines for Non performing Assets (NPAs), issued by the National Housing Bank (NHB) under its Directions of 2010, as amended from time to time. As per the prudential norms, the income on such NPAs is not to be recognised.

As per the prudential norms prescribed by the NHB, the Company has made provision for contingencies on standard as well as non-performing housing loans and property loans. The Company has also made additional provision to meet unforeseen contingencies.

The National Housing Bank (NHB) vide its circular dated 5th August, 2011 read with circular dated 19th January, 2012 has introduced additional contingency provisioning requirements. The Company has met this requirement by utilising excess reserve created in earlier year and by making further



provision during the year. As a matter of prudent risk management and based on experience, the Company has created on its own in the past, additional reserve on its standard assets towards contingencies beyond the NHB requirements. The Company has fully utilised these additional contingency reserve for meeting the additional requirements of NHB and has also provided for the balance.

The Securitizations and Reconstructions of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI) has proved to be a useful recovery tool and the Company has been able to successfully initiate recovery action under this Act in the case of willful defaulters. The Company has acquired certain assets under SARFAESI which are retained for the purpose of sale under the rules and regulations of SARFAESI involving ₹ 14.03 crore.

### BRANCH EXPANSION & BUSINESS TIE- UP

Your Company has a strong marketing and distribution network. The Company has its registered office in Mumbai and has 122 branches, 72 service centres, 24 camp locations, 8 regional processing units and 4 central processing units in India, spread across the length and breadth of India. Additionally, your Company has international representative offices located in London and Dubai to cater to the needs of non-resident Indians. Your Company has entered into strategic housing loan distribution and syndication arrangements with public and private sector banks, including Punjab & Sind Bank to cater to the northern India, United Bank of India for eastern India, Central Bank of India for central India and Yes Bank Limited for across India. This gives us wider reach and access to the Banks' network, where both are set to gain. Our strong network coverage is designed to provide increased penetration to cater to the evolving needs of our existing customer base and tapping a growing potential customer base throughout India.

### INVESTMENTS

The Investment Committee constituted by the Board of Directors is responsible for approving investments in line with limits as set out by the board. The decisions to buy and sell upto the approved limit delegated by the board are taken by the Chairman &

Managing Director, who is assisted by two Senior Executives i.e. Sr. GM Account & Taxation and GM (Finance & Resources). The investment function is carried out primarily to support the core business of housing finance to ensure adequate levels of liquidity and to maintain investment in approved securities in respect of public deposits raised as per the norms of NHB.

Considering the time lag between raising of resources and its deployment, the surplus funds are generally being parked with liquid fund schemes of mutual funds and short term deposits with banks. During the year, your Company earned ₹ 1.82 crore by way of Income from Mutual funds and ₹ 13.56 crore by way of interest on deposits placed with banks. At the end of the year, your Company maintained ₹ 358.41 crore by way of deposits with banks.

As per NHB guidelines, HFCs are required to maintain Statutory Liquid Ratio (SLR) in respect of public deposits raised. Currently the SLR requirement is 12.50% of the public deposits. As at 31st March, 2012, your company has invested ₹ 48.48 crore in approved securities comprising of government securities, government guaranteed bonds and by way of Bank Deposits for ₹ 47.18 crore. It is maintained within the limits prescribed by NHB.

### INSURANCE OF PROPERTY

Your Company has insured its various properties and facilities against the risk of fire, theft, etc., so that financials are not impacted in the unfortunate even of such incidents.

The employees of the Company are covered under the mediclaim facility against hospitalization.

### DIRECTOR'S AND OFFICER LIABILITIES

This policy covers the Director's and officer of the Company against the risk of third party actions arising out of their actions /directions which may have resulted in financial loss to any third party. The Company has appropriately insured itself to mitigate against such risk from any third party.

## INSURANCE COVERAGE TO BORROWERS

All the borrowers of the Company were insured against the risk of accidental death, property insurance and loss of employment (upto 3 EMI's) by Future Generali General Insurance Co. Ltd.

Your Company is a Group Administrator (Master Policy Holder) of 'Home Assure' a life insurance mortgage reducing term assurance product from ICICI Prudential Life Insurance Co. Ltd, whereby the borrowers are insured for the outstanding loan amount in the event of occurrence of death during the loan tenure.

In addition your Company also offered 'Home Safe Plus' a general insurance product from ICICI Lombard General Insurance Co. Ltd to borrowers availed loan against property to insure against accidental death, property insurance, critical illness and loss of employment (up to 3 EMI's).

The primary objective is to insure our loan portfolio from default due to unforeseen events with our borrowers. Your Company has insured 96% of all the new customer acquisitions and 81% of the total loan portfolio acquired in FY 2010-11. The overall fee income growth in FY 2011-12 was 52% over last FY 2010-11.

## NHB GUIDELINES

The Company has been following the various Circulars, Notifications and Guidelines issued by National Housing Bank (NHB) from time to time. The Circulars and the Notifications issued by NHB are also placed before the Audit Committee / Board at regular intervals along with the compliance of the same.

During the year under review, NHB has conducted an inspection of the Company under Section 34 of the NHB Act, 1987 and Company has furnished the replies to the same.

## KYC & AML STANDARDS

During the year under review, the National Housing Bank has issued revised comprehensive Know Your Customer (KYC) Guidelines and Anti Money Laundering Standards in the context of

recommendations made by the Financial Action Task Force on Anti Money Laundering Standards and on Combating Financing of Terrorism Standards. During the year, the Board reviewed and noted the amendments to the Company's KYC and Prevention of Money Laundering Policy as stipulated by NHB. Your Company has adhered to the compliance requirements in terms of the said policy for monitoring and reporting cash/suspicious transactions.

The Fair Practices Code framed by NHB seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what services they can reasonably, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the housing finance company and foster confidence in the housing finance system. During the year, your Company has adhered to the Fair Practices Code as approved by the Board of Directors.

## CODE OF CONDUCT:

Your Company has adopted a revised Code of Conduct for its Board Members and Senior Management personnel. The code of conduct has also been posted on the official website of the Company. A copy of the code of conduct has been circulated to the directors and senior Management.

The Declaration by the Chairman & Managing Director of the Company regarding compliance with the Code of Conduct for Board Members and Senior Management is annexed with the Corporate Governance report.

## RISK MANAGEMENT FRAMEWORK:

Your Company has a Risk Management Framework, which provides the mechanism for risk assessment and mitigation. The ALCO Management Committee (AMC) comprises the Chairman & Managing Director, the Chief Executive Officer, Chief Operating Officer and other members of senior management.

During the year, the AMC reviewed the risks associated with the business of your Company, its root causes and the efficacy of the measures taken to



mitigate the same. The Board of Directors also reviewed the key risks associated with the business of your Company, the procedures adopted to assess the risks and their mitigation mechanisms.

## BRANDING

We believe that the 'DHFL' brand is one of the most important intangible assets that we own. During this fiscal year, the Company remained resolutely committed to building its brands for the long term and continues to invest in their marketing, sales and distribution in all key markets, such as:

- **Brand Campaign:** Brand commercial did the aerial carpet bombing during October – November 2011 with 8971 spots across 47 Regional General Entertainment Channels and Business & News Channels and created high brand salience at a blanket level across all markets. This was also supported by high visibility Print Innovations in key select markets.
- **Sustenance Campaign:** A well designed Print Media plan sustaining for almost 16 weeks starting 17th August carried rational product based communication with creative variations comprising home loan messages of generic, occupational, clear product descriptive, festive based communication and fixed deposits in 27 regional dailies to reach out 129 plus DHFL operating locations through a cumulative of 400 plus insertions.
- **Corporate Campaign:** The campaign focused at delivering the Brand Essence to the Corporate Audience which involved Key decision makers, Investor Pools etc. The campaign was activated between Nov – Dec 2011 involving high visibility media chosen basis the desired TG. TVC: Over 3000 spots were consumed across key business & news Channels like ET Now, CNBC, BBC World, Bloomberg among others. This was further supported through 39 highly targeted insertions in over 13 Business Magazines like Business World, The Economist, Business Today, Forbes, and Outlook etc. While the Online design covered most prominent online portals catering to the news & business affluent audience like Bloomberg, Money control, Reuters etc delivering 2,54,67,662 impressions.

- **Retail Activations:** Retail level marketing programs gained a lot of prominence this year. Over 33 trade fairs were participated across the year. 40+ Business Associate Meets conducted for alternate referral channel development. DHFL Express a unique activation program conducted across zones in Mumbai, Pune & Rest of Maharashtra, Delhi, Rajasthan, Kerala & Karnataka generating over 6000 enquiries. These events cumulatively supported in delivering disbursements of 603 files worth ₹ 36.5 crore.
- **Online:** This year saw the DHFL website migrating to the Wordpress platform thereby easing out the content management aspect as well as enhancing the auto optimization for Search Engine Optimization (SEO) which is key in today's digital marketing space. DHFL also went active on the Mobile space through the launch of its Mobile site, which today enjoys a 300% growth in traffic. The platform generated over 18000 enquiries.
- **Sports:** Your Company is the associate team Sponsor for Mumbai Indians the most followed franchisee of the Indian Premier League (IPL) Twenty20.

DHFL had over a million visits to our website [www.dhfl.com](http://www.dhfl.com) on business and property related topics during the year. We continued to have leadership presence at premier housing finance industry and real estate property events.

## Awards & Recognition

During this fiscal year, your Company has received the following Awards and Recognition, by the various bodies in recognition of Company's operation and conduct of business, which has made us proud:

- DHFL was awarded the Powerbrand status for the 2nd year consecutively. This is recognition by the Indian Consumer who has chosen DHFL as a Powerbrand, indicating a high degree of brand satisfaction across performance parameters.
- DHFL was ranked 337th amongst the top Fortune India 500 companies for the year 2011-12.

- Ranked as 47th amongst India's 50 Biggest Financial Companies for the year by Business World Magazine.
- DHFL won Marketer of Year – Realty Plus Excellence Awards of the Year – 2012.
- DHFL won Greentech HR Excellence Award – 2012 for Best Strategy (Gold Award).
- DHFL Wins "Realty Plus Newsmaker of the Year-2011.
- DHFL become Life time corporate member of with The Indian Institution of Valuers (India).

Shri Kapil Wadhawan - Chairman & Managing Director received the Top Honour, as the undisputed, unanimous choice, for the POWERBRANDS HALL OF FAME CORPORATE ICON OF THE YEAR 2011 – 2012. The PowerBrands Hall of Fame seeks to honour leaders in the business fraternity who have carved a niche for themselves with their remarkable strategies that have channelized growth and been instrumental in taking their companies ahead.

All these accolades are a reflection of DHFL's consistency when it comes to delivering shareholder value and speaks volumes about it being customer-centric and service driven.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Considering these, the concept of Corporate Social Responsibility (CSR) is the demand of the current era. CSR has become a concept that frequently overlaps similar approaches, such as corporate sustainability, corporate sustainable development and corporate responsibility.

To meet CSR, your Company along with the International Finance Corporation ("IFC"), a member of the World Bank Group, and DHFL Vysya Housing Finance Ltd., established Aadhar Housing Finance Private Limited (AHFPL) in May 2010 to meet the needs of the under-served lower income segment of society with focus and technical expertise. AHFPL primarily targets states with a relatively larger lower income segment such as Uttar Pradesh, Madhya Pradesh, Jharkhand, Orissa, Chhattisgarh and Bihar. The ticket size of loans to be originated will be limited to a maximum of ₹ 6 lakh.

Your Company is a socially responsible organization and always keen to promote the interest of customers, employees, shareholders and communities as a whole. Your Company has upheld its CSR in the following ways:

Our founder chairman's vision and legacy continues to guide our company and our people. Social responsibility is a way of life at DHFL. It means investing in and enriching our communities. It means encouraging employee volunteerism.

CSR was the main focus this year which received overwhelming participation and was a huge success.

#### Blood Donation:

To commemorate our heroes on this year's Independence Day, DHFL organized a blood donation drive in association with the Red Cross Society of India on the 12th August, 2011. The event was received with eager participation from the DHFL family.



#### Joy of Giving:

Employees came forward to celebrate the Joy of Giving by donating newspapers, magazines etc. DHFL supported Umang Foundation's initiative of supporting stationary kits to 300 underprivileged children in the Joy of Giving week.

#### Children's Day and Toy Donation Drive:

This Children's Day, DHFL conducted a Toy Donation Drive in association with Mumbai Mobile Crèches (MMC). The participation was quite enthusiastic and we managed to collect 5 large cartons of toys. DHFL



volunteers also visited the Sion centre of MMC spent some time with the children and handed over the toys. A printer, 2 desktops and stationary for the kids were donated on the occasion.



### DHFL Touches Lives Of Children Through Balakalakaar

DHFL was the title sponsor of AIESEC Mumbai's Balakalakaar. Balakalakaar 2011 saw a 1000 children from 10 BMC schools participate in a month long program involving a series of workshops. Based on their performance, 100 children were shortlisted to showcase their talents and receive scholarships at the DHFL Balakalakaar Grand Finale 2011 event held in December 2011.



### Eye Donation Campaign:

Employees of DHFL vowed to pass the gift of sight and pledged to donate their eyes facilitated by Umang Donation, a NGO committed to social causes.

### WORKPLACE DIVERSITY

1. DHFL, as an equal opportunity employer, celebrated the International Women's Day. All women employees were recognized with chocolates and a card.
2. Regional festivals like Navratri, Onam, Christmas etc are celebrated with great fervor thus promoting a cohesive environment.

Your Company in association with Mumbai Mobile Crèches participated in Standard Chartered Mumbai Marathon - 2012 on 15th January, 2012. Your Company had taken initiatives to help support the cause of children of construction workers at the construction sites in Mumbai.



In line of agreement with Concern India Foundation (CIF), based in Mumbai, your Company continues to support for promoting activities linked to upliftment of members belonging to weaker sections of society. Concern India Foundation is undertaking the activities linked to the following major issues:

- Education
- Community Development
- Health
- Environment

### DHFL Employee Welfare Trust

Your Company also provides assistance for education to its employees who aspire to undertake education through its trust **“Late Shri Rajesh Kumar Wadhawan DHFL Employees Welfare Trust”**.

### SECRETARIAL AUDIT

Secretarial Audit is being carried out at the specified period, by practicing company secretary. As a measure of good corporate governance the Company had also appointed M/s. Aabid & Co, practicing company secretaries to conduct Secretarial Audit of the Company. The Secretarial Audit Report for the Financial Year ended 31st March, 2012 is provided in this Annual Report.

### HUMAN RESOURCES

During the year the Company managed to attract talent from leading banks, financial institutions and multinational organizations.

Your Company is fully operational with its globally renowned HRIS Peoplesoft package for its HR systems and processes.

Your Company believes that the ability to keep learning is a key sustainable advantage and hence strong emphasis is placed on constantly upgrading the skills of its employees. During the year, all new recruits underwent an induction training programme. In addition, employees who were promoted across various grades attended Executive Development and Managerial Skills programmes. During the year, a leadership programme was designed and conducted by the Indian Institute of Management, Ahmedabad, for a select group of employees identified on the basis of their performance and future potential.

Amongst many others, internal training programmes were conducted in the areas of housing finance, corporate risk management; negotiate selling skills, credit risk management KYC and AML measures. Your Company also nominated staff members for a variety of external programmes including real estate and housing, education, treasury and risk management, information technology, taxation and International Financial Reporting Standards.

Measures were taken to reach out to the employees through revised incentive schemes, several reward and recognition programs and employee engagement activities. A complete On-Boarding process including the Buddy program was put in place to ensure that new employees feel at ease in the initial period of joining.

During the year, the Company monitored more closely the individual performances, month on month and the weak performers were put through a structured Performance Improvement Plan (PIP).

The work force of the Company as on 31st March 2012 was 1,400. The total work force cost during the year has gone up by 44.70% from ₹ 59.86 crore to ₹ 87.81 crore. This was mainly due to increase in work force to meet the requirements on account of significant expansion in terms of geographical growth as well as business volumes and the salary revisions effected during the year.

During the year, the Company received an award for **“The Best Strategy” Gold Award** by Greentech



Foundation as part of their HR Excellence Award, 2012. The HR- Head received the "HR Leader" Gold Award, 2012 given by the same foundation. The change management and transformation process including the scaling up of HR operations to meet the company's dynamic needs, have contributed in no small measure to the robust growth of the company.

Your Company has entered into Deed of Trust with Life Insurance Corporation of India which covers the Company's employees under the group gratuity schemes with the Life Insurance Corporation of India ('LIC'). The schemes are defined benefit schemes and are funded in line with the LIC's actuarial valuation carried out at year end.

### PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed

thereunder, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the Director Report is being sent to all the shareholders of the Company excluding the annex. Any shareholder interested in obtaining a copy of the said annex may write to the Company.

### EMPLOYEES STOCK OPTION SCHEME (ESOS)

Employees Stock Option Scheme (ESOS) was approved and implemented by the Company and Options were granted from time to time to employees under ESOS 2008 and ESOS 2009 - Plan I & II in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI Guidelines").

The particulars of options issued under the said Plans are as under :

Particulars	ESOS -2008	ESOS 2009 Plan I	ESOS 2009 Plan II
Options Granted under the schemes	14,22,590	12,75,000	12,34,670
Option exercised up to 31.03.2012	7,34,532	4,41,275	-
Total Options Lapsed upto 31.03.2012	2,29,912	1,71,747	78,800
Outstanding options at the end year	4,58,146	6,61,978	11,55,870
Option unvested at the end of the year	3,87,924	4,22,340	11,55,870
Exercisable at the end of year	70,222	2,39,638	-

### INFORMATION TECHNOLOGY AND COMMUNICATIONS

During the year 2011-12, apart from upgrading the existing software applications with enhanced/ added features to meet the current and emerging business needs, certain new application systems were implemented.

Your Company has launched the customer portal in the financial year 2011-12 where the customers can view their loan account details on-line. This facility is primarily created to enable the customer to view the loan details at their convenience. This will also reduce

the customer visit to the branches, which in turn will help to gradually reduce the manpower required at the branches to service the customer.

Currently, we have enabled this facility for the post disbursement process, in the second phase we are planning to enable this facility to customers whose application has been logged into the system where they will be able to track the application status. We will initiate various activities with the help of marketing team to educate and make the customers aware of this facility so that we have more number of customer registrations in the customer portal.

## AMALGAMATION OF FIRST BLUE HOME FINANCE LTD AND DHFL HOLDINGS PRIVATE LTD. WITH YOUR COMPANY

The Board of Directors of your Company at its meeting held on 28th September, 2011 had, approved amalgamation of First Blue Home Finance Limited and DHFL Holdings Private Limited with your Company in terms of a Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956. The Board had approved the share swap ratio of 10:97, meaning thereby 10 (Ten) equity shares of ₹ 10/- each fully paid-up in your Company for every 97 (Ninety Seven) equity shares of ₹ 10/- each fully paid-up in First Blue Home Finance Ltd. Said swap ratio is based upon the report submitted by M/s. Ernst & Young and the fairness opinion of the same had been confirmed by Standard Chartered Bank, an independent merchant banker. The Appointed Date of the amalgamation was April 1, 2011.

The aforesaid Scheme of Amalgamation of First Blue Home Finance Ltd and DHFL Holdings Private Ltd into and with your Company was approved by equity shareholders of your Company with requisite majority at the meeting held on 17th April, 2012. Subsequently, your Company filed the petition before the Hon'ble High Court at Bombay.

## SUBSIDIARY COMPANIES

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any members of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open to inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. The same will also be hosted on our website, [www.dhfl.com](http://www.dhfl.com).

During the year under review your Company disinvested majority of its equity shareholdings in DHFL Vysya Housing Finance Ltd and DHFL Property Services Ltd to the existing promoters / promoter group of your Company. Disinvestment of equity shares in DHFL Vysya Housing Finance Ltd. was to compliance with NHB requirement.

In view of the aforesaid disinvestment, the shareholding of your Company, in DHFL Vysya Housing Finance Ltd is below 10% of the total paid up equity capital of the DHFL Vysya Housing Finance Ltd and has ceased to be subsidiary of your Company and your Company does not hold any equity stake in DHFL Property Services Ltd.

Accordingly, Aadhar Housing Finance Private Ltd, which was promoted by your Company also ceases to be subsidiary of your Company due to disinvestment of Company's equity in DHFL Vysya Housing Finance Ltd.

Due to aforesaid disinvestment, DHFL Vysya Housing Finance Ltd, DHFL Property Services Ltd and Aadhar Housing Finance Private Ltd. have ceased to be subsidiaries. However, the said companies shall continue to be Associate/Group Companies of your Company.

Your Company has 3 subsidiaries, namely, First Blue Home Finance Ltd, First Blue Financial Consultants Ltd. and DHFL Holdings Private Ltd.

## CONSOLIDATION OF ACCOUNTS

The audited Consolidated Accounts and Cash Flow Statement, comprising of DHFL and its subsidiary, First Blue Homes Finance Ltd. First Blue Financial Consultants Ltd and DHFL Holdings Private Ltd. are annexed to this Annual Report. The Auditors' Report on the Consolidated Accounts is also attached. The Consolidated Accounts have been prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India in this regard.



## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The particulars regarding foreign exchange earnings and expenditure appear as Note No. 31.1 in the Notes forming part of the financial statement for the year ended 31st March, 2012.

Since the Company is not engaged in any manufacturing activity, the other particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with the Clause 158 of the Articles of Association of the Company, Shri Dheeraj Wadhawan and Dr. P. S. Pasricha, directors of your Company retire by rotation and being eligible; offer themselves for re-appointment at the ensuing Annual General Meeting. Necessary resolutions for the re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM.

Brief resume of the Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership / chairmanship of Board committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Report on Corporate Governance forming part of the Annual Report. All the directors of the Company have confirmed that they are not disqualified for being appointed/ reappointed as directors in term of Section 274(1)(g) of the Companies Act, 1956.

## INTERNAL AUDIT

Your Company has a well equipped internal audit department carrying out a regular independent evaluation of various activities undertaken by your Company through its branches, Zonal Offices and Corporate Office. The Internal Audit Department is headed by senior management personnel. The audit function maintains its independence and objectivity

while carrying out assignments. It evaluates on a continuous basis, the adequacy and effectiveness of internal control mechanism, adherence to policies, procedures as well as regulatory and legal requirements. The function also proactively recommends improvement in operational processes and suggests streamlining of controls against various risks. The Audit Committee of the Board reviews the performance of the internal audit on continuous basis, gives direction to its functionaries and reviews effectiveness of internal control systems.

In addition to internal audit, concurrent audit is conducted on monthly basis by engaging 22 independence practicing Chartered Accountant Firms in most of our branches covering major volume of our business. Focus of concurrent audit is mainly on transaction level adherence to policies, procedures and guidelines issued by management and compliance to regulatory and statutory guidelines.

Systems and procedures are being upgraded to provide checks and alerts for avoiding/detecting fraud arising out of misrepresentation by borrower/s while availing the housing loans.

## AUDITORS

M/s. B.M. Chaturvedi & Co., Mumbai, Chartered Accountant [Firm Registration No.114317W], retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. M/s. B.M. Chaturvedi & Co., have confirmed that if reappointed, it shall be within the limits of Section 224 (1B) of the Companies Act, 1956. The necessary eligibility certificate under Section 224(1B) of the Companies Act, 1956, was received from them. The Audit Committee and Board of Directors recommend the appointment of M/s. B.M. Chaturvedi & Co., Chartered Accountants, as the auditors of your Company.

## AUDITORS REPORT

The notes to the accounts referred to in Auditors Report are self-explanatory and therefore do not call for any further comments.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors would like to inform that the audited accounts containing the Financial Statement for the year ended 31st March 2012 are in conformity with the requirements of the Companies Act, 1956 and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These Financial Statements are audited by the Statutory Auditors, M/s. B. M. Chaturvedi & Co., Chartered Accountants, Mumbai.

In accordance with the provisions of section 217 (2AA) of the Companies Act, 1956 and based on the information provided by the management, your directors state that:

- (i) in the preparation of accounts, the applicable accounting standards have been followed;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for year ended on date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- (iv) they have prepared the annual accounts on a going concern basis.

## CORPORATE GOVERNANCE

Your Company has complied with the provisions of Corporate Governance as under the amended Listing Agreements of the Stock Exchanges, with which the Company's shares are listed. Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, the followings form part of this Annual Report :

- (i) Chairman & Managing Director's declaration regarding compliance of Code of Conduct by Board Members and Senior Management personnel;
- (ii) Management Discussion & Analysis
- (iii) Report on the Corporate Governance;
- (iv) Auditors' Certificate regarding compliance of conditions of Corporate Governance.

## FUTURE OUTLOOK

Housing / real estate sector which is slowly coming out of the mid 2008 slump has received good support from Union Budget 2012- 2013. How the budget has encouraged housing sector finance is given below:

- Existing scheme of interest subvention of 1 per cent on housing loan further liberalized.
- Existing housing loan limit enhanced to ₹ 25 lakh under priority sector lending.
- Limit of indirect finance under priority sector to housing loan enhance to ₹ 10 lakh from ₹ 5 lakh
- Allowing External Commercial Borrowings (ECB) for low cost affordable housing projects across major cities and towns and
- Setting up of a Credit Guarantee Trust Fund to ensure improved flow of institutional credit for housing loans.

With the recent improvement in the demand for housing and real estate sectors, activities in the housing, real estate sectors and infrastructure sectors are expected to remain healthy in the coming quarters. This will lead to a rise in credit demand for housing. The liquidity conditions of your Company have remained comfortable during the year. Your Company has successfully raised funds from bank as well as non bank sources. Your Company does not



expect any pressure on the liquidity front. This is because liquidity conditions in the banking system will continue to remain comfortable. A healthy demand for credit for home loan coupled with comfortable liquidity conditions will lead to a rise in disbursement.

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their gratitude to the National Housing Bank, the Company's Customers, Bankers, Shareholders, Debenture holders, Depositors and others for their assistance and co-operation and who have helped the Company in its endeavour. The Board also places on record its deep appreciation for the excellent support

received from the employees at all levels during the year. The Directors also like to thank the Bombay Stock Exchange, the National Stock Exchange, NSDL, CDSL and the Credit Rating Agencies for their co-operation.

for and on behalf of the Board

**Kapil Wadhawan**  
Chairman & Managing Director

Dated : 10th May, 2012

Place : Mumbai

# Management Discussion And Analysis

## OVERVIEW OF THE INDIAN ECONOMY

The Indian economy rebounded strongly in fiscal 2011-12 from the moderation induced by the global downturn. India's economy was the third fastest growing economy, among the largest fifty economies in the world in terms of GDP on a purchasing power parity basis, after China and Argentina in Calendar 2011.

During the year under review, India's GDP moderated to 6.5% after growing by 8.4% in both FY 2009 – 10 and FY 2010-11. While overall global GDP growth has remained tepid, some of the reasons for slowdown in India were due to weak industrial growth and overall deceleration in investments. The services sector, however, continued to be the key growth driver in the Indian economy, contributing close to 60% to the GDP.

Inflationary pressures continued to be a concern for the economy. Though inflation tempered downwards to stand at 6.89% in March 2012, it remained high compared to RBI's comfort zone of 5% to 6%. In a bid to contain inflationary expectations, the RBI increased the repo and reverse repo rates by 175 basis points each during the years under review. Cumulatively between October 2011 and March 2012, and the RBI increased policy rates 13 times by an aggregate of 375 basis points.

### Housing Industry Outlook

India continues to be one of the fastest growing real estate markets in the world. It is not only attracting domestic real estate developers but also foreign investors, particularly, NRI investments in India have a bulk of their share in the Indian housing market. The housing construction industry is poised for double-

digit growth in the backdrop of large population base, rising income level and rapid urbanization.

The growth in the number of households in India is result of an increase in population and changing income demographics in India, especially in urban areas. The increase in population has a direct bearing on the requirement for housing units. The number of households is likely to rise with the change in the age of the population. Population growth is occurring in a younger age group and it is estimated that this will translate into a tremendous increase in the working population, thereby leading to greater demand for housing.

Presently, the affordable housing is basically targeted at economically weaker class and low income groups and constitutes majority of the Indian housing industry, both in terms of value and volume. However, medium housing segment is also witnessing tremendous growth, especially in Tier-1 and Tier-2 cities. These factors are expected to sustain the growth of luxury housing segment in long run.

Despite a higher interest rate environment, the demand for home loans remained robust. The shortage in dwelling unit is further accentuated in the mid-income and low-income segments. This was predominantly on account of rising disposable incomes and continued fiscal incentives on housing loans. Given the acute shortage of housing in the country and low mortgage penetration, demand for home loans is likely to remain strong.

### Interest Rate Scenario

In line with interest rate movements in the economy, DHFL has also revised its Retail Prime Lending Rate (RPLR) for home loans. The RPLR is a dynamic



benchmark based on index of money market instruments.

With a view to support the real estate demand (largely home loans), housing finance companies including banks hiked their lending rates by 100-150 bps and started offering sops in the form of (1) fixed rate of interest on loans for certain tenure (2) Lower loan processing charges (3) Instant access to loans. The loan-to-value ratio continues to remain in the range of 70-75%. In line with global trends, the interest rate scenario has been volatile.

### Lending Operations

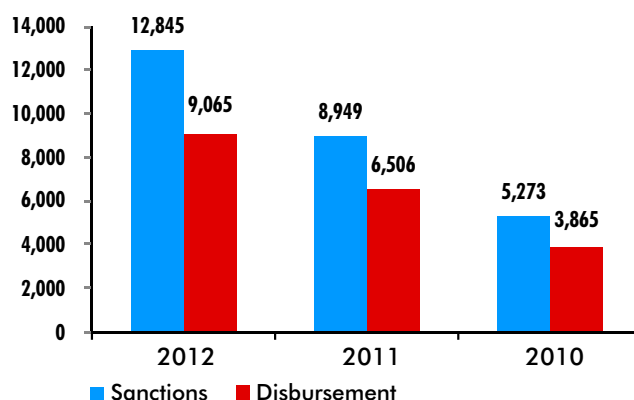
The country witnessed unfavourable macro-economic conditions of slowdown in economy and GDP growth, muted FDI flows, rising inflation, fluid stock market, rising interest rates and negative business sentiment cast its shadow over the real estate sector, with developers and property buyers / investors caught in a quagmire.

The real estate sector that grew at 25-30 per cent experienced a slow-down in 2011, with growth rate dropping to about 15 per cent.

In-spite of stiff competition the operational performance of your Company was noteworthy in the financial year 2011-12. During the year under review, Loan sanctions on a standalone basis, during the fiscal year ended 31st March, 2012 was ₹ 12,845 crore as against ₹ 8,949 crore in the previous fiscal year, representing a growth of 44%, Loan disbursements on a standalone basis, during the fiscal year ended 31st March, 2012 was ₹ 9,065 crore as against ₹ 6,506 crore in the previous year, representing a growth of 39%,

Cumulative loan approvals and disbursement since inception upto the 31st March, 2012 reached ₹ 37,612.12 crore and ₹ 28,805 crore respectively. Cumulative disbursement worked out to 76.58% of cumulative approvals. Loan Book amounted to ₹ 19,355.38 crore in the financial year 2011-12.

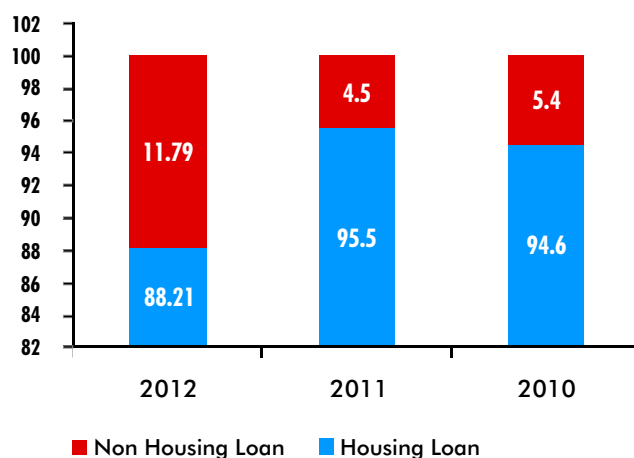
Sanctions and Disbursements (Rs. In Crore)



Your Company's housing loan business has continued to grow at a fast rate. In value terms, housing loan sanctions have grown at a compounded 65% and disbursements have witnessed a compounded growth of 55% over the last four fiscal years ended 31st March, 2012, despite stiff competition from other players in the market.

The following chart sets out your Company's total disbursements by principal categories of loans and as a percentage of total loans for the past three fiscal years.

Description for the fiscal year ended 31st March  
Loan Type wise % share.



Home loan disbursement was ₹ 6,261 crore, Non Housing Loan ₹ 1,817 crore and project loans ₹ 987 crore.

During the year, your Company has financed an amount of ₹ 1,372.38 crore for 17,125 units against

the target of 12,750 units as set by the National Housing Bank under the Golden Jubilee Rural Housing Finance Scheme of the Government of India.

### Sale of Loans

During the financial year 2012, the Company successfully completed the securitization of housing loans aggregating to ₹ 1,486.51 crore.

### Dual Rate Home Loans

In December 2009, DHFL introduced “Easy Easy Home loan” scheme with Dual Interest rates. This scheme comprises two components – an initial fixed rate period up to March 31, 2012 and thereafter the loan switched to a floating rate linked to the RPLR. Easy Easy scheme was withdrawn with effect from 28th February 2010. The outstanding individual loans under Easy Easy scheme as on 31st March 2012 was Rs. 666.03 crore. All Easy Easy loans have converted to floating rates loans linked to RPLR w.e.f. 1st April 2012.

### Marketing and Distribution

As on 31st March, 2011 and 31st March, 2012, housing loans made up 95.6% and 91.7%, respectively, of our total outstanding assets on a standalone basis, this demonstrates our focus on the housing market. We believe our focus in the housing loan space helps to consolidate our industry expertise and increase brand awareness in our target markets, which we can leverage throughout our marketing network. In addition, we target the underserved LMI segment of the Indian population. As opposed to focusing on higher value customers, primarily in Tier I cities, whose credit quality is relatively easier to assess, we have developed credit appraisal mechanisms to target customers requiring lower ticket sizes in Tier II and Tier III cities, including private salaried persons, public servants, entrepreneurs, traders and other professionals. We believe that this segment presents significant potential going forward

as the Government turns its focus towards inclusive growth to extend the benefits of economic prosperity. By targeting the LMI segment, we benefit also from regulatory support. “Affordable Housing for All” is an important policy agenda. In addition, the Ministry of Finance, promotes rural housing finance in the LMI segment through programs such as the Rural Housing Fund and the Golden Jubilee Rural Housing Scheme, which provide funds at concessional rates of interest to lending institutions to re-finance rural housing loans. We believe that our presence in the LMI segment provides us with opportunities to take advantage of these initiatives.

### Investments

The decisions to invest/disinvest are in line with the limits as set out by the Board up to the approved limit delegated to the Chairman & Managing Director, who is assisted by senior executives of the Company. The investment function is carried out primarily to support the core business of housing finance to ensure adequate levels of liquidity and to maintain statutory liquidity. As at 31st March, 2012, the investment portfolio stood at ₹ 464.68 crore as against ₹ 871.26 crore in the previous year.

Housing Finance Companies (HFCs) are required to maintain a Statutory Liquidity Ratio (SLR) in respect of public deposits raised. Currently the SLR requirement is 12.50% of public deposits. As on 31st March, 2012, your Company has invested ₹ 47.18 crore in bank deposits and ₹ 48.48 crore in approved securities comprising government securities and government guaranteed bonds. Your Company has classified its investments into current and long-term investments. In respect of long-term investments, provisions have been made to reflect any permanent diminution in the value of investments.

### Disinvestments in Subsidiary Companies

As required by NHB, the Company has divested its holding in DHFL Vysya Housing Finance Limited from 58.20% to 9.47% during the year. The Company with



a view to focus on its core business has also completely divested its entire holding in DHFL Property Services Limited during the year. Accordingly, DHFL Vysya Housing Finance Limited, Aadhar Housing Finance Private Limited and DHFL Property Services Limited are no longer subsidiaries of the Company. The Company has earned profit of ₹ 31.87 crore on sale of shares of DHFL Vysya Housing Finance Limited.

### Provision for Contingencies

Pursuant to NHB circular dated 5th August, 2011 read with circular dated 19th January, 2012, NHB has introduced additional contingency provisioning requirements. The Company has met the above requirement by utilizing excess reserve created in earlier year and by making further provision during the year. As a matter of prudent risk management and based on experience, the Company has created on its own in the past, additional reserve on its standard assets towards contingencies. The Company has made during the year additional provision of ₹ 10.51 crore.

### Fixed Assets

During the year, the gross block of assets has grown up by 12% over previous year. The additions on fixed assets were at ₹ 29.65 crore as detail below.

- (i) Investments in capital work in progress is ₹ 16.18 crore
- (ii) Furniture & Fixtures amounting to ₹ 4.78 crore
- (iii) Office Equipments amounting to ₹ 3.02 crore
- (iv) Computer systems ₹ 5.14 crore
- (v) Other additions of ₹ 0.53 crore.

Company has made contractual commitment to vendors who are executing various capital contracts. The estimated amount of such contracts remaining to be executed on capital amount and not provided for (net of advance) was ₹ 1.60 crore.

### FUNDING SOURCES

The year witnessed some of the most challenging times for fund raising at competitive costs. Reserve Bank of India (RBI) took various monetary measures to address some of the macroeconomic concerns facing the industry. During the last quarter, market remained volatile due to uncertainty in the global markets and concern over inflation. In spite of adverse environment, the Company was largely successful in mitigating the impact of any sharp rise in its cost of borrowings with reference to its interest rate benchmarks through prudent and active liability management practices.

Your Company strives to maintain diverse sources of funds in order to reduce the funding costs, maintain adequate interest margins and achieve liquidity goals. As of 31st March, 2012, your Company source of funds include banks – 72.36%, re-financings from NHB - 6.68%, public deposits – 4.90%, non-convertible debentures - 9.66%, loans from multinational agencies, including Asian Development Bank and International Financing Corporation - 0.23% and from others – 6.17%, at competitive rates.

### Term Loans from Banks and Financial Institutions

Your Company has raised ₹ 4,045 crore by obtaining term loans from banks and financial institutions. The Company's loans are secured by pari-passu first charge by way of mortgage on our Company's present and future immovable properties and by first pari-passu charge by way of hypothecation of our movable properties, including book debts, in favour of our creditors. Your Company has entered in to a Memorandum of Deposit of Title Deeds with all of our bank lenders, with Union Bank of India as the lead bank and holder of security.

## Non-Convertible Debentures

During the year, your Company has raised ₹ 730.20 crore through the issue of secured non-convertible debentures on private placement basis. The Company's NCD issues have been listed on the Wholesale Debt Market segment of the NSE. As at 31st March, 2012, NCDs outstanding stood at ₹ 1,850.20 crore. The secured non-convertible debentures are secured by a first charge over our immovable and movable properties, including book debts. The Company's NCD have been assigned the rating of CARE 'AA+' by CARE and "BWR AAA" by Brickworks.

## Subordinated Debt

During the year, your Company raised ₹ 75.00 crore through the issue of long-term Unsecured Redeemable Non-Convertible Subordinated Debentures. As at 31st March, 2012, the Company's subordinated debt stood at ₹ 655.00 crore. The debt is considered as Tier II under the guidelines issued by the National Housing Bank (NHB). The subordinated debt was assigned a rating of "BWR AAA" by Brickworks and CARE 'AA+' rating by CARE.

## Innovative Perpetual Debt Instrument

During the year your Company raised capital aggregating ₹ 125.20 crore through Innovative Perpetual Debt Instrument (IPDI), eligible as Tier I capital, The raising of this non-equity capital has helped your Company continue its growth strategy and has strengthened its capital adequacy ratio.

## Commercial Paper

Your Company issued commercial paper aggregating to ₹ 1,454.40 crore, during the year. The maximum amount outstanding at any time was ₹ 500 crore, and the amount outstanding at the end of the year was ₹ 401.40 crore.

## Deposits

Your Company mobilized deposits of ₹ 504.77 crore during the year. The renewals amounted to ₹ 116.35 crore, whereas deposits of ₹ 137.13 crore were repaid during the year.

## Risk Management

There are different categories of risks which are inter dependent and actions affecting one area of risk can have implications and penetrations for a range of other categories of risks. The most important thing to the institute is to understand the risk it is taking and to ensure that the risks are properly confronted, effectively controlled and rightly managed.

It is very difficult to find a risk free investment. An important input to risk management is risk assessment. Risk is the potentiality that both the expected and unexpected events may have an adverse impact on the institution's capital or earnings. The expected loss is to be taken care of by adequately pricing the products through risk premium and reserves created out of the earnings. It is the amount expected to be lost due to changes in credit quality resulting in default. Whereas, the unexpected loss on account of the individual exposure and the whole portfolio in entirety is to be borne by the institute itself and hence is to be taken care of by the capital. Thus, the expected losses are covered by reserves/provisions and the unexpected losses require capital allocation. Hence the need for sufficient Capital Adequacy Ratio is felt.

There are mainly three types of risk :

- Credit Risk
- Operational risk
- Market risk

## CREDIT RISK

Credit Risk is the potential that borrower/counter party fails to meet the obligations on agreed terms. Credit risk involves inability or unwillingness of a



customer to meet their commitments. There is always scope for the borrower to default from his commitments for one or the other reason resulting in crystallization of credit risk to the institute.

Credit risk is managed using set of credit norms and policies. There are defined roles and responsibilities for originators and approvers. All credit exposure limits are approved within a defined credit approval authority.

Credit risk consists of primarily two components, viz., quantity of risk, which is nothing but the outstanding loan balance as on the date of default and the quality of risk, viz., the severity of loss defined by both Probability of Default as reduced by the recoveries that could be made in the event of default. The elements of Credit Risk are Portfolio risk comprising Concentration Risk as well as Intrinsic Risk and Transaction Risk comprising migration/down gradation risk as well as Default Risk.

Portfolio analysis helps in identifying concentration of credit risk, default/migration statistics, recovery data, etc. We have well laid down credit policies at the product level with clear delegation of authority. The framework covers policies about "Know Your Customer" and Anti Money Laundering, regular credit assessment, new product launches, delegation matrix etc. All credit risks are governed by credit and recovery policy which states the type of products that we are offering, targeted customer profile and credit approval process. The same is done by having a strong credit control mechanism in place with clear policies and guidelines in respect of scrutiny of any loan proposal. Our credit officers evaluate the retail credit proposals based on approved product policy, Credit norms including borrower's income, age, Loan to Cost ratio.

The technical valuations are done by in house technical teams. Field investigation such as office verification, residential verification is conducted by external agencies. Our credit evaluation and credit portfolio management methodologies are designed

to ensure consistent underwriting and early identification of problematic loans using techniques like lagged delinquency analysis, early default analysis, static pool analysis etc. Based on the review mechanism, credit policies are being reviewed and appropriate changes to the policies are undertaken. Legal appraisal is done by Empanelled Advocates.

We have adopted concept of Regional Processing Unit (RPU) where branch is acting as sourcing point and RPUs are acting as centralized operations centre for the branches coming under the respective RPU.

An empowered, independent internal audit team conducts regular review of credit files on a sample basis to ensure adherence to the policies.

### Risk Mitigation

Your Company has a prudent credit risk management process which contains:

- A structured and standardized credit approval process.
- Credit Administration Unit provides support for analytics, database management and monitoring process.
- Ensuring adequate controls over credit risk.
- Effective training programs
- Legal and technical due diligence.

### Key Elements of Credit Risk Management:

- Establishing appropriate credit risk environment
- Operating under sound credit granting process
- Maintaining an appropriate credit administration, measurement & Monitoring
- Ensuring adequate control over credit risk
- Banks should have a credit risk strategy which in our case is communicated throughout the organization through credit policy.

Your Company also use the services of credit agencies/market survey to evaluate the credit worthiness of its customers in the housing finance business. CIBIL (Credit Information Bureau (India)

Limited) output data on customer borrowing behaviour available to lenders, thereby restricting the leveraging tendency of the borrower.

The Company operates both in the Prime and Small Ticket segments. Each customer segment and loan type is governed by approved programs for delivery through the origination centre. An active process of portfolio management and periodic reviews are used to identify emerging and already-troubled parts of the portfolio. Fresh booking in these are immediately stopped while also making efforts to grow the financing in the better performing pockets and segments.

There is structured and standardized credit approval process including a comprehensive credit risk assessment process, which encompasses analysis of relevant quantitative and qualitative information to ascertain credit worthiness of the borrower.

To mitigate the Risk of multiple financing in the Housing Finance business, the Central Government formed a Central Electronic Registry called Central Registry of Securitisation Asset Reconstruction and Security Interest of India ("Central Registry"). It has been incorporated to operate and maintain the Central Registry under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act"). All the transactions relating to securitization and reconstruction of financial assets and those relating to mortgage by deposit of title deeds to secure any loan or advances granted by banks and financial institutions, as defined under the SARFAESI Act, are to be registered in the Central Registry. This is expected to help prevent fraudulent multiple borrowings against the same property.

### Operational Risk

The management of operational risk is carried out through a comprehensive system of internal controls, documented delegation of authority, separation of duties between key functions and detailed standard

operating procedures. In all critical functions like treasury, etc., the front office and back office functions are segregated. The key operational processes are centralized at the Corporate Office that reduces the operational risk at the branch level.

We have an empowered in-house internal audit team spread across the country and also has reputed external audit firms to focus on special areas and new product launches. All the operational branches are being reviewed on the basis of a Risk Potential, which measures the effective control mechanism at the branch level. The branches are graded based on the level of activity and the frequency and coverage of audit is determined on this basis.

To enhance the control over information systems, your Company has periodic audit process to ensure information security and has also setup a remote disaster recovery site to ensure sustenance of business operations. During the year the company has reviewed the information security policy and aligned the systems to the revised policy guidelines.

### Market Risk

An Asset Liability Management Committee (ALCO) consisting of Senior Officials of the Company under the directions of Chairman & Managing Director reviews and approves all market risk policies and recommends the tolerance limits on borrowings, the fixed vs. floating rate exposure on the borrowings, the ALM position of the Company and also fixes the framework of operations for ALCO. ALCO which includes members from operations, treasury, finance and accounts reviews the treasury operations and pricing of products on regular basis.

### Interest Rate Risk

Interest rate risk arises when there is a mismatch in the interest rate profile of assets and liabilities adversely impacting the net interest income.



Organization measures interest rate risks by the 'duration gap' method. The duration gap is a risk measure that tracks the gap between assets and liabilities sensitive to interest rate changes, to assess the impact of interest rate changes on the cost of funds to the Company.

Considering the volatility of interest rates in the market, the Company strategy is to optimise its borrowings between short term and long term debt as well as floating and fixed rate instruments. The management of risk lies at the heart of the organization.

### Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations in a timely manner at reasonable prices. This risk could arise out of a mismatch in maturity profile of the assets and liabilities. Managing liquidity risk is essential for the Company to maintain the stakeholders' confidence.

The mitigation techniques deployed by the Company is to spread the borrowing basket among different lenders like banks, financial institutions, National Housing Bank etc. to reduce the concentration risk. It also monitors the structural liquidity mismatches between the assets and the liabilities on a projected cash flow basis and periodically reviews the open credit lines available with the banks. It's organization policy to maintain adequate liquidity at all geographical locations at all points of time, hence it is in position to meet the obligation on time.

Our liquidity risk management framework requires limits to be set for prudent liquidity management.

The key elements of the framework used to manage the liquidity risks are as follows :

- Periodic reviews of maturity mismatch analysis after measuring and forecasting cash commitments.

- Diversifying funding sources in terms of source, instrument, term, etc., and reducing dependence on any one fund provider.
- Maintaining sufficient approved but un-drawn credit lines on a continuous basis to prevent disruption of business on account of liquidity constraints.

### Internal Audit and Control

DHFL has instituted adequate internal control systems commensurate with nature of its business and the size of its operations. Organization has put in place extensive internal controls to mitigate risks. Organization has established set of procedures including clear delegation of authorities and standard operating procedures for all parts of the business / functions. The in-house internal audit department evaluates the adequacy and effectiveness of controls. The critical observations are shared with the audit committee on a quarterly basis for effective monitoring of control and implementation of recommendations. The ALCO monitors the implementation for risk management and controls. The status of compliance of various regulations as reported by the business and functions is placed before the Audit / Board every quarter. The Company has a robust mechanism for fraud detection and prevention. The Company has a strong IT security system and audit to ensure information security.

### Risk of Fraud

The housing finance industry is long been targeted for financial fraud which causes financial and reputation loss to the organization. We have an empowered in-house audit team spread across the country and also have external audit firms for carrying out detailed Audit Process. All the operational branches are being reviewed on the basis of a Risk Potential and compliance level, which measures the effective control mechanism at the branch level. The branches are graded based on the level of activity and the frequency and coverage of audit is determined on this basis.

Technology innovation such as Central Registry promulgated by the government is of great help to the housing finance companies to identify potential frauds at the early stage of sourcing and processing of the business.

### Operations & Technology

Our branch offices are electronically linked to a central server to facilitate operational efficiency and provide cost effective service. We have upgraded our existing information technology systems with newer applications packages which have enhanced connectivity resulting in the development of a centralized credit information database which can be accessed online on a real time basis resulting in increased efficiency.

### Human Resources

We have experienced promoters and a senior management team whom we rely upon to anticipate industry trends and to capitalize on new business opportunities that may emerge. We believe that a combination of our reputation in the market, our working environment and competitive compensation programs allow us to attract and retain talented people.

Our management team has also, simultaneously, molded its policies relating to hiring, deployment, transfers, promotion, training, including its performance-linked bonuses and employee stock options, with the clear aim of building a 'cadre-based organization', whose cadre understands the Company's customers, their problems, issues and aspirations and is committed to the cause of providing housing finance for the majority of Indians. The Company's human resources policies and practices have focused on recruiting and training employees who can empathize and deal with potential and existing borrowers.

We also offer eligible employees the right to participate in our employee stock option scheme in order to reward employees for their past performance and motivate them to contribute to the growth and profitability of the Company.

As at 31st March, 2012 we had 1,400 permanent employees, as compared to 1,137 employees as at 31st March, 2011. The growth in our employee headcount is in line with our strategy of growing our operations and expanding our geographical reach.

### OVERVIEW OF SUBSIDIARY

#### First Blue Home Finance Limited (First Blue)

First Blue is a registered HFC. First Blue's strength is in its upper-middle income segment customer base. In March 2011, we acquired a 67.56% equity interest in First Blue for ₹ 729 crore.

Wadhawan Housing Private Limited, Caledonia Investments Plc. and Amber 2010 Limited (together, the "Minority Investors") acquired the remaining equity interest in consideration for ₹ 350 crore. First Blue had been a 100%-owned indirect subsidiary of Deutsche Postbank AG.

We are in the process of merging First Blue with the Company. The respective boards of directors of the Company and First Blue announced a share swap on September 28, 2011. Under the share swap, the Minority Investors will receive, in aggregate, 108 lakh shares in the Company at an exchange ratio of 10 shares in the Company per 97 shares in First Blue. We are in the process of filing the Scheme of Amalgamation with Hon'ble High Courts of Mumbai and Delhi. We have received no objection certificates to the merger from the Stock Exchanges. Upon completion of the merger, First Blue will continue to operate as a strategic business unit under the Company.



## First Blue Financial Consultants Ltd.

First Blue Financial Consultants Ltd. (FBFCL) formerly called DPB Financial Consultants Limited was incorporated under the Companies Act on September 21, 2005.

FBFCL provides consultancy services and fee-based intermediary activities with respect to banking, insurance and other financial services.

## Consolidated Results

In accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India, the consolidated financial statements comprises of Dewan Housing Finance Corporation Ltd. and its subsidiary companies viz., First Blue Home Finance Limited, DHFL Holdings Private Limited and First Blue Financial Consultants Limited. Your Company has divested its holding in DHFL Vysya Housing Finance Limited from 58.20% to 9.47% during the year. The Company, with a view to focus on its core business has also divested its entire holding in DHFL Property Services Limited. Accordingly, DHFL Vysya Housing Finance Limited and DHFL Property Services Limited are no longer subsidiaries of the Company. Further Aadhar Housing Finance Private Limited is also no longer subsidiary of your Company. And as a result relevant figures, ratio, etc., are not comparable with those of the previous year.

- Total Income of the Consolidated Financial Results for the year ended 31st March, 2012 registered a growth rate of 52.96 % to ₹ 3,216.36 crore as compared to ₹ 2,102.73 crore for the previous year.
- Profit before Tax of the Consolidated Financial Results for the year ended 31st March, 2012 is ₹ 485.67 crore as compared to ₹ 470.44 crore of previous year.
- Profit After Tax was ₹ 355.26 crore as compared to ₹ 357.37 crore in the previous year.

- The total consolidated assets stood at ₹ 27,756.67 crore as on 31st March, 2012 and on a consolidated basis, loan book was at ₹ 25,468.22 crore.
- The consolidated return on equity stood at 43.90% as against 50.28 % in the previous year and the consolidated post tax return on assets stood at 32.11% as against 38.19% in the previous year.

## Cautionary Note

This document contains forward-looking statements and information. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary. DHFL does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differ from those anticipated.

# Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed viz., its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial position of the company, its performance and ownership forms part of the corporate governance.

Corporate Governance is about promoting corporate fairness, transparency and accountability. Corporate Governance deals with laws, procedures, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis - a - vis its claimants – in particular, its shareholders, creditors, customers, the State and employees. There is a global consensus about the objective of "good" Corporate Governance maximising long-term shareholders value.

## CORPORATE GOVERNANCE AT DHFL

DHFL's corporate governance policies recognize the importance of the transparency to all its constituents, including employees, customers, investors and the regulatory authorities and of demonstrating that the shareholders are the ultimate beneficiaries of the Company's economic activities.

DHFL's corporate governance philosophy encompasses not only regulatory and legal requirements, including the SEBI Regulations in respect of corporate governance, but also other practices aimed at a business ethics, effective supervision and enhancement of value for all shareholders. DHFL's role, function, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the function of the Board includes approving a business plan, reviewing and approving annual budgets and borrowing limits, fixing exposure limits and ensuring that our shareholders are kept informed about our plans, strategies and performance. To enable the Board of Directors to discharge these responsibilities effectively, the management provides detailed reports on performance to the board on a quarterly basis.

The Board of Directors also functions through various committees such as the Audit Committee, the Finance Committee, the Remuneration and Compensation Committee and the Shareholders' / Investors Grievances Committee. These committees meet on a regular basis

Your Company understands that the customer is the purpose of our business and every customer is an important stakeholder of your Company, performing ethically and efficiently to generate long term value and wealth for all its stakeholders. The Report on Corporate Governance, as per the applicable provisions of Clause 49 of the Listing Agreement is as under:

## BOARD OF DIRECTORS

The Corporate Governance principles of the Company ensures that the board remains informed, independent and involved in the Company and that there are ongoing efforts towards better corporate governance.

The board has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

The basic responsibility of the board is to provide effective governance over the Company's affairs exercising its reasonable business judgments on behalf of the Company. The Company's business is conducted by its employees under the direction of the Chairman & Managing Director, Chief Executive Officer, Head - Corporate



Strategic Initiatives, Chief Operating Officer and the overall supervision of the Board. The Company has an appropriate risk management system covering various risks that the company is exposed to, including fraud risks, which are discussed and reviewed by the Audit Committee and the Board from time to time.

## Composition of the Board

The board has been constituted in a manner, which will result in an appropriate mix of executive/non-executive and independent directors to ensure proper governance and management. The board members have collective experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration. As on 31st March, 2012, six [6] directors are independent, meeting the criteria for independence under the listing agreement with the stock exchanges. The directors are appointed based on their qualification and experience in varied fields as well as company's business needs.

As on 31st March, 2012, the Board of Directors comprised of Nine [9] members of which Seven [7] are Non-Executive Directors and One [1] Nominee Director and an Executive Director. The Chairman & Managing Director is the only Executive Director on the Board. The goal has been to achieve an optimum combination of Executive and Non-Executive Directors as well as independent directors so that the Board is cohesive and has the expertise for quick and informed decision making.

The details of the directors, as at 31st March, 2012 including the details of the other board directorship reckoned in line with clause 49 of the listing agreement, committee membership (including DHFL) and their shareholding in the Company, are given below :

Name of the Director	Executive Non-Executive Independent/ Promoter	No of directorship*	No of shares held in the company	Members of Committee	
				Member	Chairperson
Shri Kapil Wadhawan	Executive/ Promoter Director	7	99,36,087	2	2
Shri Dheeraj Wadhawan	Non-Executive/ Promoter Director	4	93,08,998	1	...
Shri R. P. Khosla	Non-Executive/ Independent Director	1	5,000	...	1
Shri G. P. Kohli	Non-Executive/ Independent Director	3	5,000	3	...
Shri R. S. Hugar	Non-Executive/ Independent Director	3	Nil	1	2
Shri Anthony Hambro	Nominee Director	8	Nil	2	...
Shri Ajay Vazirani	Non-Executive/ Independent Director	5	5,000	1	1
Shri V. K. Chopra	Non-Executive/ Independent Director	13	5,000	5	4
Dr. P. S. Pasricha	Non-Executive/ Independent Director	3	5,000		...

\*Exclude private limited companies, section 25 companies, foreign companies and alternate directorship.

## Board Meetings

The Company holds at least four Board meetings in a year, one in each quarter inter-alia to review the financial results of the Company. The gap between the two Board Meetings does not exceed four calendar months. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions through circulation. All the departments in the Company communicate to the Company Secretary, the matters requiring approval of the Board/ Committees of the Board to enable inclusion of the same in the agenda for the Board/ Committee meeting(s). The important decisions taken at the Board/ Committee meetings are promptly communicated to the concerned departments. Action taken report (ATR) on the decisions/ minutes of the previous meeting is placed at the succeeding meeting of the Board/ Committee for noting.

The following information is given to the Board either as a part of the agenda of the meeting or by way of presentation during the meeting:

<ul style="list-style-type: none"> <li>Annual operating plans, budgets and Performances</li> <li>Quarterly, half-yearly and annual results of your Company and its' subsidiary companies</li> <li>Minutes of the meeting of Audit Committee and other committees of the Board of Directors.</li> <li>Minutes of all the subsidiary companies.</li> <li>Information of appointment of all the key managerial personnel below the Board level.</li> <li>Significant regulatory matters.</li> </ul>	<ul style="list-style-type: none"> <li>Detailed risk analysis.</li> <li>Details of potential acquisition and disinvestments.</li> <li>Details of joint ventures or collaborations.</li> <li>Details of Investments.</li> <li>Details of deployment of capital issue process.</li> <li>Compliance of statutory /regulatory listing agreements.</li> <li>Significant transactions and arrangements of subsidiary companies.</li> <li>Such other material and significant information.</li> </ul>	<p>The Board performs following functions in addition to overseeing the overall business and management:</p> <ul style="list-style-type: none"> <li>Review, monitor and approve major financial and business strategies and corporate actions;</li> <li>Assess critical risks faced by the Company – Review options for their mitigations.</li> <li>Ensures that the process are in place for maintaining the integrity of : <ul style="list-style-type: none"> <li>The Company.</li> <li>The financial statements.</li> <li>Compliance with law.</li> </ul> </li> <li>Relationship with customers and shareholders.</li> <li>Delegation of appropriate authority to the Senior Executives of the Company for effective management of operations.</li> </ul>
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During the year five (5) Board Meetings were held respectively on 13th May, 2011, 27th July, 2011, 28th September, 2011, 20th October, 2011, 16th January, 2012. The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2011-12 was as follows:

Name of Director	Board Meetings		Attendance at the last AGM held on 27th July, 2011
	Number of Board meetings attended	Sittings fees paid (*) (₹)	
Shri Kapil Wadhawan, Chairman & Managing Director	5	Nil	Yes
Shri Dheeraj Wadhawan	5	75,000	No
Shri R.P. Khosla	5	75,000	Yes
Shri G. P. Kohli	5	75,000	Yes
Shri R. S. Hugar	5	75,000	Yes
Shri Anthony Hambro	4	Nil	Yes
Shri Ajay Vazirani	3	45,000	Yes
Shri V. K. Chopra	5	75,000	Yes
Dr. P. S. Pasricha	5	75,000	Yes

\*Net of Tax Deducted at Source

Leave of absence was granted to directors who could not attend the respective board meeting.



## Changes in the Board Constitution

There was no change in the constitution of the Board during the year 2011-2012.

## Committee of the Board

Various committees of the Board have been constituted to assist the board in discharging its responsibilities.

There are four committees constituted by the board – the Audit Committee, the Shareholders' / Investors Grievances Committee, the Remuneration & Compensation Committee and Finance Committee.

The board at the time of constitution of each committee has fixed the terms of reference for each committee and also delegates powers from time to time. Various recommendations of the committees are submitted to the board for approval. The minutes of the meetings of all the committees are circulated to the board for its information/ratification. Besides the members of the committees, senior management team also attends the meetings of the committees as and when necessary.

## Audit Committee

### Terms of Reference

The Audit Committee of the Company is formed primarily to monitor and supervise the Company's financial reporting process and to ensure that the disclosure of the financial information is correct, sufficient and credible in accordance with the provisions of the Listing Agreement and Section 292A of the Companies Act. In addition to this function, the responsibilities of the Board also include but are not limited to the following functions:

- To oversee the financial reporting process and disclosures of financial information;
- To review quarterly/ half yearly and annual financial statements before submission to the Board with special emphasis on accounting policies, compliance of Accounting Standards and other legal requirements relating to financial statements;
- To review the findings of the internal investigation and periodic audit reports;
- To hold discussions with the external auditors about the scope of audit;
- To recommend appointment/removal of statutory auditors and fixing their remuneration;
- To review all issues which are required to be reviewed by the audit committee pursuant to the listing agreement with the stock exchanges and the Companies Act, 1956 with the management and the internal and external auditors;
- To review with the management the financial statements with reference to any related party transactions;
- To review the observations of internal and statutory auditors in relation to all areas of operation of the Company, including internal control systems;
- To examine all taxation matters, including related legal cases and the Company's asset/liability management strategy (ALCO);
- To review the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- To review with the management the financial statements of the subsidiary companies;
- To ensure the independence and objectivity of the independent auditor;
- To ascertain the reasons for the defaults, if any, in the payment to the depositors, debenture holders, shareholders and creditors;
- Any other terms of reference as may be included from time to time in clause 49 of the listing agreement.

## Composition and Meetings

The committee consists of Shri R. S. Hugar - Chairman of the Committee and Shri G. P. Kohli and Shri V. K. Chopra as independent members of the Committee. All the members of the Committee have accounting and financial management expertise. The quorum for the meeting of the Committee is two members. Shri S. Y. Sankhe, Company Secretary, acts as Secretary of the Committee. The statutory auditors, General Manager (Audit & Inspection) are invited to attend the meetings of the committee. In addition senior management personnel are also called to clarify the queries, if any.

During the year under review, the committee met four (4) times. The meetings were held on 13th May, 2011, 27th July, 2011, 20th October, 2011 and 16th January 2012. The Chairman of the Audit Committee was present at the [27th] Twenty Seventh Annual General Meeting of the Company.

The details of the attendance of the members of the committee along with sittings fees paid are listed below:

Members	Number of Meetings attended	Sitting Fees paid (₹)*
Shri R. S. Hugar (Chairman of the Committee)	4	40,000
Shri G. P. Kohli	4	40,000
Shri V. K. Chopra	4	40,000

\* Net of TDS

## Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors Grievances Committee was constituted by the Board of Directors at its meeting held on January 24, 2002 and was reconstituted on July 28, 2008 ("Investors/Shareholders' Grievance Committee").

## Terms of Reference

The Shareholders' / Investors Grievances Committee was constituted in order to redress the complaints of the Shareholders and investors, related to transfer and transmission of shares, non-receipt of annual reports, dividends and other share related matters. This committee also notes the requests to the Registrar and Share Transfer Agent made by the Shareholders relating to transfer, transmission, consolidation, and replacement of share certificates, issue of duplicate certificates and dematerialization of share certificates. The Committee also reviews the certificates and reports submitted to the Stock Exchanges under the Listing Agreement/ SEBI Regulations. The Committee also observes the quarterly status of the number of shares in physical as well as dematerialized form. The Committee also reviews the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Transfer Agent.

## Composition and Meetings

The Committee comprises of Shri Kapil Wadhawan, (Chairman) and Shri Ajay Vazirani – Independent Director as the member. Shri S. Y. Sankhe, Company Secretary is the Compliance Officer. During the year ended 31st March, 2012, the Committee met four [4] times. The Meetings were held on 2nd May, 2011, 22nd July, 2011, 17th October, 2011, 11th January, 2012. The details of the attendance of the members of the committee along with the sitting fees paid are listed below:

Members	Number of Meetings attended	Sitting Fees paid (₹)*
Shri Kapil Wadhawan (Chairman the Committee)	4	Nil
Shri Ajay Vazirani	4	20,000/-

\* Net of TDS



The Company has a designated e-mail address, [secretarial@dhfl.com](mailto:secretarial@dhfl.com) to redress investors' grievances. During the year, the Company received a total of 351 communications from its shareholders relating to change of address, non receipt of shares after transfers, non-receipt / revalidation of dividend warrants, request for issue of duplicate share certificates, splitting / consolidation of share certificates and dematerialization / rematerialization of shares etc. Of the above, 11 were in the nature of complaints. All the complaints were redressed in accordance with the service standards and the standard operating procedures adopted by the Company. There was no unresolved Investor complaint as at the end of the financial year.

## Finance Committee

### Terms of Reference

The Finance Committee has been formed to monitor resources mobilisations and to ensure efficient and timely decisions on the matters relating to banking and finance activities of the Company. The Committee meets regularly to discharge its functions .

The terms of reference of the Finance Committee include the following :

- To borrow funds for the purpose of the Company's Business in accordance with section 292 of the Companies Act but not exceeding the overall limit upto which the Board of Directors of the Company is authorized/to be authorized under Section 293(1) (d) of the Companies Act, 1956.
- To consider and approve/accept the letters of sanction by the term lending institutions/banks/NHB and other bodies corporate, opening and/or closing of the current accounts/cash credit/overdraft/ fixed deposits or other account(s) with any bank and authorize the Directors/officers of the Company for the same;
- To authorize operation of accounts of the Company with its bankers and to vary the existing authorization to operate the same and granting of general /specific power of attorney to the officers at the branches for routine matters and any such matters pertaining to the routine functions;
- To approve the change/s of rates of interest of all loan products and on public deposits or on debentures, debts or any other instruments/ financial products issued by the Company;
- To consider and approve the allotment of any issue of securities by the Company, be it by way of preference shares of all types, public issue of equity shares including Rights Offer, preferential issue of equity shares including firm allotment, employees stock option plan/schemes, bonds, debentures and any other financial instrument of like nature;
- To grant approvals of loans upto ₹ 200 crore to any person, firm or body corporate at any time or from time to time subject to the limits prescribed under the Housing Finance Companies (NHB) Directions, 2001, as may be applicable.

### Composition & Meetings

The Finance Committee comprises of three Directors - Shri Kapil Wadhawan (Chairman of the Committee), Shri Dheeraj Wadhawan and Shri G. P. Kohli as the members of the Committee. The other senior management is also invited to attend the meetings of the committee on need to attend basis. The Committee held Twenty one (21) meetings during the year ended March 31, 2012.

The details of the attendance of the members of the committee along with the sitting fees paid are listed below:

Members	Number of Meetings attended	Sitting Fees paid *(₹)
Shri Kapil Wadhawan (Chairman the Committee)	21	Nil
Shri Dheeraj Wadhawan	21	2,20,000/-
Shri G. P. Kohli	21	2,20,000/-

\* Net of TDS

## Remuneration & Compensation Committee

### Terms of Reference

The terms of reference of the committee includes the recommendation of annual remuneration and the periodic increments payable to the Executive Director(s) which is place for approval by the Board. The Committee is also empowered to recommend to the Board the appointment/ reappointment of the executive/ non-executive Directors, the induction of Board members into various committees. The Committee also ensures that the overall remuneration payable to the Directors does not exceed the limits prescribed by the Companies Act and is within the limits approved by the shareholders. The Remuneration Committee was renamed as 'Remuneration and Compensation Committee' with effect from May 15, 2006 in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and was entrusted with the following additional responsibilities:

- Framing of the ESOS scheme;
- Administration of the scheme;
- Exercise of control over the implementation of the scheme;
- Preparation of the Offer Document to disclose the various details of the Scheme to the option grantees;
- Appointment of intermediaries required for the scheme; and
- Any other matter relating to administration of the scheme.

The recommendations of the Committee are placed before the board for its approval.

The Remuneration and Compensation Committee comprises of independent directors, viz., Shri R. P. Khosla as the Chairman of the Committee and Shri R. S. Hugar and Shri G. P. Kohli as the members of the Committee. During the year ended 31st March, 2012, the Committee met on two [2] times i.e. on 12th April, 2011, 16th January, 2012. The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of Meetings attended	Sitting Fees paid (₹)*
Shri R. P. Khosla (Chairman the Committee)	2	20,000/-
Shri R. S. Hugar	2	20,000/-
Shri G. P. Kohli	2	20,000/-

\* Net of TDS

## Remuneration, commission and other payments to our Directors

### Executive Director

Pursuant to resolution dated 12th May, 2010 passed by the Board and resolution dated 27th July, 2010 passed by the shareholders of the Company, Shri Kapil Wadhawan was re-appointed as the Managing Director &

Chairman of the Company with effect from 4th October, 2010 for period of five years. The key terms and conditions of the re-appointment of Shri Kapil Wadhawan are as set out in the agreement dated 4th October, 2010 entered with the Company and are listed below:

**Salary:** Salary payable to Mr. Kapil Wadhawan shall be ₹ 500,000 per month.

**Commission:** Commission per annum shall be equivalent to such sum as fixed by the Board or the Remuneration and Compensation Committee, subject to an overall ceiling of 1.50% of the net profits of the Company. The net profits shall be computed in a manner as set out under section 198(1) of the Companies Act.

**Perquisites:** Perquisites shall be equivalent to his salary for the period of his appointment. Perquisites include rent free furnished accommodation, reimbursement of gas, electricity, water charges and medical expenses, furnishings, payment of premium on personal accident and health insurance, club fees and such other perquisites as may be approved by the Board or Remuneration and Compensation Committee, from time to time, subject to an overall ceiling of his total salary during the period of his appointment.

**Other Benefits and Allowances:** Other benefits and allowances includes use of car with driver, telephones for the Company's business, house maintenance allowance, leave travel allowance, contributions to provident fund, superannuation fund and all other benefits as are applicable to directors and/or senior employees of the Company including but not limited to gratuity, leave entitlement, encashment of leave and housing and other loan facilities as per the schemes of the Company and approved by the Board and Remuneration and Compensation Committee from time to time. Provided however, that the remuneration payable to Shri Kapil Wadhawan shall not exceed the limits specified in the agreement dated 4th October, 2010 entered with the Company and the limits prescribed under Schedule XIII of the Companies Act, including any amendment, modification, variation or re-enactment thereof. Also, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Shri Kapil Wadhawan, the remuneration payable to him by way of salary, allowances, commission and perquisites and other benefits shall not without the approval of the Central Government (if required) exceed the limits prescribed under Schedule XIII of the Companies Act, including any amendment, modification, variation or re-enactment thereof. The present remuneration structure of the executive Director consists of fixed salary, contribution to funds, and other perquisites. The following table sets forth all compensation paid to Shri Kapil Wadhawan for the year ended 31st March, 2012.

(In ₹)

Name	Salary/Allowance	Contribution to funds	Value of perquisites
Shri Kapil Wadhawan Chairman & Managing Director	156,00,000	7,20,000	11,80,000

### Non-Executive Directors

The non-executive directors are paid sitting fees and other expenses (travelling, boarding and lodging) incurred for attending the Board/Committee meetings. The Company pays sitting fees of ₹ 15,000 (net of TDS) per meeting to the non-executive Directors for attending meetings of the Board, ₹ 10,000 (net of TDS) per each meeting of the Audit/Finance/Remuneration Committee and ₹ 5,000 (net of TDS) per each meeting of the Shareholders' / Investors Grievances Committee. Non-executive directors on the Board of the Company are also entitled to a commission of 1.00% of the net profit of the Company or ₹ 3,000,000 in aggregate, whichever is lower. Additionally our independent directors are entitled to ESOS under ESOS 2009.



The following table sets forth all compensation paid / payable by the Company to the non-executive directors as at 31st March, 2012.

### Non - Executive Directors

(In ₹)

Name of Director	Commission (a)	Sittings Fees (b)
Shri R. P. Khosla	3,75,000	95,000
Shri G. P. Kohli	3,75,000	3,55,000
Shri R. S. Hugar	3,75,000	1,35,000
Shri Anthony Hambro (c)	3,75,000	--
Shri Ajay Vazirani	3,75,000	65,000
Shri Dheeraj Wadhawan	3,75,000	2,95,000
Shri V. K. Chopra	3,75,000	1,15,000
Dr. P. S. Pasricha	3,75,000	75,000
<b>TOTAL</b>	<b>30,00,000</b>	<b>11,35,000</b>

(a) Subject to approval at the ensuing Annual General Meeting

(b) Net of Tax Deducted at Source

(c) Commission to Nominee Director is payable to M/s. Caledonia Investments Plc.

### Borrowing Power of the Board

The Company at its Annual General Meeting on 27th July, 2011, passed a resolution authorizing the Board of Directors pursuant to the provisions of Section 293(1)(d) for borrowing any sum of money from time to time from any one or more of the Company's bankers as it may deem requisite for the purpose of the business of the Company notwithstanding that monies to be borrowed together with monies already borrowed (apart from the Company's Bankers in the ordinary course of the business) will exceed in the aggregate of the paid up Capital and free reserves, i.e. to say reserves not set apart for any specific purpose provided however that the total amount upto which money may be borrowed by the Board of Directors of the Company shall not exceed the sum of ₹ 1,00,000 crore (Rupees One Lakh Crore only).

### Employees Stock Option Scheme

#### ESOS 2008

ESOS 2008 was adopted by the Company on 30th May, 2008. This Scheme has been formulated by the Remuneration & Compensation Committee of the Board of Directors of the Company, pursuant to the authority vested by the shareholders of the Company vide a special resolution passed in their Annual General Meeting held on 23rd July, 2007.

This Scheme was formulated to reward the employees of the Company for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company. Under ESOS 2008, the entitlements are determined on the basis of various parameters as laid down by the Board. The Remuneration & Compensation Committee is entrusted with the responsibility of implementing and administering the ESOS 2008.

Pursuant to ESOS 2008, a total of 14,22,590 stock options were granted, out of that 7,34,532 stock options have been exercised and a total of 6,88,058 stock options are yet to be exercised (including stock options which are lapsed and which can be re-issued.) The Equity Shares allotted pursuant to the exercise of the options

granted under this scheme shall not be locked for any period. Each option issued by the Company to the employees, would be eligible for the allotment of one Equity Share of the Company by payment of the exercise price of ₹ 53.65 per Equity Share.

None of the directors of the Company were allotted stock options under ESOS 2008.

### ESOS 2009

The Company adopted ESOS 2009 on 25th November, 2009. This Scheme has been formulated by the Remuneration & Compensation Committee of the Board of Directors of the Company, pursuant to the authority vested by the shareholders of the Company vide a special resolution passed in their Annual General Meeting held on 23rd July, 2007. In accordance with ESOS 2009, the issue of stock options shall not exceed 5% of the issued and paid up share capital of the Company, at any point of time. This Scheme was formulated to reward the employees and the directors of the Company whether whole-time or not but excludes an employee who is a promoter or belongs to the promoter group and a director who either by himself or through his relatives or through body corporate, directly or indirectly holds more than 10% of the issued and subscribed Equity Shares of the Company for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company. Under ESOS 2009, the Company has approved to grant stock options under ESOS 2009- Plan II and ESOS 2009- Plan III. Pursuant to ESOS 2009- Plan II, a total of 1,275,000 stock options were granted, out of that 441,275 stock options have been exercised and a total of 833,725 stock options are yet to be exercised (including stock options which are lapsed and which can be re-issued.) The Equity Shares allotted pursuant to the exercise of the options granted under this scheme shall not be locked for any period. Each option issued by the Company to the employees, would be eligible for the allotment of one Equity Share of the Company by payment of the exercise price of ₹ 141 per Equity Share. Pursuant to resolution dated 22nd October, 2010 and 12th April, 2011, passed by the Remuneration & Compensation Committee, it was approved that 12,34,670 stock options ("ESOS 2009- Plan III") be granted to the eligible employees of the Company, by payment of the exercise price of ₹ 141 per Equity Share.

### General Body Meetings

Particulars of venue, date and time of the previous three annual general meetings and the details of special resolutions passed in the meeting are given below:

#### Annual General Meeting

Particulars	Date & time	Venue
27th A.G.M	27th July, 2011 12.00 Noon	Exchange Plaza, National Stock Exchange Auditorium Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051
26th A. G. M	27th July, 2010 12.00 Noon	Exchange Plaza, National Stock Exchange Auditorium Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051
25th A. G. M	28th July, 2009 12.00 Noon	Exchange Plaza, National Stock Exchange Auditorium Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051

## Extra-Ordinary General Meeting

Particulars	Date & time	Venue
E. G. M	18th May 2010 11.00 a.m.	Exchange Plaza, National Stock Exchange Auditorium Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051
E. G. M	27th June 2009 11.00 a.m.	Exchange Plaza, National Stock Exchange Auditorium Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051
E. G. M	31st March, 2009 12.00 Noon	Exchange Plaza, National Stock Exchange Auditorium Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051

## Special Resolutions passed at the previous AGMs/EGM

### 27th Annual General Meeting held on Tuesday, 27th July, 2011:

- Issue of securities under Employee Stock Option Scheme \*ESOS)
- Issue of securities under Employee Stock Option Scheme to employees of the subsidiary companies
- Increase in the borrowings power from ₹ 25,000 crore to ₹ 1,00,000 crore

### 26th Annual General Meeting held on Tuesday, 27th July, 2010:

- Payment of Remuneration to Non-Whole Time Directors of the Company.

### Extraordinary General Meeting held on Tuesday, 18th May, 2010:

- Issue of Equity Shares on Preferential Basis.
- Issue of Equity Shares on Preferential Basis, to the promoter group entities of the Company.
- Raising of additional long term funds through further issuance of securities.
- Approval for increase in the limit of 40% for holding by registered Foreign Institutional Investors (FIIs) upto 49%.

### 25th Annual General Meeting held on Tuesday, 28th July, 2009:

- Increase in the borrowings power from ₹ 10,000 crore to ₹ 25,000 crore.

### Extraordinary General Meeting held on Saturday, 27th June, 2009:

- Issue of equity shares to Qualified Institutional Buyers (QIBs) upto an amount of ₹ 300 crore.
- Issue of equity shares to Promoter/Promoter Group of the Company on preferential basis upto 1 crore equity share.

### Extraordinary General Meeting held on Tuesday, 31st March, 2009:

- Issue of Equity Shares on Rights Basis
- Re-pricing of Options granted under ESOS.

## Postal Ballot

During the financial year 2011-12, the Company passed the following resolutions in accordance with Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, the consent of the shareholders was sought by way of postal Ballot. The notice was made available on the website of the Company at [www.dhfl.com](http://www.dhfl.com).



Sl No.	Particulars	Type of Resolution	Date of Notice	Date of declaration of result
1.	Amendment to the Main Object Clause of the Company	Special	8th June, 2011	18th July, 2011
2.	To consider and approve issue of equity shares of the Company in the form of QIPs /ADRs/ GDRs/ FCCBs/ and/ or any securities convertible into equity shares or Rights Issue or any combination pursuant to section 81 and 81(1A) of the Companies Act, 1956.	Special	15th December 2011	19th January 2012
3.	To consider and approve the enhancement of Foreign Institutional Investors (FIIs) investment limit in the paid up capital of the Company as per FEMA Guidelines	Special	15th December 2011	19th January 2012

The postal ballot process was carried out as per the procedure laid down in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

Mr. Mohd. Aabid of Aabid & Co., Practising Company Secretary, was appointed as a Scrutinizer for conducting the aforesaid postal ballot process. The above said Resolutions were declared passed through requisite majority. The results were made available on Company's website.

No Special Resolution is proposed to be passed by the Postal Ballot at the ensuing Annual General Meeting

#### Court convened meeting of members:

A Court convened meeting of the Equity Shareholders of the Company was convened on 17th April, 2012 at 10.30. a.m. (10.30 Hrs) at, Exchange Plaza, National Stock Exchange Auditorium Ground Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. In terms of the Order dated 12th March, 2012 of the Hon'ble High of Bombay to approve the Scheme of Amalgamation of First Blue Home Finance Limited (the Transferor Company I) and DHFL Holdings Private Limited (the Transferor Company II) with Dewan Housing Finance Corporation Limited (the Transferee Company) with their respective shareholders and creditors.

At the aforesaid meeting the said Scheme of Amalgamation was duly passed with requisite majority in number and value, by the Equity Shareholders present at the Meeting and voting in person or by proxy. The results were made available on Company's website and have also been filed with the Stock Exchange(s) and Hon'ble Bombay High Court.

#### Compliance Report

The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

#### Code for Prevention of Insider Trading Practices

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, your Company has adopted a Code of Conduct for Prevention of Insider Trading Practices for its Directors and designated employees. The code lays down guidelines, which include procedures to be followed, and disclosures to be made while dealing in the shares of the Company. The said code of conduct has been posted on the website of the Company [www.dhfl.com](http://www.dhfl.com). All Board members and senior management personnel of the Company have affirmed the requirements of the said code of conduct.

## Trading Window

In accordance with the Code of Conduct for prevention of insider trading, the Company closes its trading window for designated employees and directors from time to time. As per policy, trading window closes for a period of 7 (seven) days, prior to the date of Board Meeting and reopens after 24 hours from the conclusion of Board Meeting in which the respective quarterly/half yearly/ yearly financial results are approved.

## Disclosures

### Related Party Transactions

Transactions with related parties are disclosed at Note No. 39 of the Notes forming part of the Accounts in the Annual Report annexed herewith. There were no materially significant related party transactions i.e., transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large. There were no instances of non-compliance on any matter related to capital markets during the last three years. Proposed merger of First Blue Home Finance Ltd. and DHFL Holdings Private Ltd. with the Company has been adequately disclosed in the Directors' Report and Note forming part of the Accounts.

### Risk Management

The internal auditors and statutory auditors test and ensure that your Company has adequate systems of internal control to ensure reliability of financial and operational information. Your Company adheres to strict policies to ensure compliance with all the regulatory/statutory requirements. The procedures and policies for risk assessment and minimisation are regularly reviewed by the Board.

The management understands that the information is the prime business asset and has therefore laid down strict policies and procedure to safeguard your Company's information.. A detailed note on the risk identification and mitigation is included in Management Discussion and Analysis, annexed to the directors' report.

### Proceeds from Private Placement Issue

During the year under review, the Company issued and allotted the following securities:

- Equity shares to Qualified Institutional Buyers (QIBs)
- Equity shares to employees under Employee Stock Option Scheme.
- Commercial Papers to Financial Institutions.
- Non-Convertible Debentures (Secured /Unsecured)
- Innovative Perpetual Debentures.

Details of these issues are provided in the Directors' Report. As specified in the respective offer document, the funds were utilized for the purpose of lending for housing finance and general business requirement. Details thereof were provided to the Audit Committee and Board of Directors

### CEO/CFO Certification

CEO/CFO have furnished certificate to the board as contemplated in clause 49 of the Listing Agreement and same is reviewed by the Audit committee and the Board.

### Secretarial Audit

Your Company appointed Mr. Mohd Aabid of M/s. Aabid & Co., Practising Company Secretary, to conduct Secretarial Audit of the Company for the financial year ended 31st March, 2012. The Secretarial Audit Report addressed to the Board of Directors of the Company is attached to this Annual Report. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956,

Depositories Act, 1996, Listing Agreement with Stock Exchanges, Securities Contract (Regulation) Act, 1956 and all the Regulations of SEBI as applicable to the Company including SEBI (Disclosure and Investor Protection) Guidelines, 2000, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

### Compliance with Corporate Governance Norms

The company has complied with all mandatory requirements of corporate governance norms as enumerated in Clause 49 of the listing agreements with stock exchanges. M/s. B. M. Chaturvedi, Chartered Accountants, Mumbai, Statutory Auditors of the company have certified that the company has complied with the conditions of corporate governance as stipulated under clause 49 of the listing agreement which is annexed hereto.

### Means of Communication

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company [www.dhfl.com](http://www.dhfl.com). The Annual Report, quarterly results, shareholding pattern and material events, are regularly sent to stock exchanges and uploaded on the Company's website.

Quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement entered with the Stock Exchanges. Details relating to quarterly performance and financial results are disseminated to the shareholders through press releases on the Company's website. The financial results are published in leading publications such as like Economic Times, Business Standard, The Mint, Maharashtra Times (Marathi), Navshakti and other leading newspapers. The Company also communicates the quarterly financial results by e-mail to those shareholders who have registered their e-mail address with their Depository Participants.

### Corporate filing System

SEBI had, vide circular no. SEBI/CFD/DIL/LA/4/2007/2712 dated 27th December, 2007 introduced a clause in Equity Listing Agreement, which inter-alia mandated electronic filing of certain corporate information such as the quarterly, half-yearly and annual results, annual report and the shareholding pattern of the Company through the Electronic Data Information Filing and retrieval (EDIFAR) system hosted by the National Informatics Centre. SEBI has discontinued the said requirement with effect from 1st April, 2010. In view of above a new portal, viz., CFDS put in place jointly by BSE and NSE at the URL [www.corpfiling.co.in](http://www.corpfiling.co.in). CFDS offers a XBRL enable common platform for listed companies to file their returns with stock exchanges and also a common place for investors to view information related to listed companies.

By amendments to listing agreement by Securities And Exchange Board of India (SEBI) vide circular no. SEBI/CFD/DIL/LA/4/2007/27/12 dated December 27, 2007 has introduced a new clause viz. Clause 52 in Equity Listing Agreement, requiring listed companies to file the information with the stock exchanges only through CFDS.

In compliance with the above circular, the company has registered itself with National Informatics Centre and has initiated filing the corporate information through CFDS.

The Company's results and official news release are also displayed on the Company's web site and on the websites of the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd.

### Management Discussions and Analysis

A detailed report on Management Discussions and Analysis is included in the Annual Report.



## GENERAL SHAREHOLDERS INFORMATION

### Twenty – Eighth Annual General Meeting:

Day & Date	Friday, 27th July, 2012
Time	12.00 Noon
Venue	Exchange Plaza, National Stock Exchange Auditorium Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051
Financial Reporting Calendar:	<p>1st April to 31st March</p> <ul style="list-style-type: none"> <li>• First Quarter – By last week of July</li> <li>• Second Quarter- By last week of October</li> <li>• Third Quarter – By last week of January</li> <li>• Results for the year - May/June</li> </ul>
Dates of Book Closure	Monday, 23rd July, 2012 to Friday, 27th July, 2012 (both days inclusive)
Dividend Payment dates	The final dividend if declared by the shareholders at the Annual General Meeting shall be paid on or before 26th August, 2012, i.e. within 30 days from the date of declaration.
Listing on Stock Exchanges	<p>1. Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai 400 001 Stock Code - 511072</p> <p>2. National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. Stock Code - DHFL</p>
ISIN Number for NSDL & CDSL	<p>INE-202B01012</p> <p>[Annual listing fees for the financial year 2012-13 has been paid to the above Stock Exchanges].</p>

### Non - Mandatory Requirements

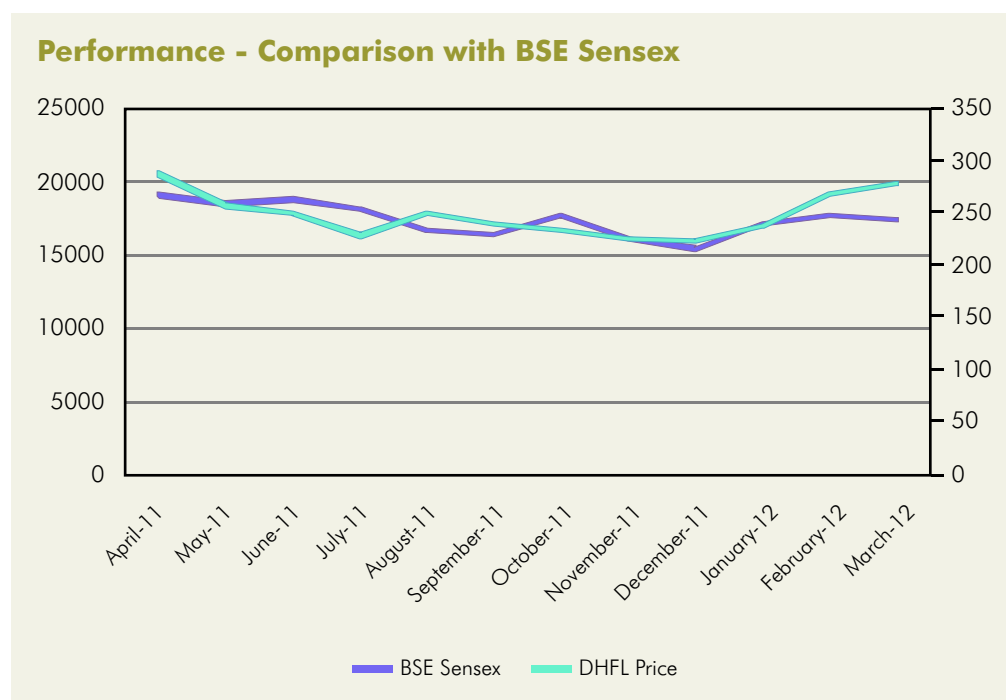
Remuneration & Compensation Committee	The Company has constituted a Remuneration & Compensation Committee, comprising of 3 independent directors, Shri R. P. Khosla, Shri R. S. Hugar and Shri G. P. Kohli.
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## Market Price Data

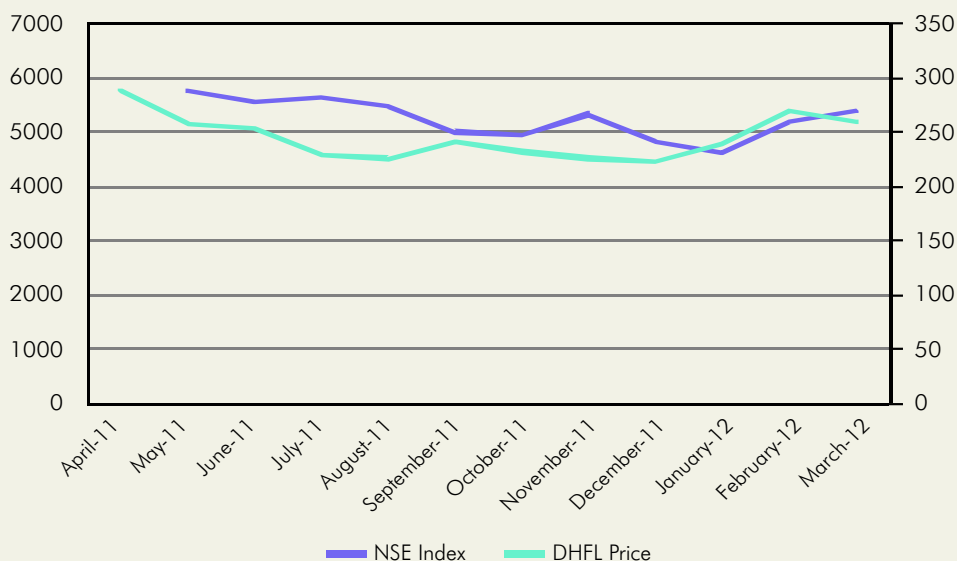
The monthly high and low closing prices of the Company along with the volume of shares traded at BSE and NSE:

Month	BSE Price			Qty Traded	NSE Price			Qty Traded
	High	Low	Average Price		High	Low	Average Price	
Apr-11	288.00	247.00	267.50	531646	288.00	245.15	266.58	2175309
May-11	257.45	222.15	239.80	399429	257.70	220.00	238.85	1785834
Jun-11	250.90	196.20	223.55	447774	253.00	196.20	224.60	3392824
Jul-11	228.70	202.10	215.40	962551	228.50	201.60	215.05	2972716
Aug-11	250.00	190.00	220.00	274174	225.45	191.60	208.53	2026187
Sep-11	239.90	201.20	220.55	594993	240.90	201.40	221.15	8472041
Oct-11	234.25	213.25	223.75	243546	232.50	212.50	222.50	1829626
Nov-11	225.60	183.20	204.40	140822	226.00	182.90	204.45	1812816
Dec-11	223.40	171.10	197.25	1385632	223.30	175.70	199.50	6337747
Jan-12	238.00	175.25	206.63	1691859	238.40	175.50	206.95	5370650
Feb-12	268.95	228.00	248.48	2984845	270.00	220.10	245.05	6958159
Mar-12	279.00	225.00	252.00	2948013	259.75	227.15	243.45	8208060

(Sources: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))



### Performance - Comparison with NSE Index



### 25. Distribution of Shareholding as on 31st March, 2012

Shares holding of Nominal Value			Share Holders		Equity Shares	
Rupees			Number	% to Total Nos	No. of Shares	% to Total Shares
1			2	3	4	5
Upto	5,000		15,953	91.87	16,47,753	1.40
5,001	to	10,000	741	4.27	5,70,749	0.49
10,001	to	20,000	287	1.65	4,04,443	0.35
20,001	to	30,000	96	0.55	2,43,471	0.21
30,001	to	40,000	52	0.30	1,81,620	0.16
40,001	to	50,000	43	0.25	2,02,695	0.17
50,001	to	1,00,000	40	0.23	3,01,663	0.26
1,00,001	and above		153	0.88	11,32,87,587	96.96
<b>Total</b>			<b>17,365</b>	<b>100.00</b>	<b>11,68,39,981</b>	<b>100.00</b>

### 26. Shareholding Pattern of the Company as on 31st March, 2012.

Category	No of Shares	% of Shareholding
Promoters	19287470	16.51
Persons acting in concert with promoters	21866983	18.72
Bodies Corporate	17972743	15.38
Mutual Funds	253055	0.22
FII's	42922704	36.74
FDI	8065456	6.90
NRI	57163	0.05
Financial Institutions / Banks	729321	0.62
Individual	5622618	4.81
Others- Clearing Members	62468	0.05
<b>Total</b>	<b>116839981</b>	<b>100.00</b>

Note: None of the shares of the promoters/person acting in concert with promoters are pledged or encumbered with any of the banks or any of the financial institutions.



## Registrar and Share Transfer Agents

M/s. Link Intime India Private Limited, Mumbai is the Registrar and Shares Agents (RTA) for handling the physical and electronic registry work. The shareholders are requested to address their shares related request / queries to the RTA. The contact address of the RTA is as follows:

### Link Intime India Private Ltd.

C - 13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai-400078  
Phone: 022-2594 6970 – 78, Fax: 022-25946969,  
e-mail- [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Contact Person: Shri Sharad Patkar,  
Executive – Corporate Registry.

## Share Transfer System

All the applications regarding physical transfer, transmission, splitting of share certificates, dematerialization and re-materialization are processed by the Registrar and Share Transfer Agents, and approved by Shareholder's / Investor's Grievance Committee periodically (the Chairman & Managing Director periodically depending on the volume of transfers.) Share Certificates are dispatched / credited to the respective Depository Accounts of the allottees within the time prescribed under the Listing Agreement/SEBI Guidelines.

## Dematerialization of Shares and Liquidity

The Company has signed agreement with both the depositories in the country, namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's shares are in the list of compulsory demat settlement by all investors. As on 31st March, 2012, 99.24% of the share capital of the Company representing 103637277 equity shares was held in dematerialized form and the balance 0.76% representing 789125 equity shares were held in physical form.

## Listing of Debt Securities

Pursuant to the directions of Securities and Exchange Board of India (SEBI) all the secured debentures issued by the Company on private placement basis have been listed in the Wholesale Debt Market (WDM) Segment of the National Stock Exchange of India Limited. The company complies with the listing requirements in this regard.

## Nomination Facility

The Company is accepting nomination forms from shareholders in the prescribed Form 2B. All those who are desirous of making a nomination are requested to contact the Registrar & Transfer Agent (RTA). The shareholders holding shares in dematerialised form are requested to forward their nomination instructions to the concerned depository participants. Nomination is optional and can be cancelled or varied by a shareholder at any time.

## Electronic Clearing Service (ECS) in case of share held in Physical Form

At present, the Company is offering ECS facility to shareholders having bank accounts at any of the bank branches located at Ahmedabad, Bengaluru, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Patna, Pune, Surat, Thiruvananthapuram and Vadodara. Under this system, the dividend amount is credited directly to the shareholders' designated bank account.

As part of its ongoing investor service initiatives, the Company has extended the said ECS facility to shareholders holding shares in physical form and maintaining an account with any bank forming part of the Core Banking Solution system. This would enable direct credit of dividend to the shareholders' designated bank account. In this regard, the Company has requested the shareholders to furnish details of their bank account (including the 9 digit MICR code) to the Registrar and Share Transfer Agents, if they wish to avail of the said ECS facility. After remittance of dividend through ECS, a confirmation will be sent to the concerned shareholders.

### ECS in case of shares held in Electronic Form

The statements of beneficial ownership furnished by NSDL and CDSL for the purpose of payment of dividend inter alia includes the name, address, bank account details, 9 digit MICR code of the beneficial owners. The Company will arrange to remit the dividend through ECS, to those beneficial owners whose 9 digit MICR code is available and if the said MICR code pertains to a bank located at any of the cities mentioned above or if their bank is part of the Core Banking Solution system. After remittance of dividend through ECS, a confirmation will be sent to the concerned shareholders.

### Transfer of unclaimed dividend to Investor Education and Protection Funds :

Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company between the due dates of declaration of dividend and corresponding dates when unclaimed dividend are due for transfer to IEPF. Information in respect of such unclaimed dividend for the three years when due for transfer to the said Fund is given below:

Financial Year ended	Date of Declaration	Due for Transfer on
2004-2005	25/07/2005	27/08/2012
2005-2006 (interim)	21/10/2005	26/11/2012
2005-2006 (Final)	17/07/2006	22/08/2013

### Online Information

Shareholders are requested to visit [www.dhfl.com](http://www.dhfl.com) for online information about the Company. The financial results, share price information, dividend announcements of the Company are posted on the website of the Company. Besides, the shareholders have the facility to post any query to the company directly from the website which are acted upon within 24 hours of receipt of query. The company has also been filing the financial results, shareholding pattern and other reports in the new portal viz Corporate Filing and Dissemination System (CFDS) put in place jointly by BSE and NSE at the URL [www.corpfiling.co.in](http://www.corpfiling.co.in)

Shareholders may also contact the following for any assistance:-

Registrar & Transfer Agent	DHFL Secretarial Department	
<b>Link Intime India Private Ltd.</b> C - 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400078  Phone: 022-2594 6970 – 78,  Fax: 022-25946969,  e-mail- <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>  Contact Person: Shri Sharad Patkar, Executive – Corporate Registry	Shri S. Y. Sankhe Compliance Officer & Company Secretary  6th Floor, HDIL Towers, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai-400 051  Tel: 91-22- 2658 3333  email: <a href="mailto:secretarial@dhfl.com">secretarial@dhfl.com</a>	Shri P. K. Kumar, Sr. Manager - Secretarial,  6th Floor, HDIL Towers, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai-400 051  Tel: 91-22- 2658 3333  email: <a href="mailto:pkkumar@dhfl.com">pkkumar@dhfl.com</a>

Shareholders holding shares in electronic mode are advised to address all their correspondence through their respective Depository Participants.



## CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

### Certificate

To the Members,  
Dewan Housing Finance Corporation Ltd.

We have examined the compliance of conditions of Corporate Governance by Dewan Housing Finance Corporation Ltd. for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investors' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012

**Rajendra K. Gupta**  
Partner  
ICAI M. N. 070165

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company. The same is available on website of the Company as [www.dhfl.com](http://www.dhfl.com).

As the Chairman & Managing Director of the Dewan Housing Finance Corporation Limited and as required by Clause 49(1)(D)(ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the financial year 2011-2012.

**Kapil Wadhawan**

Chairman & Managing Director

Place : Mumbai

Date : 10<sup>th</sup> May, 2012

# Secretarial Audit Report

To the Board of Directors  
Dewan Housing Finance Corporation Limited  
2nd Floor, Sir P.M Road, Fort, Mumbai-400001.

We have examined the Registers, records and documents of Dewan Housing Finance Corporation Limited ("the Company") for the financial year ended on 31st March, 2012, with reference to the provisions contained in:-

1. The Companies Act, 1956 and the Rules made under that Act;
2. The Depositories Act, 1996 and the regulations and Bye-laws framed under that Act;
3. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, Act 1992("SEBI Act")
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999;
  - e. The Securities Contracts (Regulations) Act, 1956 (SCRA), the Rules made under that Act; and;
  - f. The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008;
4. The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and Debt Listing Agreement with National Stock Exchange of India Limited, we certify that:-
  1. Based on our examination and verification of the registers, records and documents produced to us and according to the information and explanations given to us by the Company, we report that the Company has, in our opinion, complied with the provisions of the Companies Act, 1956 ('the Act') and the rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:
    - a) Maintenance of various statutory registers and documents and making necessary entries therein;
    - b) Closure of the register of members/debenture holders;
    - c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
    - d) Service of documents by the Company on its Members, Debenture Holders, Debenture Trustees, Auditors and the Registrar of Companies;



- e) Notice of Board Meetings and Committee Meetings of Directors;
- f) The meeting of Directors and Committees of Directors including passing of resolution by circulations;
- g) The 27th Annual General Meeting of the Company was held on 27th July, 2011;
- h) Minutes of the proceedings of General meetings and of the Board and its Committee meetings;
- l) Approvals of the Members, the Board of Directors, the Committees of Directors and Government authorities, wherever required;
- j) Constitution of the Board of Directors/Committees of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and Whole time Director;
- k) Payment of remuneration to the Directors including the Managing Director and Whole Time Director;
- l) Appointment and remuneration of Auditors;
- m) Transfers and Transmissions of the Company's shares and debentures, issue and allotment of shares and debentures and issue and delivery of original and duplicate certificates of shares and debentures;
- n) Payment of interest on debentures and redemption of debentures;
- o) Declaration and payment of dividends;
- p) Transfer of certain amounts as required under the Act and Rules thereunder to the Investor Education and Protection Fund;
- q) Borrowings and registration, modification and satisfaction of charges;
- r) Investment of the Company's funds including inter corporate loans and investments and loans to others;
- s) Giving guarantees in connection with loans taken by subsidiaries and associate companies;
- t) Form of Balance Sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit and Loss Account as per Part II of the said Schedule;
- u) Board's report;
- v) Contracts, common seal, registered office and publication of name of the Company; and
- w) Generally, all other applicable provisions of the Act and rules made under the Act.

2. We further report that:

- a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/ debentures holdings and Directorships in other companies and interest in other entities;
- b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of business conduct and ethics for Directors and Management Personnel;

- c) the Company has obtained all necessary approvals under the various provisions of the Act; and
  - d) there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against/on the Company, its Directors and Officers.
3. We further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed there under by the Depositories with regard to dematerialization/ rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
4. We further report that:
- a) The Company has complied with all the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited and the Debt Listing Agreements with National Stock Exchange of India.
  - b) The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 / 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations.
  - c) The Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employees Stock Option Scheme, grant of Options and other aspects; and
  - d) The Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

For **Aabid & Co**  
Company Secretaries

**Mohammad Aabid**  
C.P. No.: 6625  
F.C.S. No.: 6579

Place : Mumbai  
Date : 10th May, 2012



DHFL Financials



# Auditors' Report

To the Members,  
**Dewan Housing Finance Corporation Limited**

We have audited the attached Balance Sheet of **Dewan Housing Finance Corporation Limited**, as at **31st March 2012**, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

## We report that,

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditors' reports have been forwarded to us and have been appropriately dealt with.
3. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches.
4. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement read with Notes thereon dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956
5. On the basis of written representations received from the Directors of the Company as on 31st March, 2012, and taken on record by the Board, we report that none of the Director is disqualified as at 31st March, 2012 from being appointed as a Director under Section 274 (1) (g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,
  - i) In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012,
  - ii) In the case of Statement of Profit and Loss, of the Profit of the Company for the year ended on that date and
  - iii) In the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.
7. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government, in terms of Section 227 (4A) of the Companies Act, 1956, we further state that,
  - i) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification. The Company has not disposed off substantial part of fixed assets during the year.

- ii) The Company does not have any inventory due to nature of its business of housing finance.
- iii) The Company has granted unsecured loan in the nature of inter corporate deposit aggregating to Rs. 5600 lacs to its then subsidiary company covered in the register maintained under Section 301 of the Companies Act, 1956 and has recovered the full amount along with interest leaving Nil balance at the year end. The rate of interest & other terms and conditions of the loan are, in our opinion, prima facie not prejudicial to the interest of the Company and repayment of principal & interest has been regular and as per stipulation during the year. The Company has also given interest free advance of the nature of the current account to its 100% Subsidiary, amount outstanding at the year end Rs. 200.50 crores. The Company has not taken any loans from any company, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv) There is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and sale of services. The Company has no purchase or sale of goods.
- v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has accepted deposits from the public. In our opinion and according to the information and explanations given to us, the Company has, during the year, complied with the directives issued by the National Housing Bank under the Housing Finance Companies [NHB] directions, 2010 with regard to deposits accepted from the public and the rules framed thereunder and the provisions of sections 58A, 58AA and other relevant provisions of the Companies Act, 1956.
- vii) In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business, implemented by in-house department and supported by various independent professional firms of Chartered Accountants appointed as concurrent auditor by the management to carry out concurrent audit function at all its branches.
- viii) Central Government has not prescribed maintenance of any cost records in respect of the business of the Company.
- ix) According to the information and explanations given to us, Company is regular in depositing undisputed statutory dues such as Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax and any other statutory dues whichever is applicable to the Company with the appropriate authorities. However, the Company has deposited full amount of disputed Income tax pending in appeals on the subject matters before appropriate appellate authorities and has no unpaid demands of the department.
- x) The Company has positive net worth, which is more than its equity capital and has neither any accumulated losses nor it has incurred any cash losses in the current financial year.

- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks or debenture holders.
- xii) According to the information and explanations given to us, the Company has maintained adequate documents and records for the loans and advances granted by it on the basis of security by way of residential houses and properties, pledge of shares, debentures and other securities.
- xiii) The Company is not engaged in the business of any chit fund / nidhi / mutual benefit fund or society.
- xiv) According to the information and explanations given to us, the Company is maintaining proper records of the transactions and contracts about the dealings in securities & investments and has made timely entries in records. The shares, securities, debentures and other securities have been held by the Company in its own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the Company has generally applied the amount raised by it by way of term loans for the purpose for which those loans were obtained, other than temporary deployment pending application of those funds.
- xvii) The Company is engaged in the housing finance business and is governed by National Housing Bank [NHB] Directions for raising deposits and deployment of its funds in its business and the Company has followed the NHB guidelines for fund raising and deployment of funds and is adhering to the Asset Liabilities Management guidelines (ALCO) prescribed by the NHB and accordingly based on the above information, we report that the Company has generally not used its short term funds in long term investments.
- xviii) The Company has made preferential allotment of equity shares during the year as approved by the members in its EOGM for the quantity and pricing thereof. Accordingly the price at which such shares are allotted are not prima facie prejudicial to the interest of the Company.
- xix) According to the information & explanations given to us, the Company has issued secured non-convertible debentures amounting to ₹ 73,020 lacs and has created securities and charges in respect of the debentures issued during the year.
- xx) The Company has not raised any money by way of public issue of equity share capital during the year save and except allotment to QIB's under Qualified Institutional Placement and allotment of equity shares under Employees Stock Option Scheme as detailed in Note no. 3.1 of Notes forming part of the Balance Sheet.
- xxi) As explained to us, no material fraud on or by the Company has been noticed or reported during the year.

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

**Rajendra K. Gupta**  
Partner  
ICAI M. N. 070165

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012



# Balance Sheet As At 31st March, 2012

(₹ in lacs)

	Notes	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	11,684	10,443
Reserves and Surplus	4	191,588	144,400
<b>Total Shareholders' Funds</b>		<b>203,272</b>	<b>154,843</b>
<b>Non Current Liabilities</b>			
Long Term Liabilities	5	1,601,860	1,297,382
Other Long Term Liabilities	6	-	15
Deferred Tax Liabilities (Net)	7	2,133	1,585
Long Term Provisions	8	15,940	4,753
<b>Total Non Current Liabilities</b>		<b>1,619,933</b>	<b>1,303,735</b>
<b>Current Liabilities</b>			
Short Term Borrowings	9	93,417	34,256
Trade Payables	10	4,860	4,024
Other Current Liabilities	11	228,458	164,768
Short Term Provisions	8	5,792	6,533
<b>Total Current Liabilities</b>		<b>332,527</b>	<b>209,581</b>
<b>TOTAL</b>		<b>2,155,732</b>	<b>1,668,159</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
Tangible Assets	12	6,020	5,529
Intangible Assets	12	402	88
Capital work-in-progress	12	18,226	16,608
		24,648	22,225
Non Current Investments	13	38,746	38,319
Long term Housing and Property Loans	14	1,824,298	1,290,967
Other Long Term Loans and Advances	15	1,268	944
Other Non Current Assets	17	28,191	11,846
<b>Total Non Current Assets</b>		<b>1,917,151</b>	<b>1,364,301</b>
<b>Current Assets</b>			
Current Investments	16	7,529	48,748
Trade Receivables	17	5,434	3,214
Cash and Bank Balances	18	70,164	104,427
Short term portion of Housing and Property Loans	14	111,240	121,231
Other Short Term Loans and Advances	19	42,820	25,750
Other Current Assets	17	1,394	488
<b>Total Current Assets</b>		<b>238,581</b>	<b>303,858</b>
<b>TOTAL</b>		<b>2,155,732</b>	<b>1,668,159</b>
<b>Notes forming part of the Financial Statements</b>	<b>1-43</b>		

This is the Balance Sheet referred to in our report of even date

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

**Rajendra K. Gupta**  
Partner  
ICAI M. N. 070165

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012

**Kapil Wadhawan**  
Chairman & Managing Director

**S. Y. Sankhe**  
Company Secretary

**Dheeraj Wadhawan**  
**R. P. Khosla**  
**G. P. Kohli**  
**Anthony Hambro**  
**V. K. Chopra**  
**Dr. P. S. Pasricha**  
(Directors)

# Statement Of Profit And Loss For The Year Ended 31st March, 2012

(₹ in lacs)

	Notes	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>INCOME</b>			
Revenue from Operations	20	246,776	144,935
Other Income	21	192	189
<b>TOTAL REVENUE</b>		<b>246,968</b>	<b>145,124</b>
<b>EXPENDITURE</b>			
Interest & Finance Charges	22	179,923	97,313
Employees Remuneration & Benefits	23	8,781	5,986
Administrative & Other Expenses	24	15,586	9,947
Depreciation and Amortization Expenses	12	472	373
Provision for Contingencies	8	2,370	900
<b>TOTAL EXPENDITURE</b>		<b>207,132</b>	<b>114,519</b>
<b>Profit before exceptional items and tax</b>		<b>39,836</b>	<b>30,605</b>
Exceptional Items		-	3,543
<b>PROFIT BEFORE TAX</b>		<b>39,836</b>	<b>34,148</b>
Less: Tax Expense			
- Current Tax		8,615	6,465
- Deferred Tax Charge/ (Credit)		585	1,170
<b>PROFIT FOR THE YEAR</b>		<b>30,636</b>	<b>26,513</b>
<b>Earnings per Equity share</b>	<b>25</b>		
Basic (₹)		28.97	26.43
Diluted (₹)		28.67	26.12
<b>Notes forming part of the Financial Statements</b>	<b>1-43</b>		

This is the Statement of Profit and Loss referred to in our report of even date

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

**Rajendra K. Gupta**  
Partner  
ICAI M. N. 070165

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012

**Kapil Wadhawan**  
Chairman & Managing Director

**S. Y. Sankhe**  
Company Secretary

**Dheeraj Wadhawan**  
**R. P. Khosla**  
**G. P. Kohli**  
**Anthony Hambro**  
**V. K. Chopra**  
**Dr. P. S. Pasricha**  
(Directors)

# Cash Flow Statement For The Year Ended 31st March, 2012

(₹ in lacs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	39,836	34,148
<b>Adjustments for:</b>		
Depreciation	472	373
Employees Stock Option Expenses	576	75
Provision for Gratuity & Leave Encashment	262	315
(Profit)/Loss on Fixed Assets sold	47	27
Provision for contingencies	2,369	900
Other Operational Treasury Income	(6,826)	(7,216)
	(3,100)	(5,525)
Operating profit before Working Capital changes	36,736	28,623
<b>Adjustments for:</b>		
Current Assets	(64)	(20,097)
Current Liabilities	(5,683)	8,904
Working capital changes	(5,747)	(11,193)
Cash generated from operations during the year	30,989	17,430
Tax Paid	(8,020)	(6,016)
<b>Net Cash Flow from Operating Activities [A]</b>	<b>22,969</b>	<b>11,415</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Income from Treasury Investment - MF	3,712	3,609
Net Income from Treasury Investment - Others	3,114	3,606
Net Reduction/(Addition) to Investments	38,709	(47,262)
Addition to Investments in Subsidiary	(1,300)	(26,601)
Sale Proceeds of disinvestments in Subsidiaries	5,338	-
Net Addition to fixed assets	(2,943)	(975)
<b>Net cash used in Investing Activities [B]</b>	<b>46,629</b>	<b>(67,623)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Advance to Subsidiary	(20,002)	-
Issue of Equity Shares	1,241	2,240
Premium on Issue of Equity Shares	29,724	46,973
Inter Corporate Deposits received - Subsidiary	5,300	2,000
Inter Corporate Deposits received - Others	8,000	9,500
Proceeds from Loan Securitised / Loan Syndicated	168,001	-



# Cash Flow Statement For The Year Ended 31st March, 2012

(₹ in lacs)

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
Issue of Perpetual Debts	12,520		-	
Loans received from Banks/Institutions	404,500		546,049	
Refinance loans received from NHB	22,800		10,000	
Proceeds from issue of NCD's & Subdebts	80,520		108,500	
Proceeds from issue of CP's	145,440		56,547	
Fixed Deposits received	69,066	927,111	46,874	828,684
Housing loan repayments	194,927		100,990	
Other Loans repayments	21,030	215,957	14,282	115,272
Loans repaid to Banks / Institution	(124,454)		(90,138)	
Refinance loans repaid/Prepaid to NHB	(27,508)		(26,195)	
Fixed Deposits repaid	(30,914)		(9,361)	
Preference share capital redeemed	-		(300)	
Premium on Redemption of Preference Shares	-		(2,700)	
Non-convertible Debentures Redeemed	(7,067)		(3,150)	
CP Redeemed	(115,048)		(46,798)	
Inter Corporate Deposits paid - Subsidiary	(5,300)		(2,000)	
Inter Corporate Deposits paid - Others	(9,800)	(320,092)	(9,500)	(190,143)
Housing loan disbursed	(724,884)		(621,115)	
Other Property loans disbursed	(181,664)	(906,548)	(29,438)	(650,554)
Dividend & Dividend Distribution Tax	(4,289)		(3,657)	
Share Premium Utilised	-	(4,289)	(250)	(3,906)
<b>Net cash from Financing Activities [C]</b>		<b>(87,861)</b>		<b>99,353</b>
<b>Net increase in Cash &amp; Cash Equivalents[A+B+C]</b>		<b>(18,263)</b>		<b>43,145</b>
Cash & Cash Equivalents at the beginning of the year		116,174		73,029
Cash & Cash Equivalents at the close of the year		97,911		116,174

Negative Figure (-) represent cash outflow.

This is the Cash Flow Statement referred to in our report of even date.

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

**Rajendra K. Gupta**  
Partner  
ICAI M. N. 070165

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012

**Kapil Wadhawan**  
Chairman & Managing Director

**S. Y. Sankhe**  
Company Secretary

**Dheeraj Wadhawan**  
**R. P. Khosla**  
**G. P. Kohli**  
**Anthony Hambro**  
**V. K. Chopra**  
**Dr. P. S. Pasricha**  
(Directors)

# Notes forming part of the financial statement for the year ended 31st March, 2012.

## 1 CORPORATE INFORMATION

Dewan Housing Finance Corporation Limited ('DHFL'), 'the Company' was incorporated in India on 11th April, 1984 and is carrying on the business of providing loans to retail customers for construction or purchase of residential property and loans against property. The Company is registered with National Housing Bank under Section 29A of the National Housing Bank Act, 1987. DHFL has its registered office in Mumbai and has 122 branches, 72 service centres, 24 camp locations, 8 regional processing units and 4 central processing units in India and 2 representative offices in UAE and UK.

The Company has 3 subsidiaries viz. DHFL Holdings Private Limited, First Blue Home Finance Limited and First Blue Financial Consultants Limited.

## 2 SIGNIFICANT ACCOUNTING POLICIES:

### 2.1 Basis of preparation of financial statements :

- a) The financial statements have been prepared under the historical cost convention on accrual basis, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 and Housing Finance Companies, (NHB) Directions, 2010. Accounting Standards (AS) referred to in the notes are as issued by the Institute of Chartered Accountants of India.
- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.
- c) The preparation of financial statements requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.
- d) Amounts in the financial statements are presented in ₹ lacs, except for per share data and as otherwise stated. All exact amounts are stated with suffix "/-".

### 2.2 Interest on housing loans :

Repayment of housing loans is by way of Equated Monthly Instalments (EMI) comprising principal and interest. Interest is calculated each year on the outstanding balance at the beginning of the Company's financial year or on monthly reducing balance in terms of financing scheme opted by the borrower. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI monthly interest is payable.

### 2.3 Interest & other related financial charges :

Interest accrued on cumulative fixed deposits and payable at the time of maturity is clubbed with the principal amount on the date of periodical rest, when interest is credited in Fixed Deposit account in accordance with the particular deposit scheme. Interest and other related financial charges are recognized as an expense for the period for which they are incurred as specified in Accounting Standard (AS 16) on "Borrowing Costs".

## 2.4 Revenue Recognition :

- a) Interest on performing assets is recognized on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank. The interest income (payment) is adjusted for gain (loss) on corresponding hedge contracts / interest swap derivatives, wherever executed.
- b) Dividend income on investments, processing fees and penal interest income on delayed EMI/PEMI are recognised on receipt basis.
- c) Income from other services is recognised on accrual basis.

## 2.5 Foreign Exchange Transactions :

Transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Monetary items denominated in foreign currency are stated at contracted rates as those are covered by forward contracts. Premium for forward contracts is recognised as expenditure over the life of the contract.

## 2.6 Provision for Contingencies :

Provision for Contingencies has been made for diminution in investment value and on standard as well as on non-performing housing loans and other property loans as per the Prudential Norms prescribed by the National Housing Bank. The Company also makes certain additional provision to meet unforeseen contingencies.

## 2.7 Investments :

All Investments are stated at cost as per Accounting Standard (AS 13) on "Accounting for Investments" and the guidelines issued by the National Housing Bank. Investment in unquoted shares being non current investment is stated at cost and provision for diminution is made only if such diminution is other than temporary. Investments in mutual funds and quoted shares are in the nature of current Investments and full provision for diminution in the value of said Investments is made.

## 2.8 Fixed Assets :

Fixed Assets are stated at cost inclusive of expenses incidental thereto. All cost, including financing cost till the asset is put to use are capitalised net of cenvat credit wherever applicable. Depreciation on fixed assets is provided on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

## 2.9 Impairment of Assets :

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognised in earlier accounting periods is reversed if there has been a change in the estimate of recoverable amount as specified in Accounting Standard (AS 28) on "Impairment of Assets".



## 2.10 Intangible Assets :

Intangible Assets comprise of software and are stated at cost incurred on purchases and for bringing the same to its working condition and are amortised as per the provisions of the Companies Act, 1956.

## 2.11 Special Reserve :

The Company creates Special Reserve every year out of its profits in terms of Sec 36(1) (viii) of the Income Tax Act, 1961 read with Sec 29C of the National Housing Bank Act, 1987.

## 2.12 Prepaid Expenses :

Financial Expenses incurred during the year which provide benefit in several accounting years and brokerage paid on long term fixed deposits has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on pro-rata time basis in the future accounting years.

## 2.13 Employees Retirement Benefits :

- a) Company's contribution in respect of Employees' Provident Fund is made to Government provident fund and is charged to the Statement of Profit & Loss.
- b) Gratuity and Leave Encashment payable at the time of retirement are charged to the Statement of Profit & Loss on the basis of actuarial valuation as required under AS 15.

## 2.14 Earnings per share :

The earnings per share has been computed as per Note "25" in accordance with Accounting Standard (AS 20) on, "Earnings Per Share" and is also shown in the Statement of Profit and Loss.

## 2.15 Income Tax :

Income tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS 22) on "Accounting for Taxes on Income". The Deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the Statement of Profit and Loss. The cumulative effect thereof is shown in the Balance Sheet. The Deferred tax assets, if any, are recognised only if there is a reasonable certainty that the assets will be realized in future.

## 2.16 Housing and Other Property Loans :

Housing Loans include outstanding amount of Housing Loans and other Property Loans disbursed directly or indirectly to individual and other borrowers. Other Property Loans include mortgage loan, non residential property loan, plot loan for self construction where construction has not began in last three years and loan against lease rental income from properties in accordance with directions of National Housing Bank (NHB). EMI and instalments due from borrowers against housing loans other than EMI's/PEMI's receivable for less than three months, which are treated as trade receivables, are shown as current assets.

## 2.17 Securitised Assets :

Securitised Assets are derecognised in the books of the Company based on the principle of transfer of ownership interest over the assets. De-recognition of securitised assets and recognition of gain or loss arising on such securitisation is based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

(₹ in lacs)

	31.03.2012	31.03.2011
<b>3 SHARE CAPITAL</b>		
Authorised		
17,50,00,000 equity shares of ₹ 10/- each	17,500	17,500
7,50,00,000 Redeemable, non-convertible preference shares of ₹ 10/- each	7,500	7,500
	<u>25,000</u>	<u>25,000</u>
Issued, Subscribed and Paid up		
11,68,39,981 (10,44,26,402) equity shares of ₹ 10/- each fully paid up	<u>11,684</u>	<u>10,443</u>
	11,684	10,443

3.1 During the year, the Company obtained approval of the shareholders by way of postal ballot pursuant to Sec 192A of the Companies Act, 1956 on 19th January, 2012 for placement of equity shares to Qualified Institutional Buyers (QIBs). The Committee of the Board of Directors from time to time has also issued and allotted shares along with equity shares under ESOS scheme as under:

- On the 29th February, 2012, the Company has issued and allotted to QIBs 1,19,09,873 (1,68,69,095) equity shares of ₹ 10/- each, at a price of ₹ 255.50 per equity share (including a premium of ₹ 245.50 per equity share), aggregating to ₹ 30,429 lacs and has issued and allotted on preferential basis NIL (50,00,000) equity shares of ₹ 10/- each to promoter and other investor.
- During the year, the Company has allotted, from time to time, 301,264 (291,930) number of equity shares of ₹ 10/- each to various eligible employees under (ESOS 2008) at a price of ₹ 53.65 per equity share (including a premium of ₹ 43.65 per equity share) aggregating to ₹ 162 lacs as approved in the AGM dated 23rd July, 2007 and allotted at the reconsidered price approved in the EOGM dated 31st March, 2009.
- During the year, the Company has allotted, from time to time, 202,442 (238,833) number of equity shares of ₹ 10/- each to various eligible employees under (ESOS 2009) at a price of ₹ 141/- per equity share (including a premium of ₹ 131/- per equity share) aggregating to ₹ 285 lacs as approved in the AGM dated 23rd July, 2007.

3.2 The Company has, at present, one class of issued, subscribed and paid up share referred to as equity share having a par value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

- 3.3 The Board of Directors, has proposed a dividend to be paid out of current year profits @ ₹ 3.50 (₹ 3.50) per equity share to the equity shareholders.
- 3.4 **Reconciliation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period:**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. of shares	Amount (lacs)	No. of shares	Amount (lacs)
Equity shares at the beginning	104,426,402	10,443	82,026,544	8,203
Add: Shares issued during the year	11,909,873	1,191	21,869,095	2,187
Add: Shares issued under ESOS	503,706	50	530,763	53
Equity shares at the end	116,839,981	11,684	104,426,402	10,443

- 3.5 **Details of shareholders holding more than five percent equity shares in the Company are as under:**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. of shares	% holding	No. of shares	% holding
Kapil Wadhawan	9,978,472	8.54	9,936,087	9.51
Dheeraj Wadhawan	9,308,998	7.97	9,308,998	8.91
Aruna Wadhawan	7,980,447	6.83	7,980,447	7.64
Wadhawan Holdings Private Limited	8,736,536	7.48	8,736,536	8.37
Caledonia Investments PLC	10,017,923	8.57	10,017,923	9.59

### 3.6 **Stock option plans:**

Employee Stock Option Scheme 2008 (ESOS-2008) was implemented by the Company. 14,22,590 equity share options were granted under (ESOS-2008) in 2008-09 to the employees as approved by the remuneration and compensation committee of the directors of the Company at ₹ 53.65 per share, the reconsidered price approved in the EOGM dated 31st March, 2009.

Employee Stock Option Scheme 2009 (ESOS-2009) was implemented by the Company. 12,75,000 equity share options were granted under (ESOS-2009, Plan I) in 2009-10 and additional 12,34,670 equity share options were approved to be granted under (ESOS-2009, Plan II) in 2010-11 to the employees by the remuneration and compensation committee of the directors of the Company at ₹ 141/- per share, the price approved in the remuneration and compensation committee meeting held on 25th November, 2009.

#### **Movement in options under (ESOS-2008) and (ESOS-2009).**

Particulars	ESOS-2008	ESOS-2009 Plan I	ESOS-2009 Plan II
Options granted under the schemes	1,422,590	1,275,000	1,234,670
Options exercised upto 31st March, 2012	734,532	441,275	-
Options lapsed upto 31st March, 2012	229,912	171,747	78,800
Options outstanding at the end of the year	458,146	661,978	1,155,870
Options unvested at the end of the year	387,924	422,340	1,155,870
Options exercisable at the end of the year	70,222	239,638	-



	31.03.2012	31.03.2011
<b>4 RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	7	7
<b>Capital Redemption Reserve</b>		
Balance as per last Balance Sheet	775	775
<b>Securities Premium</b>		
Balance as per last Balance Sheet	85,165	41,142
Add : Received during the year	29,724	46,973
	114,889	88,115
Less : Utilised during the year	-	2,950
	114,889	85,165
<b>General Reserve</b>		
Balance as per last Balance Sheet	28,104	18,104
Add : Transferred from Statement of Profit & Loss	10,000	10,000
	38,104	28,104
Less : Provision for contingency for standard assets	5,500	-
	32,604	28,104
<b>Special Reserve under section 36(i)(viii) of the Income Tax Act, 1961</b>		
Balance as per last Balance Sheet	19,586	15,586
Add : Transferred from Statement of Profit & Loss	10,000	4,000
	29,586	19,586
<b>Contingency Reserve</b>		
Balance as per last Balance Sheet	3,500	-
Add : Transferred from Statement of Profit & Loss	-	3,500
Less : Transferred to Provision for Contingency	3,500	-
	-	3,500
<b>Employees Stock Option Outstanding</b>		
Balance as per last Balance Sheet	266	191
Add : Transferred from Statement of Profit & Loss	576	75
Net Charges for the year	842	-
		266
<b>Surplus in Statement of Profit and Loss:</b>		
As per last Balance Sheet	6,997	3,036
Add : Profit available for appropriations	30,636	26,513
Less : Appropriations :		
Special Reserve under Section 36(1)(viii) of the IT Act, 1961	10,000	4,000
General Reserve	10,000	10,000
Contingency Reserve	-	3,500
Proposed Equity Dividend*	4,089	3,657
Preference Dividend	-	2
Dividend for earlier year	8	659
Tax on dividend	651	734
Surplus closing balance	12,885	6,997
<b>Total</b>	<b>191,588</b>	<b>144,400</b>

\* The Board of Directors in its meeting held on 10th May, 2012 has recommended dividend of ₹ 3.50 per equity share (refer Note 3.3).

- 4.1 The Company has utilised contingency reserve created in the earlier year of ₹ 3,500 lacs and has further utilised ₹ 5,500 lacs out of General Reserve to create provision for non performing and standard assets as required under the revised guidelines of NHB.

(₹ in lacs)

	Non Current Portion		Current Portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>5 LONG TERM LIABILITIES</b>				
<b>Secured</b>				
<i>Term Loan from Banks</i>				
From National Housing Bank	109,395	105,758	18,459	26,803
From Other Banks	1,218,487	986,229	167,052	117,064
<i>Loan from Others</i>				
From Financial Institutions	3,017	4,408	1,391	2,200
Non-Convertible Debentures	152,353	112,000	32,667	7,067
<b>Total Secured long term liabilities</b>	<b>1,483,252</b>	<b>1,208,395</b>	<b>219,569</b>	<b>153,134</b>
<b>Unsecured</b>				
Non-Convertible Debentures	61,000	58,000	4,500	-
(Subordinated issue)				
Non-Convertible Debentures (Perpetual Debt)	12,520	-	-	-
Deposit :				
Fixed Deposit (including Cummulative)	44,956	30,886	48,061	24,233
Other Deposits	132	101	272	175
<b>Total Unsecured long term liabilities</b>	<b>118,608</b>	<b>88,987</b>	<b>52,833</b>	<b>24,408</b>
<b>TOTAL LONG TERM LIABILITIES</b>	<b>1,601,860</b>	<b>1,297,382</b>	<b>272,402</b>	<b>177,542</b>
Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 9 and 11)	-	-	(272,402)	(177,542)
<b>Net Amount</b>	<b>1,601,860</b>	<b>1,297,382</b>	<b>-</b>	<b>-</b>

- 5.1 Non Convertible Debentures (NCD) (current and non current portion) amounting to ₹ 185,020 lacs (₹ 119,067 lacs) are secured /to be secured by way of first charge as per note 5.2 herein below and are redeemable at par, in one or more instalments, on various dates, with the earliest redemption being 17th May, 2012 and the last being 22nd September, 2021.
- 5.2 All Secured term loans (Current and Non Current portion) from the National Housing Bank, other Banks, Asian Development Bank, Financial Institutions and Secured Non Convertible Debentures are secured/to be secured by way of first charge to and in favour of participating Banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu (read with Note no. 9.1), inter-se, on the Company's whole of the present and future book debts outstanding, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets (under process of exclusion in favour of trustees for the deposit holders) read with Note no. 5.3 hereinafter. They are further secured / to be secured on pari passu basis by constructive delivery

of various title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.

- 5.3 The National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favour of depositors through the mechanism of a trust deed. The Company has accordingly appointed in earlier year a SEBI approved trustee company i.e. GDA Trustee and Consultancy Ltd. as trustee for the above by executing the trust deed and is creating necessary required charge on SLR assets.
- 5.4 The Company has raised ₹ 7,500 lacs during the year through issue of long term Unsecured, Redeemable, Non Convertible Debentures. These Debentures are redeemable at par on 26th March, 2022. These Debentures are Sub-ordinate to present and future senior debt holders of the Company and qualifies as Tier II Capital under the NHB Guidelines.
- 5.5 All fixed deposits, including short term fixed deposits, are repayable as per individual contracted maturities ranging upto 12 months and 84 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.
- 5.6 Department of Company affairs has exempted Housing Finance Companies registered with National Housing Bank from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Since the Debenture issues of the Company till day are through private placement no DRR has been created.

(₹ in lacs)

	31.03.2012	31.03.2011
<b>6 OTHER LONG TERM LIABILITIES</b>		
Advance from customers	-	15
<b>Total Other Long Term Liabilities</b>	<u>-</u>	<u>15</u>

	31.03.2012	31.03.2011
<b>7 DEFERRED TAX LIABILITIES / (ASSETS)</b>		
Deferred Tax Asset		
On account of provision for contingency	(1,556)	(946)
On account of provision for gratuity	(185)	(77)
	<u>(1,741)</u>	<u>(1,023)</u>
Deferred Tax Liability		
On account of depreciation	711	518
On account of others	3,163	2,090
	<u>3,874</u>	<u>2,608</u>
<b>Net Deferred Tax Liability / (Asset)</b>	<u>2,133</u>	<u>1,585</u>



		Long Term Provision		Short Term Provision	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
8	<b>PROVISIONS</b>				
	Provision for Contingencies				
	<b>Against Standard Assets:</b>				
	As per last Balance sheet	1,885	-	-	-
	Add : Provision during the year	-	1,885	-	-
	Add : Transfer from Contingency Reserve	3,500	-	-	-
	Add : Additional provision from General Reserve	5,500	-	-	-
	Less : Utilised during the year	-	-	-	-
	Net provision against standard loan portfolio (A)	10,885	1,885	-	-
	<b>Against NPA:</b>				
	As per last Balance sheet	2,651	1,828	-	-
	Add : Provision during the year	2,239	900	-	-
	Less : Utilised during the year	236	77	-	-
	Net provision against NPA loan portfolio (B)	4,654	2,651	-	-
	<b>Against Investment:</b>				
	As per last Balance sheet	59	126	-	-
	Add : Provision during the year	131	-	-	-
	Less : Utilised During the year	-	67	-	-
	Less : Provision for diminution in the value of investment	190	59	-	-
		-	-	-	-
	Provision for Contingencies on loan portfolio	15,539	4,536	-	-
	Provision for employee benefits:				
	Gratuity	401	217	115	74
	Leave encashment	-	-	85	47
	Provision for proposed dividend	-	-	4,089	3,659
	Provision for dividend distribution tax	-	-	663	622
	Other Provisions	-	-	840	2,131
	<b>Total Provisions</b>	<b>15,940</b>	<b>4,753</b>	<b>5,792</b>	<b>6,533</b>

- 8.1 The Company has written off ₹ 236 lacs (₹ 77 lacs) as bad debts and by way of one time settlement to recover some of its NPA and Loss Accounts. The Company has withdrawn ₹ 236 lacs (₹ 77 lacs) from contingency provisions created out of profits of earlier years.

## 8.2 Details of Housing and Property Loans and Contingency Provisions

Provision in respect of standard, sub standard, doubtful and loss assets are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank and are as follows:

	31.03.2012		31.03.2011	
	Portfolio	Provisions	Portfolio	Provisions
<b>Standard Assets</b>				
Housing Loans	1,678,635	8,219	1,335,924	1,637
Other Property Loans	242,254	2,415	67,837	248
Additional provision on standard assets	-	251	-	-
	1,920,889	10,885	1,403,761	1,885
<b>Sub Standard Assets</b>				
Housing Loans	6,704	1,085	5,078	707
Other Property Loans	1,803	273	621	65
	8,507	1,358	5,699	772
<b>Doubtful Assets</b>				
Housing Loans	4,167	1,847	2,695	963
Other Property Loans	1,975	649	43	16
	6,142	2,496	2,738	979
<b>Loss Assets</b>				
Housing Loans	-	-	-	-
Other Property Loans	-	-	-	-
	-	-	-	-
Additional provision on Non Performing Assets	-	800	-	900
<b>Total</b>	<b>1,935,538</b>	<b>15,539</b>	<b>1,412,198</b>	<b>4,536</b>
Housing Loans	1,689,506	11,151	1,343,697	3,307
Other Property Loans	246,032	3,337	68,501	329
Additional provision on Standard Assets	-	251	-	-
Additional provision on Non Performing Assets	-	800	-	900
<b>Total</b>	<b>1,935,538</b>	<b>15,539</b>	<b>1,412,198</b>	<b>4,536</b>

## 8.3 Provision for Contingencies

The National Housing Bank (NHB) vide its circular dated 5th August, 2011 read with circular dated 19th January, 2012 has introduced additional contingency provisioning requirements. The Company has met the above requirement by utilizing excess reserve created in earlier year and by making further provision during the year. As a matter of prudent risk management and based on experience, the Company has created on its own in the past, additional reserve on its standard assets towards contingencies beyond the NHB requirements. The Company has fully utilized these additional contingency reserves for meeting the above requirements of the NHB and has also provided balance during the year. The Company has made during the year additional provision beyond NHB requirement of ₹ 1,051 lacs.

		31.03.2012	31.03.2011
<b>9 SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
Other short term loans and advances From Banks		444	99
<b>Secured short term borrowings (A)</b>		<u>444</u>	<u>99</u>
<b>Unsecured</b>			
Fixed Deposits (Refer Note no.5)		48,333	24,408
Other short term loans and advances			
Commercial Papers		40,140	9,749
Others (Refer Note no.5)		4,500	-
<b>Unsecured short term borrowings (B)</b>		<u>92,973</u>	<u>34,157</u>
<b>TOTAL SHORT TERM BORROWINGS (A+B)</b>		<u>93,417</u>	<u>34,256</u>

9.1 Other short term loans from banks comprises of Cash credit facilities secured by way of a first pari passu charge along with other secured loans read with Note no. 5.2. These cash credit facilities are repayable as per the contracted/ roll over term.

## 10 TRADE PAYABLES:

There is no amount due and payable to 'Suppliers' registered under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year. No interest has been paid/ is payable by the Company during/for the year to these 'Suppliers'. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the Company for this purpose.

		31.03.2012	31.03.2011
<b>11 OTHER CURRENT LIABILITIES</b>			
Current maturities of long-term borrowing (Refer Note No.5)		219,569	153,134
Interest accrued but not due on borrowings		4,023	458
Unclaimed matured deposits and interest accrued thereon		511	367
<b>Other payables</b>			
Advance from customers		2,181	1,418
Amount payable under securitisation transaction		1,584	-
Unclaimed Dividend		67	63
Tax deducted at source		-	-
Other current liabilities		523	9,328
<b>TOTAL OTHER CURRENT LIABILITIES</b>		<u>228,458</u>	<u>164,768</u>

11.1 As required under section 205 (C) of the Companies Act, 1956, the Company has transferred unclaimed dividend of the year 2003-04 (2002-03) ₹ 5 lacs (₹ 4 lacs) to Investor Education & Protection Fund (IEPF) during the year. There were no amounts due for transfer to IEPF on the date of Balance Sheet.



## 12 FIXED ASSETS

(₹ in lacs)

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2011	Addition	Deduction / Sale	As on 31.03.2012	As on 01.04.2011	For the Year	Deduction	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2012
<b>Tangible:</b>										
Buildings	3,056	-	-	3,056	309	50	-	359	2,697	2,747
Furniture & Fixtures	1,360	478	49	1,790	266	96	16	346	1,444	1,094
Office Equipments	755	302	13	1,045	117	45	4	158	887	638
Vehicles	284	53	40	296	54	44	17	82	215	230
Computer (Hardware)	1,505	173	33	1,644	685	210	29	867	778	820
<b>Sub Total</b>	<b>6,960</b>	<b>1,006</b>	<b>134</b>	<b>7,832</b>	<b>1,431</b>	<b>445</b>	<b>65</b>	<b>1,811</b>	<b>6,020</b>	<b>5,529</b>
<b>Intangible:</b>										
Computer (Software)	105	342	-	447	17	28	-	45	402	88
<b>Fixed Assets</b>	<b>7,065</b>	<b>1,348</b>	<b>134</b>	<b>8,278</b>	<b>1,449</b>	<b>472</b>	<b>65</b>	<b>1,856</b>	<b>6,422</b>	<b>5,617</b>
Capital Work in Process	16,608	1,618	-	18,226	-	-	-	-	18,226	16,608
<b>Total</b>	<b>23,673</b>	<b>2,966</b>	<b>134</b>	<b>26,504</b>	<b>1,449</b>	<b>472</b>	<b>65</b>	<b>1,856</b>	<b>24,648</b>	<b>22,224</b>
Previous Year	22,808	1,275	411	23,672	1,159	373	85	1,447	22,225	

(₹ in lacs)

13 NON CURRENT INVESTMENTS	31.03.2012		31.03.2011	
	Nos	Amount	Nos	Amount
<b>Trade Investments</b>				
<b>Investment in unquoted equity instruments</b>				
<b>Investment in subsidiary:</b>				
DHFL Holdings Private Limited	229,010,000	22,901	216,010,000	21,601
<b>Investment in associates:</b>				
Aadhar Housing Finance Private Limited	50,000,000	5,000	50,000,000	5,000
DHFL Property Services Limited	-	-	1,000,000	100
DHFL Vysya Housing Finance Limited	1,048,989	315	6,448,989	2,366
Arthveda Fund Management Private Limited	4,692,500	586	4,467,500	469
DHFL Venture Trustee Company Private Limited	22,500	2	22,500	2
Wadhawan Retail Private Limited	-	-	18,467,500	1,847
<b>Investment in others:</b>				
The Kalyan Janta Sahakari Bank Limited	10,000	1	10,000	1
(A)		28,805		31,386
<b>Investment in unquoted optionally convertible preference share</b>				
Sunborne Energy Services India Private Limited	31,775	1,271	-	-
(B)		1,271		

	31.03.2012		31.03.2011	
13 NON CURRENT INVESTMENTS (contd.)	Nos	Amount	Nos	Amount
<b>Other Investments</b>				
<b>Investment in Mutual Funds/Venture</b>				
Capital Fund - unquoted				
DHFL Venture Capital Fund		-		-
(100% Trust Corpus - Settlement Money)				
(₹ 10,000/- only)				
DHFL Real Estate Assets Management Fund -	35,000	3,223	35,000	3,223
Dream Fund I Units Class A				
DHFL Real Estate Assets Management Fund -	36,370	-	36,370	-
Dream Fund I Units Class B (₹ 36,000/- only)				
(C)		3,223		3,223
<b>Investment in Govt. securities/guaranted bonds (SLR) - quoted</b>				
11.30% HP Infrastructure Development Board	300	300	300	300
0.00% Punjab Infrastructure Development				
Board 2023 Bonds	10	25	10	25
8.56% Kerala SDL 2020	200,000	203	200,000	203
8.09% Gujarat SDL 2020	500,000	504	500,000	504
8.52% Tamilnadu SDL 2020	200,000	206	200,000	206
8.42% Andhra Pradesh SDL 2020	425,000	430	425,000	430
8.39% Rajasthan SDL 2020	500,000	503	500,000	503
8.26% GOI 2027	600,000	596	600,000	596
8.40% Gujarat SDL 2020	250,000	252	250,000	252
8.08% GS 2022	100,000	98	-	-
8.60% Andhra Pradesh SDL 2021	155,000	156	-	-
8.28% GS 2032	100,000	98	-	-
8.60% Maharashtra SDL 2021	250,000	250	-	-
8.81% West Bengal 2021	100,000	100	-	-
9.25% Uttar Pradesh SDL 2021	150,000	155	-	-
9.23% Gujarat SDL 2021	250,000	257	-	-
8.99% Madhya Pradesh SDL 2022	500,000	503	-	-
8.99% Bihar SDL 2022	250,000	251	-	-
		4,887		3,019
<b>Investment in Govt. securities/guaranted bonds (Non - SLR) - quoted</b>				
7.00% UBI Bonds 2015	75	750	75	750
(D)		5,637		3,769
(A+B+C+D)		38,936		38,378
<b>Less: Provision for diminution in value of investments</b>		190		59
<b>TOTAL NON CURRENT INVESTMENTS</b>		38,746		38,319
Aggregate amount of quoted investments		5,637		3,769
Market value of Quoted investments		5,448		3,711
Aggregate amount of Unquoted investments		33,299		34,609

13.1 Investment in Government Securities aggregating to ₹ 4,887 lacs (₹ 3,019 lacs) carry a floating charge created/to be created in favour of depositors in the Fixed Deposit schemes of the Company (read with Note no. 5.2 and Note no.5.3 above).

13.2 As required by NHB, the Company has divested its holding in DHFL Vysya Housing Finance Limited from 58.20% to 9.47% during the year. The Company with a view to focus on its core business, has also completely divested its holding in DHFL Property Services Limited during the year. Accordingly, DHFL Vysya Housing Finance Limited, Aadhar Housing Finance Private Limited and DHFL Property Services Limited are no longer subsidiaries of the Company. The Company has earned profit of ₹ 3,187 lacs on sale of shares of DHFL Vysya Housing Finance Limited.

(₹ in lacs)

	Non Current Portion		Current Portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>14 Housing and Property Loans</b>				
<b>Secured, considered good unless otherwise stated</b>				
<b>Housing Loans</b>				
Standard loans	1,757,335	1,225,268	88,733	114,432
Sub-Standard loans	6,111	5,078	611	-
Doubtful loans	3,971	2,695	205	-
Loss assets	-	-	-	-
	1,767,417	1,233,041	89,549	114,432
<b>Less : Housing Loans (Securitised &amp; Funded by Syndicate)</b>	160,154	3,431	7,306	345
<b>Total Housing Loans</b>	<b>1,607,263</b>	<b>1,229,610</b>	<b>82,243</b>	<b>114,087</b>
<b>Other Property Loans</b>				
Standard loans	219,863	60,693	28,858	7,144
Sub-Standard loans	1,467	621	336	-
Doubtful loans	1,714	43	261	-
Loss assets	-	-	-	-
	223,044	61,357	29,455	7,144
<b>Less : Other Property Loans (Securitised)</b>	6,009	-	458	-
<b>Total Other Property Loans</b>	<b>217,035</b>	<b>61,357</b>	<b>28,997</b>	<b>7,144</b>
Housing Loans	1,767,417	1,233,041	89,549	114,432
Other Property Loans	223,044	61,357	29,455	7,144
<b>Total Housing &amp; Property Loans under Company's management</b>	<b>1,990,461</b>	<b>1,294,398</b>	<b>119,004</b>	<b>121,576</b>
<b>Less : Securitised and Syndicated portion</b>	<b>166,163</b>	<b>3,431</b>	<b>7,764</b>	<b>345</b>
<b>TOTAL HOUSING AND PROPERTY LOANS</b>	<b>1,824,298</b>	<b>1,290,967</b>	<b>111,240</b>	<b>121,231</b>

- 14.1 Other Property Loans consists of non-housing loans such as mortgage loans, project loans (non-residential), commercial loans, plot loans, lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of National Housing Bank.
- 14.2 As certified by the management, loans given by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or assignment of Life Insurance policies and/or personal guarantees and/or undertaking to create a security and are considered appropriate and good.
- 14.3 Composite loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before 31st March, 2009, in which construction has not started till 31st March, 2012, as per information available with the Company, is excluded from housing loans and regrouped under other property loans (non housing) in above outstanding as on 31st March, 2012 aggregating to ₹ 1,256 lacs (₹ 1,097 lacs).
- 14.4 The Company has entered into loan syndication arrangements with certain public sector banks to provide Housing loan to borrowers wherein DHFL originates the loan files from branches and surrounding areas of such banks and also from open market and gets it processed under common credit norms at the Central Processing Unit set up in the premises of such banks. The said banks have agreed to participate upto 50% of the disbursed loan portfolio under loan syndication arrangement. Entire processing fees and other charges / income on above accrued to the Company (DHFL). The Company has derecognised above loan portion syndicated to others in its books.
- 14.5 The Company has also entered into loan syndication arrangements with First Blue Housing Finance Limited, DHFL Vysya Housing Finance Limited and Aadhar Housing Finance Limited to provide housing and property loans to borrowers wherein DHFL originates the loan files through its branches and gets it processed under common credit norms at the Central Processing Unit. The loan syndicate participants have agreed to participate in the disbursed loan portfolio under loan syndication arrangement. The Company has derecognised above loan portion syndicated to others in its books.
- 14.6 The Company has acquired certain assets under SARFAESI which are retained for the purpose of sale under the rules and regulations of SARFAESI involving ₹ 1,403 lacs (₹ 673 lacs) out of 163 (141) cases which are part of NPA portfolio for which necessary provisions have already been made.
- 14.7 During the year the Company has securitized pool of housing and property loans and managed the joint syndicated loans where banks and others have participated aggregating to ₹ 173,927 lacs (₹ 3,776 lacs). These assets have been de-recognised in the books of the Company as stated above. The Company is responsible for collection and getting servicing of the securitized portfolio on behalf of the buyer investor. In terms of the securitization agreement, the Company pays to buyer /investor/participant on monthly basis the collection amount, subject to retention of agreed extra interest spread for the Company.



	Non Current Portion		Current Portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>15 OTHER LONG TERM LOANS AND ADVANCES</b>				
<b>Unsecured, considered good unless stated otherwise</b>				
Loans and advances to employees	128	145	69	52
Capital advances	-	-	66	115
Electricity and other deposits	830	696	-	-
Rental deposits	310	103	231	52
Other loans and advances:				
Prepaid expenses	-	-	274	233
<b>Total Unsecured other long term loans and advances</b>	<b>1,268</b>	<b>944</b>	<b>640</b>	<b>452</b>
<b>TOTAL OTHER LONG TERM LOANS AND ADVANCES</b>	<b>1,268</b>	<b>944</b>	<b>640</b>	<b>452</b>
Current Portion Disclosed under "short term loans and advances" (refer Note No.19)	-	-	(640)	(452)
<b>Net Amount</b>	<b>1,268</b>	<b>944</b>	<b>-</b>	<b>-</b>

	31.03.2012		31.03.2011	
	Nos	Amount	Nos	Amount
<b>16 CURRENT INVESTMENTS</b>				
<b>Trade Investments</b>				
<b>Investment in equity instruments- quoted</b>				
Aditya Birla Nuvo Limited	-	-	500	4
Aurobindo Pharma Limited	-	-	20,000	51
BHEL	12,500	41	-	-
Century Textiles India Limited	-	-	25,000	128
Cummins India Limited	4,000	23	10,000	81
Development Credit Bank	10,000	5	-	-
Essar Oil Limited	10,000	14	10,000	14
HDFC Limited	-	-	2,500	18
HDFC Bank Limited	-	-	2,000	47
Havells India Limited	-	-	15,000	65
Hindalco Limited	-	-	1,000	2
Housing Development and Infrastructure Limited	-	-	1,999,918	65
IDFC	-	-	25,000	38
Infosys Technologies Limited	5,000	153	-	-
ICICI Bank Limited	5,000	45	-	-
JP Associates Limited	-	-	750	2
JSW Steels Limited	-	-	500	5
Larsen & Toubro Limited	5,825	80	5,000	84
NTPC Limited	15,000	35	15,000	35
Ranbaxy Laboratories Limited	-	-	500	2
Reliance Industries Limited	2,200	31	2,200	31
Tata Motors Limited	-	-	5,500	14
TVS Motors Limited	-	-	26,374	10
(A)		427		696

	31.03.2012		31.03.2011	
	Nos	Amount	Nos	Amount
<b>16 CURRENT INVESTMENTS (contd.)</b>				
<b>Other Investments</b>				
<b>Investment in Mutual Funds/ Venture Capital Fund - unquoted</b>				
Axis Equity Fund - Growth	5,000,000	500	5,000,000	500
BNP Paribas Overnight Fund - IP - Daily Dividend	-	-	10,064,485	1,007
Birla Sun Life Cash Manager - IP - Growth	656,619	1,178	-	-
DSP Meril Lynch - Liquid Fund - Dividend	58,701	1	58,701	1
DWS Insta Cash Plus Fund - Super IP - Daily Dividend	-	-	12,482,551	12,521
Sundaram Money Fund - Super IP - Daily Dividend	-	-	9,957,331	1,005
Tata Treasury Manager Fund - SHIP - Growth	82,605	1,009	-	-
Taurus Liquid Fund - Super IP - Daily Dividend -	-	-	101,558	1,016
UTI Treasury Advantage Fund - IP - Daily Dividend	-	-	3,199,555	32,002
(B)		2,688		48,052
<b>Investment in unquoted Commercial Papers</b>				
Alok Industries Limited		4,414		-
(C)		4,414		-
<b>TOTAL CURRENT INVESTMENTS (A+B+C)</b>		<b>7,529</b>		<b>48,748</b>
Aggregate amount of quoted investments		427		696
Market value of Quoted investments		3,073		52,184
Aggregate amount of Unquoted investments		2,688		48,052

**17 TRADE RECEIVABLES AND OTHER CURRENT ASSETS**

	31.03.2012		31.03.2011	
<b>17.1 TRADE RECEIVABLES</b>				
<b>Secured, considered good</b>				
EMI/PEMI receivable from customers	2,317		1,333	
Others	3,117		1,881	
<b>TOTAL TRADE RECEIVABLES</b>	<b>5,434</b>		<b>3,214</b>	

	Non Current Portion		Current Portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>17.2 OTHER CURRENT ASSETS</b>				
<b>Unsecured, considered good</b>				
Non current portion of balances with banks in deposit accounts	28,191	11,846	-	-
(Refer Note no. 18 below)				
Interest accrued but not due	-	-	1,394	488
	<b>28,191</b>	<b>11,846</b>	<b>1,394</b>	<b>488</b>

Non-Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 2,000 lacs (NIL), being earmarked for SLR requirements of NHB.

	31.03.2012	31.03.2011
<b>18 CASH AND CASH EQUIVALENTS</b>		
Balances with Banks		
in Current Accounts	62,400	103,717
in Deposits accounts with original maturity of less than 3 months	2,540	-
Cash on hand	114	110
<b>Total Cash and Cash Equivalents</b>	<b>65,054</b>	<b>103,827</b>
<b>Other Bank Balances</b>		
Other Deposits accounts having balance maturity of less than 12 months	5,110	600
Deposits under lien or having balance maturity of more than 12 months (Refer Note no.17.2)	28,191	11,846
<b>Total Other Bank Balances</b>	<b>33,301</b>	<b>12,446</b>
<b>Total Cash and Bank Balances</b>	<b>98,355</b>	<b>116,273</b>
Less : Amounts disclosed under non-current assets (Refer Note no.17.2)	28,191	11,846
<b>Total Net Cash and Bank Balances</b>	<b>70,164</b>	<b>104,427</b>
Total Cash and Cash Equivalents	65,054	103,827
Other Bank Balances	5,110	600
Amounts disclosed under non-current assets	28,191	11,846
<b>Total Net Cash and Bank Balances</b>	<b>98,355</b>	<b>116,273</b>

18.1 Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 2,718 lacs (₹ 3,843 lacs), being earmarked for SLR requirements of NHB.

	31.03.2012	31.03.2011
<b>19 SHORT TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured, considered good</b>		
Current maturities of other long term loans and advances (Refer Note No.15)	640	452
Advances recoverable in cash or in kind	40,293	24,614
Advance Income Tax (Net of Provisions)	1,887	684
<b>Total Unsecured short term loans and advances</b>	<b>42,820</b>	<b>25,750</b>
<b>TOTAL SHORT TERM LOANS AND ADVANCES</b>	<b>42,820</b>	<b>25,750</b>

	31.03.2012	31.03.2011
<b>20 REVENUE FROM OPERATIONS</b>		
Interest on Housing and Property Loans	216,557	126,791
Interest on Bank Deposits	1,356	781
Interest on Long Term Investments	373	228
Other Interest	1,529	204
Revenue from other services	19,939	13,258
Operational treasury income	7,022	3,673
<b>Total Revenue from operations</b>	<b>246,776</b>	<b>144,935</b>
<b>20.1 Revenue from other services includes</b>		
Loan related Services	13,182	8,615
Advisory Services	6,757	4,643
<b>Total Revenue from other services</b>	<b>19,939</b>	<b>13,258</b>
<b>20.2 Operational treasury income includes:</b>		
Income from mutual fund operation	1,820	151
Profit/(Loss) on sale of investments	3,114	63
Dividend Income	2,088	3,218
Income from Venture Capital Fund	-	241
<b>Total Operational treasury income</b>	<b>7,022</b>	<b>3,673</b>
<b>21 OTHER INCOME</b>		
Rent Income	104	142
Miscellaneous Income	88	47
<b>Total Other Income</b>	<b>192</b>	<b>189</b>
<b>22 INTEREST AND FINANCE CHARGES</b>		
Interest expenses	178,901	96,455
Other Borrowing Costs	1,022	858
<b>Total Interest and Finance charges</b>	<b>179,923</b>	<b>97,313</b>
<b>23 EMPLOYEES REMUNERATION AND BENEFITS</b>		
Salaries and Bonus	7,586	5,383
Contribution to Provident Fund & Other Funds	268	219
Staff Welfare Expenses	927	384
<b>Total Employees Remuneration and benefits</b>	<b>8,781</b>	<b>5,986</b>



	31.03.2012	31.03.2011
<b>24 ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent	931	682
Rates & Taxes	83	99
Conveyance & Motor Car Expenses	305	203
Travelling Expenses	530	318
Printing & Stationery	267	238
Advertisement & Business Promotion	3,947	2,140
Insurance	599	365
Legal & Professional Charges	3,160	2,201
Postage, Telephone & Telegram	708	575
General Repairs & Maintenance	495	256
Electricity Charges	265	191
Directors Sitting Fees	13	13
Business Sourcing expenses	3,262	1,957
Loss On Sale of Impaired Assets	47	27
Managerial Remuneration (Refer Note no. 36)	198	237
Auditor's Remuneration (Refer Note no. 37)	102	79
Expenses under Miscellaneous Heads	674	366
<b>Total Administrative and Other expenses</b>	<b>15,586</b>	<b>9,947</b>
<b>25 EARNING PER SHARE</b>		
Net Profit Attributable to Equity Shareholders		
Profit after tax	30,636	26,513
Less : Preference Share dividend	-	2
Tax on above	-	0
Net Profit attributable to equity shareholders	30,636	26,511
No. of Equity shares (Number)	116,839,981	104,426,402
Weighted Average No. of Equity Shares	105,783,756	100,301,621
Nominal value of Equity Shares (₹)	10	10
Earning Per Share (₹):		
Basic	28.97	26.43
Diluted	28.97	26.12

26 The Board of Directors in it's meeting held on 28th September, 2011 have approved Scheme of Amalgamation of its subsidiary companies viz. First Blue Home Finance Limited and DHFL Holdings Private Limited with the Company, to be effective from 1st April, 2011. The share exchange ratio has been approved by the Board of all the companies based on the valuation report of Ernst & Young Private Limited and fairness report of Standard Chartered Bank at 10 shares of the Company for 97 shares of First Blue Home Finance Limited, which works out to a swap ratio of 10:97 and subsequently by the shareholders of the Company. The Company has filed an application with the Hon'ble High Court of Mumbai and Delhi under Section 391 to 394 of the Companies Act, 1956 for its approval.

27 In the opinion of the Board, the assets of the company have a value on realization in the ordinary course of business atleast equal to the amount at which they are stated, net of contingency provisions.

- 28 The Company's Income tax assessment has been completed up to assessment year 2009-10 as per the return of income filed by the Company.
- 29 The Company has derecognized Interest income on Non-Performing Assets as on 31st March, 2012 of ₹ 1,054 lacs (₹ 439 lacs).
- 30 Dividend includes ₹ 161 lacs (₹ 161 lacs) and Interest income includes ₹ 107 lacs (₹ 58 lacs) received from then Subsidiary Company.
- 31 The main business of the Company is to provide loans for the purchase or construction of residential houses and all other activities of the Company revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS 17) on "Segment Reporting", and under paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, which needs to be reported.

(₹ in lacs)

	31.03.2012	31.03.2011
<b>32 Contingent Liability</b>		
Guarantees provided by the Company	22,473	7
Claims against the Company not acknowledged as debts	54	28

- 32.1 The Company has given corporate guarantee in favour of intitutional subscriber of secured, redeemable, non convertible debentures issued by its subsidiary First Blue Home Finance Limited fo ₹ 25,000 lacs and interest thereon.

- 33 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 160 lacs (₹ 5,768 lacs).
- 34 Capital Work in Progress includes ₹ 17,618 lacs (₹ 16,000 lacs) paid as advance consideration for acquiring office premises under construction, and ₹ 450 lacs paid in lieu of part consideration towards sale of leasehold land in earlier years.
- 35 The Company has paid dividend of ₹ 8 lacs (₹ 659 lacs) and ₹ 1 lac (₹ 112 lacs) as tax on distribution of dividend to new shareholders on account of final dividend for the year 2010-11 as required under the Listing Agreement as those shares were allotted prior to record date for the dividend payment and after the date of earlier year balance sheet.
- 36 The managerial remuneration including perquisites, ₹ 168 lacs (₹ 157 lacs) paid to Chairman and Manging Director and ₹ 30 lacs (₹ 30 lacs) as comission to other directors.

(₹ in lacs)

	31.03.2012	31.03.2011
<b>37 Auditors Remuneration (₹ In Lacs) (*)</b>		
Audit Fees	92	74
Tax Audit Fees	10	5
	<u>102</u>	<u>79</u>

- (\*) Includes payments to Branch Auditors of ₹ 37 lacs (₹ 28 lacs) and reimbursement of actual out of pocket expenses

	31.03.2012	31.03.2011
<b>38 Expenditure in foreign currency</b>		
Foreign Travelling	64	33
Membership and subscription	5	1
Foreign Liaison Office Expenses	228	227
Professional Fees	65	24

39 As per Accounting Standard (AS-18) on “Related Party Disclosures” details of transactions with related parties as defined therein are given below:

A) List of related parties with whom transactions have taken place during the year and relationship:

## 1) COMPANIES

### (i) Subsidiary Companies

- a. DHFL Holdings Pvt. Ltd.
- b. First Blue Home Finance Ltd.  
(formerly known as Deutsche Postbank Home Finance Ltd.)
- c. First Blue Financial Consultants Ltd.  
(formerly known as DPB Financial Consultants Ltd.)

### (ii) Associate Companies

- a. DHFL Vysya Housing Finance Ltd.
- b. DHFL Property Services Ltd.
- c. Aadhar Housing Finance Pvt. Ltd.
- d. DHFL Insurance Services Ltd.
- e. Arthveda Fund Management Pvt.Ltd.
- f. Dish Hospitality Pvt. Ltd.
- g. Wadhawan Holdings Pvt. Ltd.
- h. Wadhawan Retail Pvt. Ltd.

## 2) KEY MANAGEMENT PERSONNEL

- |    |                       |                              |
|----|-----------------------|------------------------------|
| a. | Shri Kapil Wadhawan   | Chairman & Managing Director |
| b. | Shri Anil Sachidanand | Chief Executive Officer      |
| c. | Shri Rajeev Sathe     | Chief Operating Officer      |
| d. | Shri Anoop Pabby      | Head Corp Strategy Group     |

Nature of Transactions (excluding reimbursements)	Subsidiary Companies		Associate Companies		Key Management Personnel
	2011-12	2010-11	2011-12	2010-11	
<b>1) Investments</b>					
Opening Balance	21,601	-	13,008	7,740	-
Investment Made	1,300	21,601	117	5,545	-
Investment Redeemed	-	-	3,998	277	-
Closing Balance	22,901	21,601	9,127	13,008	-
<b>2) Advances Recoverable in cash or in kind</b>					
Opening Balance	9,697	-	437	91	-
Advance given during the year	169,587	34,271	5,488	350	-
Recovered during the year	149,535	24,574	5,540	4	-
Closing Balance	29,749	9,697	(385)	346	-
<b>3) Securitisation of loan portfolio</b>					
Securitised during the year	18,711	-	640	-	-
<b>4) Income</b>					
Dividend	-	-	161	161	-
Interest	-	-	107	58	-
Rent	-	-	103	141	-
Other income	-	-	300	4,600	-
<b>5) Expenditure</b>					
Remuneration	-	-	-	-	394 (310)
Rent, Rates & Taxes	-	-	13	13	-
Other Expenditures	86	-	39	18	-

Nature of Transactions (excluding reimbursements)	Subsidiary Companies		Associate Companies		Key Management Personnel
	2011-12	2010-11	2011-12	2010-11	
<b>ASSETS :</b>					
<b>1) Investments in</b>					
DHFL Holdings Pvt. Limited	1,300	21,601	-	-	-
Arthveda Fund Management Pvt. Ltd.	-	-	117	-	-
<b>2) Advances Recoverable from</b>					
DHFL Property Services Limited	-	-	(129)	133	-
DHFL Holdings Private Limited	20,052	9,697	-	-	-
Aadhar Housing Finance Private Limited	-	-	40	17	-
DHFL Insurance Services Limited	-	-	37	21	-
Wadhawan Housing Private Limited	-	-	-	179	-
Wadhawan Retail Private Limited	-	-	-	(4)	-



(₹ in lacs)

Nature of Transactions (excluding reimbursements)	Subsidiary Companies		Associate Companies		Key Management Personnel
	2011-12	2010-11	2011-12	2010-11	
<b>INCOME received from</b>					
<b>1) Dividend</b>					
DHFL Vysya Housing Finance Limited	-	-	161	161	-
<b>2) Interest</b>					
DHFL Vysya Housing Finance Limited	-	-	107	58	-
<b>3) Rent</b>					
Aadhar Housing Finance Private Limited	-	-	67	22	-
Wadhawan Retail Private Limited	-	-	-	86	-
Dish Hospitality Private Limited	-	-	36	33	-
<b>4) Other Income</b>					
DHFL Property Services Limited	-	-	300	100	-
DHFL Insurance Services Limited	-	-	-	4,500	-
<b>EXPENDITURE:</b>					
<b>1) Rent, Rates &amp; Taxes</b>					
Wadhawan Holdings Private Limited	-	-	13	13	-
<b>2) Remuneration</b>					
Shri Kapil Wadhawan	-	-	-	-	168 (157)
Shri Anil Sachidanand	-	-	-	-	117 (111)
Shri Rajeev Sathe	-	-	-	-	61 (42)
Shri Anoop Pabby (from 7th November, 2011)	-	-	-	-	48 (-)
<b>3) Other Expenditures</b>					
DHFL Vysya Housing Finance Limited	65	-	-	-	-
Dish Hospitality Private Limited	-	-	39	18	-
First Blue Home Finance Limited	21	-	-	-	-

#### 40 Retirement Benefit Plans

The Company makes contributions towards provident fund for qualifying employees to Regional Provident Fund Commissioner. Contribution to Defined Contribution Plan, recognised as expense for the year are as under :

(₹ in lacs)

	2011-12	2010-11
Employer's Contribution to Provident Fund	157	123
Employer's Contribution to Pension Fund	74	67

As required under Accounting Standard 15 [AS 15 Revised, 2005] the Company has made full provision for future gratuity liability & leave encashment liability payable at the time of retirement as on 31st March, 2012. On the basis of Gratuity and GLES report under Accounting Standard 15 [AS 15 Revised, 2005] provided by LIC of India, the Company has made necessary full contribution to LIC of India of its own liabilities.

The details of post retirement benefits for the employees (including Key Management Personnel) as mentioned hereunder are based on the above report as provided by LIC of India as mentioned above and relied upon by the auditors:

(₹ in lacs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	2011-12	2010-11	2011-12	2010-11
<b>A. Change in the Defined Benefit Obligations:</b>				
Liability at the beginning of the year	217	187	355	127
Current Service Cost	53	45	6	13
Interest Cost	17	15	28	10
Benefits Paid	-11	-13	-125	-40
Actuarial Loss/ (Gain)	125	-17	287	245
Liability at the end of the year	401	217	551	355
<b>B. Fair Value of Plan Assets :</b>	516	291	590	379
<b>C. Actual Return on Plan Assets:</b>	26	21	29	18
<b>D. Amount Recognised in the Balance Sheet:</b>				
Liability at the end of the year	401	217	551	355
Fair Value of Plan Assets at the end of the year	516	291	590	379
Amount Recognised in the Balance Sheet under " Provision for Employee Benefits"	115	74	40	24
<b>E. Expense Recognised in the Statement of Profit and Loss:</b>				
Current Service Cost	53	45	6	13
Interest Cost	17	15	28	10
Expected Return on Plan Assets	-26	-21	-29	-18
Net Actuarial Loss/(Gain) to be Recognised	125	-17	287	245
Expense recognised in the Statement of Profit & Loss under staff expenses	169	22	292	250
<b>F. Reconciliation of the Liability Recognised in the Balance Sheet</b>				
Opening Net Liability	217	187	355	127
Expense Recognised	169	22	292	250
Benefits Paid	-11	-13	-125	-40
Expected Return on Plan Assets	26	21	29	18
Amount Recognised in the Balance Sheet under " Provision for Employee Benefits"	401	217	551	355
<b>G. Actuarial Assumptions</b>	<b>1994-96</b>	<b>1994-96</b>	<b>1994-96</b>	<b>1994-96</b>
Mortality Table (LIC)	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount Rate (P. A.)	8%	8%	8%	8%
Rate of Escalation in Salary (P.A.)	6%	5%	5%	5%

The estimates of rate of escalation in salary considered in the above report, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

41 As required by the revised guidelines dated 11th October, 2010 by NHB, read with additional requirement / guidelines with reference to the interpretation of various terms / classifications, the following additional disclosures are given as under:

**I Capital to Risk Assets Ratio (CRAR):**

(₹ in lacs)

Items	As on 31.03.2012	As on 31.03.2011
i) CRAR (%)	18.24%	19.39%
ii) CRAR – Tier I Capital	12.25%	13.87%
iii) CRAR – Tier II Capital	5.99%	5.52%

**II Exposure to Real Estate Sector:**

(₹ in lacs)

Categories	As on 31.03.2012	As on 31.03.2011
<b>a) Direct Exposure</b>		
<b>(i) Residential Mortgages -</b> Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Individual Housing loans upto ₹ 15 lakh	534,217 1,153,464	367,793 990,158
<b>(ii) Commercial Real Estate -</b> Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	246,032	53,170
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b> a. Residential b. Commercial Real Estate	Nil Nil	Nil Nil
<b>b) Indirect Exposure</b> Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

### III Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

(₹ in lacs)

	Liabilities		Assets		
	Borrowings from Banks	Market Borrowings	Housing & Property Loan*	Investments	Liquid Current Assets
1 day to 14 days	-	-	7,582	2,927	62,614
14 days to 30-31 days (one month)	10,731	2,774	-	-	-
Over one month to 2 months	5,883	16,467	7,858	-	236
Over 2 months upto 3 months	25,933	35,879	7,711	-	2,204
Over 3 months to 6 months	48,881	20,463	23,701	4,414	4,617
Over 6 months to 1 year	106,444	51,448	49,516	-	493
Over 1 year to 3 years	466,636	107,311	223,526	-	28,191
Over 3 to 5 years	412,081	5,701	258,754	-	-
Over 5 to 7 years	268,193	19,905	179,723	-	-
Over 7 to 10 years	167,362	129,000	297,855	4,888	-
Over 10 years	1,250	12,520	877,485	34,049	-
Unpaid EMI/PEMI on Housing Loan	-	-	1,827	-	-
<b>Total</b>	<b>15,13,394</b>	<b>401,468</b>	<b>1,935,538</b>	<b>46,278</b>	<b>98,355</b>

\* without considering prepayment of Loans given

42 Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

43 Figures in brackets represent previous year's figures.

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

**Rajendra K. Gupta**  
Partner  
ICAI M. N. 070165

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012

**Kapil Wadhawan**  
Chairman & Managing Director

**S. Y. Sankhe**  
Company Secretary

**Dheeraj Wadhawan**  
**R. P. Khosla**  
**G. P. Kohli**  
**Anthony Hambro**  
**V. K. Chopra**  
**Dr. P. S. Pasricha**  
(Directors)

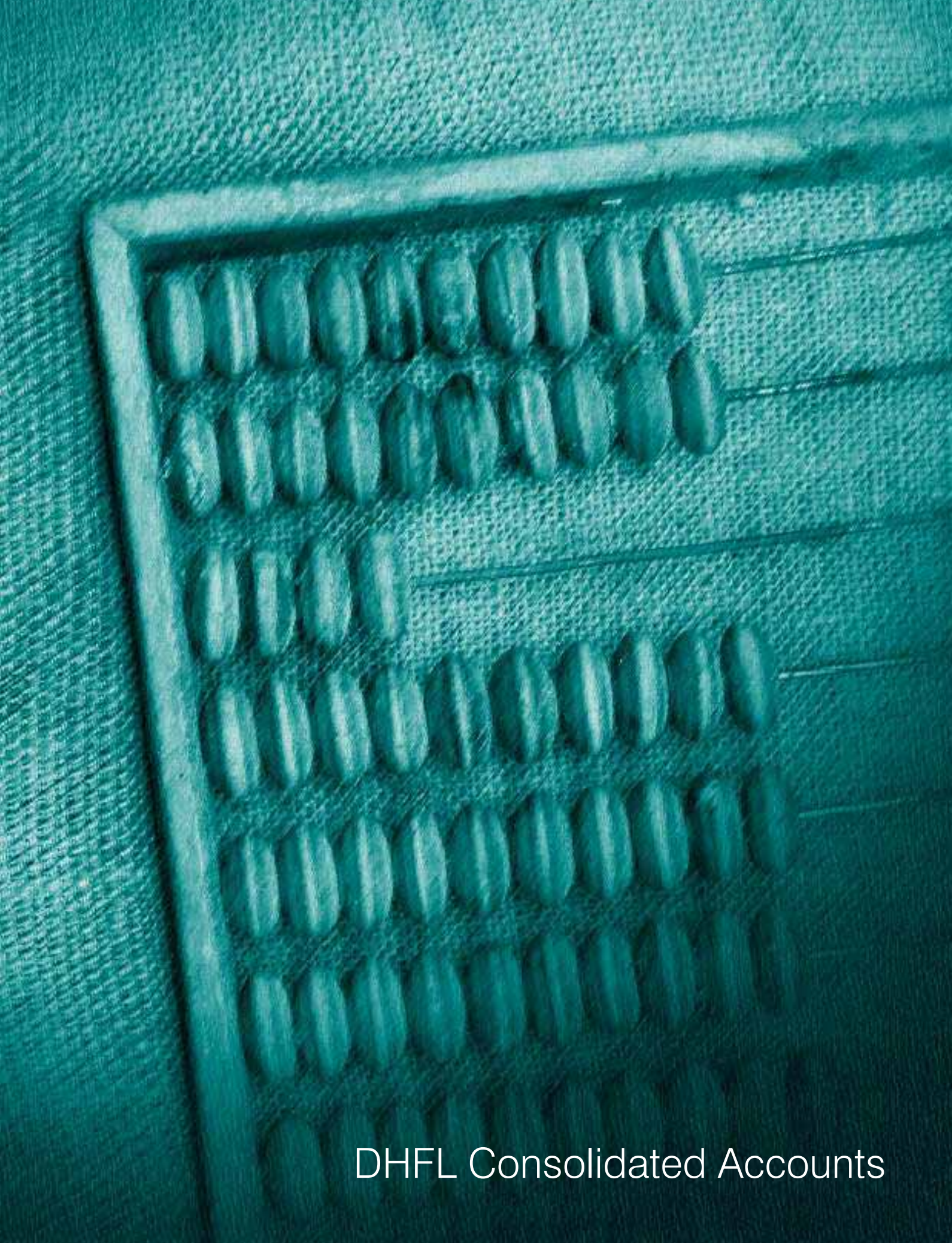


## Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company for the Financial Year 2011-12

	Name of the Subsidiary Company	DHFL Holdings Pvt. Ltd.	First Blue Home Finance Ltd. (Formerly known as Deutsche Postbank Home Finance Ltd.)	First Blue Financial Consultants Ltd. (Formerly known as DPB Financial Consultants Ltd.)
1	Financial year of the Subsidiary Company ended on	31st March, 2012	31st March, 2012	31st March, 2012
2	Date from which it became Subsidiary Company	19th February, 2011	25th March, 2011	25th March, 2011
3	No. of Shares held by Dewan Housing Finance Corporation Ltd. (DHFL) in the Capital of the Subsidiary	21,90,10,000 Equity Shares of ₹ 10/- each fully paid.	NIL	NIL
4	Extent of interest of DHFL in the Capital of the Subsidiary	100% of Equity Capital of the Subsidiary	67.56% of Equity Capital through its Subsidiary	67.56% of Equity Capital through its Subsidiary
5	Net Aggregate Amount of Profit / Losses of the Subsidiary so far as it concerns the members of DHFL and is not dealt with in the accounts of DHFL  (a) for the financial year ended 31st March, 2012	Loss ₹ (2483) Lacs	Profit ₹ 6120 Lacs	Profit ₹ 5 Lacs
	(b) for the previous Financial year ended 31st March, 2011 since it became Subsidiary of DHFL	₹ 0.42 lacs	₹ 104 lacs	₹ 0.01 lacs
6	Net Aggregate amount of Profit / Losses of the Subsidiary so far as dealt with in the accounts of DHFL  (a) for the financial year ended 31st March, 2012	NIL	NIL	NIL
	(b) for the previous financial years ended 31st March, 2011, since it became Subsidiary of DHFL	NIL	NIL	NIL







DHFL Consolidated Accounts





# Auditors' Report On Consolidated Financial Statements

To the Board of Directors

**Dewan Housing Finance Corporation Limited.**

We have audited the attached Consolidated Balance Sheet of Dewan Housing Finance Corporation Limited and its Subsidiaries (collectively referred to as DHFL Group) as at **31st March 2012**, and Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, (AS) 23 Accounting for Investments in Associates in Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.

Based on our audit as aforesaid, and on the other financial information of the subsidiary and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the DHFL Group as at 31st March, 2012.
- b) In the case of Consolidated Statement of Profit and Loss, of the Profit of the DHFL Group for the year ended on that date; and
- c) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the DHFL Group for the year ended on that date.

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

**B. M. Chaturvedi**  
Partner  
ICAI M No. 17607

Place : Mumbai  
Date : 10th May, 2012

# Consolidated Balance Sheet As At 31st March, 2012

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	11,684	10,443
Reserves and Surplus	190,464	145,117
<b>Total Shareholders' Funds</b>	<b>202,148</b>	<b>155,560</b>
<b>Minority's Interest</b>	19,274	25,250
<b>Non Current Liabilities</b>		
Long Term Liabilities	2,018,026	1,656,089
Other Long Term Liabilities	245	735
Long Term Provisions	22,816	9,414
<b>Total Non Current Liabilities</b>	<b>2,041,087</b>	<b>1,666,238</b>
<b>Current Liabilities</b>		
Short Term Borrowings	157,888	129,599
Trade Payables	5,152	460
Other Current Liabilities	341,448	309,043
Short Term Provisions	8,670	4,691
<b>Total Current Liabilities</b>	<b>513,158</b>	<b>443,793</b>
<b>TOTAL</b>	<b>2,775,667</b>	<b>2,290,841</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	6,992	6,833
Intangible Assets	402	88
Capital work-in-progress	18,226	16,610
	<b>25,620</b>	<b>23,531</b>
Non Current Investments	17,207	11,468
Deferred Tax Assests (Net)	603	398
Long term Housing and Property Loans	2,414,533	1,846,737
Other Long Term Loans and Advances	3,234	2,597
Other Non Current Assets	35,064	5,832
Goodwill	34,953	34,516
<b>Total Non-Current Assets</b>	<b>2,531,214</b>	<b>1,925,079</b>
<b>Current Assets</b>		
Current Investments	7,529	58,649
Trade Receivables	5,738	4,737
Cash and Bank Balances	72,512	137,873
Short term portion of Housing and Property Loans	132,289	144,792
Other Short Term Loans and Advances	24,502	18,030
Other Current Assets	1,882	1,681
<b>Total Current Assets</b>	<b>244,452</b>	<b>365,762</b>
<b>TOTAL</b>	<b>2,775,667</b>	<b>2,290,841</b>
<b>Notes forming part of the Financial Statements (1-24)</b>		

This is the Consolidated Balance Sheet referred to in our report of even date

For **B. M. Chaturvedi & Co.**

Chartered Accountants  
ICAI FRN: 114317W

**B. M. Chaturvedi**

Partner  
ICAI M. N. 17607

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012

**Kapil Wadhawan**

Chairman & Managing Director

**S. Y. Sankhe**

Company Secretary

**Dheeraj Wadhawan**

**R. P. Khosla**  
**G. P. Kohli**

**Anthony Hambro**  
**V. K. Chopra**  
**Dr. P. S. Pasricha**  
(Directors)

# Consolidated Statement Of Profit And Loss For The Year Ended 31st March, 2012

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
<b>INCOME</b>		
Revenue from Operations	321,195	209,374
Other Income	441	899
<b>TOTAL REVENUE</b>	<b>321,636</b>	<b>210,273</b>
<b>EXPENDITURE</b>		
Interest & Finance Charges	234,956	139,013
Employees Remuneration & Benefits	11,894	10,221
Administrative & Other Expenses	20,852	14,706
Depreciation and Amortization Expenses	739	691
Provision for Contingencies	4,628	2,141
<b>TOTAL EXPENDITURE</b>	<b>273,069</b>	<b>166,772</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>48,567</b>	<b>43,501</b>
Add : Exceptional Items	-	3,543
<b>PROFIT BEFORE TAX</b>	<b>48,567</b>	<b>47,044</b>
Less: Tax Expense		
- Current Tax	13,165	10,749
- Deferred Tax Charge/ (Credit)	(210)	554
- Related to earlier years	86	3
<b>PROFIT FOR THE YEAR BEFORE PRIOR PERIOD ADJUSTMENT</b>	<b>35,526</b>	<b>35,738</b>
Less: Prior period Adjustment	-	(1)
<b>PROFIT FOR THE YEAR BEFORE MINORITY INTEREST AND SHARE OF ASSOCIATE</b>	<b>35,526</b>	<b>35,739</b>
- Minority Interest	(3,284)	(2,828)
- Share of Profit of Associate	130	-
<b>PROFIT OF THE YEAR</b>	<b>32,372</b>	<b>32,909</b>
<b>Earnings per Equity Share</b>		
Basic (₹)	30.60	32.81
Diluted (₹)	30.29	32.35
<b>Notes forming part of the Financial Statements (1-24)</b>		

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

**B. M. Chaturvedi**  
Partner  
ICAI M. N. 17607

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012

**Kapil Wadhawan**  
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**V. K. Chopra**  
**Dr. P. S. Pasricha**  
(Directors)

# Statement Of Cash Flows For The Year Ended 31st March, 2012

(₹ in lacs)

	Year ended 31.03.2012	Year ended 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	48,567	47,044
<b>Adjustments for:</b>		
Depreciation/Amortisation	739	691
Employees Stock Option expenses	576	75
Bad Debts (net of provisions)	41	-
Other provisions made / (written back) (net)	(243)	-
Loss/(Gain) on Hedged Items and Hedging Derivative	(42)	(38)
Premium on Forward Exchange Contracts	-	103
Provision for Gratuity & Leave encashment	262	315
(Profit)/Loss on Fixed Assets sold	49	61
Provision for contingencies	4,628	1,949
Other Operational Treasury Income	(7,454)	(7,748)
	(1,444)	(4,592)
Operating profit before Working Capital changes	47,123	42,452
<b>Adjustments for:</b>		
Current Assets	(36,906)	(26,214)
Current Liabilities	53,988	18,194
Working Capital changes	17,083	(8,020)
Cash generated from operations during the year	64,206	34,432
Tax Paid	(11,878)	(9,684)
<b>Net Cash Flow from Operating activities [A]</b>	<b>52,328</b>	<b>24,748</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Income from Treasury Investment - MF	3,755	(6,294)
Net Income from Treasury Investment - Others	3,652	3,264
Net Reduction/(Addition) to Investments	37,324	(120,366)
Sale Proceeds of disinvestments in Subsidiaries	5,338	-
Net Addition to fixed assets	(3,037)	(1,517)
<b>Net cash used in investing activities [B]</b>	<b>47,032</b>	<b>(124,913)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Shares	2,541	8,652
Premium on Issue of Equity Shares	29,724	46,973
Debenture Issue expenses	(28)	(162)
Preliminary expenses	-	(252)



# Cash Flow Statement For The Year Ended 31st March, 2012

(₹ in lacs)

	Year ended 31.03.2012		Year ended 31.03.2011	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from loan securitised / loan syndicated	183,018		-	
Issue of Perpetual Debts	12,520		-	
Loans received from Banks/Institutions	559,685		652,475	
Refinance loans received from NHB	22,800		10,000	
Proceeds from issue of NCD's & Sub-debts	149,260		110,500	
Proceeds from issue of CP's (Net)	28,891		9,749	
Fixed Deposits/ICD received (Net)	37,864	1,026,275	80,264	918,199
Housing loan repayments	303,773		100,989	
Other loans repayments	32,404	336,177	22,824	123,813
Loans repaid to Banks / Institution	(254,013)		(101,196)	
NCD's redeemed	(81,500)		(4,150)	
Refinance loans repaid/prepaid to NHB	(44,917)		(26,195)	
Preference share capital redeemed	-		(300)	
Premium on redemption of Preference Shares	-		(2,700)	
Non-convertible Debentures redeemed	(7,067)	(387,497)	-	(134,541)
Housing loan disbursed	(900,679)		(735,258)	
Other property loans disbursed	(229,978)	(1,130,657)	(29,438)	(764,696)
Dividend & Dividend Distribution Tax	(9,019)		(3,884)	
Share Premium utilised	-	(9,019)	(250)	(4,134)
<b>Net cash from financing activities [C]</b>		<b>(164,720)</b>		<b>138,641</b>
<b>Net increase in cash &amp; cash equivalents [A+B+C]</b>		<b>(65,361)</b>		<b>38,476</b>
Cash & cash equivalents at the beginning of the year		137,873		99,397
<b>Cash &amp; cash equivalents at the close of the year</b>		<b>72,512</b>		<b>137,873</b>

Negative Figure (-) represent cash outflow.

This is the Cash Flow Statement referred to in our report of even date.

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

**B. M. Chaturvedi**  
Partner  
ICAI M. N. 17607

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012

**Kapil Wadhawan**  
Chairman & Managing Director

**S. Y. Sankhe**  
Company Secretary

**Dheeraj Wadhawan**  
**R. P. Khosla**  
**G. P. Kohli**  
**Anthony Hambro**  
**V. K. Chopra**  
**Dr. P. S. Pasricha**  
(Directors)

# Notes Forming Part Of The Consolidated Financial Statement For The Year Ended 31st March, 2012.

## 1 CORPORATE INFORMATION

Dewan Housing Finance Corporation Limited ('DHFL') was incorporated in India on 11th April, 1984 and is carrying on the business of providing loans to retail customers for construction or purchase of residential property and loans against property. DHFL is registered with National Housing Bank under section 29A of the National Housing Bank Act, 1987.

## 2 SIGNIFICANT ACCOUNTING POLICIES:

### 2.1 Basis of preparation of financial statements :

- a) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 and Housing Finance Companies, (NHB) Directions, 2010 wherever applicable. Accounting Standards (AS) referred to in the notes are as issued by the Institute of Chartered Accountants of India.
- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Group.
- c) The preparation of financial statements requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

### 2.2 Principles of Consolidation :

The consolidated financial statements relate to Dewan Housing Finance Corporation Ltd. (The Holding Company) and its subsidiary companies; First Blue Home Finance Limited (First Blue) (formerly known as Deutsche Postbank Home Finance Limited), DHFL Holdings Private Limited and First Blue Financial Consultants Limited (formerly known as DPB Financial Consultants Limited), together referred to as 'the Group'. The Consolidated Financial Statements have been prepared on the following basis:

- a) The financial statements of the Holding Company and its subsidiary companies are combined on a line-by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS 21) "Consolidated Financial Statements".
- b) The net difference between Net Assets at the time of acquisition of shares in the subsidiaries over the cost on investment in the subsidiaries is recognized in the financial statements as Goodwill.
- c) Investment in associate companies has been accounted under the equity method as per Accounting Standard (AS 23) - "Accounting for investment in associates in consolidated financial statements".
- d) Minority interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Holding Company.

- e) Minority interest's share of net assets of consolidated subsidiary is identified and presented in the Consolidated Balance Sheet separate from Liabilities and the Equity of the Holding Company's shareholders.
- f) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Holding Company's separate financial statements.
- g) Amounts in the Consolidated Financial Statements are presented in ₹ lacs (One Million equals 10 Lacs), except for per share data and as otherwise stated. All exact amounts are stated with suffix "/-".

### 2.3 Interest on Housing Loans :

Repayment of Housing Loans is by way of Equated Monthly Instalments (EMI) comprising principal and interest. Interest is calculated each year on the outstanding balance at the beginning of the group companies' financial year or on monthly reducing balance in terms of financing scheme opted by the borrower. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI monthly interest is payable.

### 2.4 Interest & other related financial charges :

Interest accrued on cumulative fixed deposits and payable at the time of maturity is clubbed with the principal amount on the date of periodical rest when interest is credited in Fixed Deposit account in accordance with the particular deposit scheme. Interest and other related financial charges are recognized as an expense for the period for which they are incurred as specified in Accounting Standard (AS 16) on "Borrowing Costs".

### 2.5 Revenue Recognition :

- a) Interest on performing assets is recognized on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank. The interest income (payment) is adjusted for gain (loss) on corresponding hedge contracts / interest swap derivatives, wherever executed.
- b) Dividend income on investments, processing fees and penal interest income on delayed EMI/PEMI are recognised on receipt basis.
- c) Income from other services is recognised on accrual basis.

### 2.6 Foreign Exchange Transactions :

Transactions in Foreign Currencies are recorded at the rates prevailing on the dates of the transactions. Monetary items denominated in Foreign Currency are stated at contracted rates as those are covered by forward contracts. Premium for forward contracts is recognised as expenditure over the life of the contract.

### 2.7 Provision for Contingencies :

Provision for Contingencies has been made for diminution in investment value and on standard as well as on non-performing housing loans and other property loans as per the Prudential Norms prescribed by the National Housing Bank. The group also makes certain additional provision to meet unforeseen contingencies.

## 2.8 Investments :

All Investments are stated at cost as per Accounting Standard (AS 13) on "Accounting for Investments" and the guidelines issued by the National Housing Bank. Investment in unquoted shares being long term investment is stated at cost and provision for diminution is made only if such diminution is other than temporary. Investments in mutual funds and quoted shares are in the nature of Current Investments and full provision for diminution in the value of said Investments is made.

## 2.9 Fixed Assets :

Fixed Assets are stated at cost inclusive of expenses incidental thereto. All cost, including financing cost till the asset is put to use are capitalised. Depreciation on fixed assets is provided on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

## 2.10 Impairment of Assets :

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognised in earlier accounting periods is reversed if there has been a change in the estimate of recoverable amount as specified in Accounting Standard (AS 28) on "Impairment of Assets".

## 2.11 Intangible Assets :

Intangible assets comprise of software and are stated at cost incurred on purchases and for bringing the same to its working condition and are amortised as per the provisions of the Companies Act, 1956.

## 2.12 Special Reserve :

DHFL and First Blue Home Finance Limited creates Special Reserve every year out of its profits in terms of Sec 36(1) (viii) of the Income Tax Act, 1961 read with Sec 29C of the National Housing Bank Act, 1987.

## 2.13 Prepaid Expenses :

Financial expenses incurred during the year which provides benefit in several accounting years and brokerage paid on long term fixed deposits has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on pro-rata time basis in the future accounting years.

## 2.14 Employees Retirement Benefits :

- a) The Companies' contribution in respect of Employees' Provident Fund is made to Government provident fund and is charged to the Statement of Profit & Loss.
- b) Gratuity and Leave Encashment payable at the time of retirement are charged to the Statement of Profit & Loss on the basis of actuarial valuation as required under AS 15.

## 2.15 Income Tax :

Income tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS 22) on "Accounting for



Taxes on Income". The Deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the Statement of Profit and Loss. The cumulative effect thereof is shown in the Balance Sheet. The Deferred tax assets, if any, are recognised only if there is a reasonable certainty that the assets will be realized in future.

## 2.16 Housing and Other Loans :

Housing Loans include outstanding amount of Housing Loan and other Property Loans disbursed directly or indirectly to individual and other borrowers. Other loans include mortgage loan, non residential property loan, plot loan for self construction where construction has not began in last three years and loan against lease rental income from properties in accordance with directions of National Housing Bank (NHB). EMI and instalments due from borrowers against the housing loans other than EMI's / PEMI's receivable for less than three months, which are treated as trade receivables, are shown as current assets.

## 2.17 Securitised Assets :

Securitised Assets are derecognised in the books of group companies' based on the principle of transfer of ownership interest over the assets. De-recognition of securitised assets and recognition of gain or loss arising on such securitisation is based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

## 2.18 Other significant Accounting Policies :

These are set out under "Significant Accounting Policies" as given in the respective companies separate financial statements.

The Subsidiary Companies considered in the Consolidated Financial Statements along with proportion of ownership interest based on direct and indirect holding are as under:

Name of the Subsidiaries	Proportion of Ownership Interest
First Blue Home Finance Limited (Formerly known as Deutsche Postbank Home Finance Limited)	67.56%
DHFL Holdings Private Limited	100.00%
First Blue Financial Consultants Limited	67.56%

The significant associates/joint ventures considered in the consolidated financial statements are:

Aadhar Housing Finance Private Limited	50.00%
--	--------

(₹ in lacs)

	31.03.2012	31.03.2011
<b>3 SHARE CAPITAL</b>		
<b>Authorised</b>		
17,50,00,000 equity shares of ₹ 10/- each	17,500	17,500
7,50,00,000 Redeemable, non-convertible preference shares of ₹ 10/- each	7,500	7,500
	<u>25,000</u>	<u>25,000</u>
<b>Issued, Subscribed and Paid up</b>		
11,68,39,981 (10,44,26,402) equity shares of ₹ 10/- each fully paid up	11,684	10,443
	<u>11,684</u>	<u>10,443</u>

- 3.1 During the year, DHFL obtained approval of the shareholders by way of postal ballot pursuant to Sec 192A of the Companies Act, 1956 on 19th January, 2012 for placement of equity shares to Qualified Institutional Buyers (QIBs). The Committee of the Board of Directors from time to time has also issued and allotted shares along with equity shares under ESOS scheme as under:
- On the 29th February, 2012, DHFL has issued and allotted to QIBs 1,19,09,873 (1,68,69,095) equity shares of ₹ 10/- each, at a price of ₹ 255.50 per equity share (including a premium of ₹ 245.50 per equity share), aggregating to ₹ 30,429 lacs and has issued and allotted on preferential basis NIL (50,00,000) equity shares of ₹ 10/- each to promoter and other investor.
  - During the year DHFL has allotted, from time to time, 301,264 (291,930) number of equity shares of ₹ 10/- each to various eligible employees under (ESOS 2008) at the price of ₹ 53.65 per equity share (including a premium of ₹ 43.65 per equity share) aggregating to ₹ 162 lacs as approved in the AGM dated 23rd July, 2007 and allotted at the reconsidered price approved in the EOGM dated 31st March, 2009.
  - During the year DHFL has allotted, from time to time, 202,442 (238,833) number of equity shares of ₹ 10/- each to various eligible employees under (ESOS 2009) at the price of ₹ 141/- per equity share (including a premium of ₹ 131/- per equity share) aggregating to ₹ 285 lacs as originally approved in the AGM dated 23rd July, 2007.
- 3.2 The DHFL has, at present, one class of issued, subscribed and paid up share referred to as equity shares having a par value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share. DHFL declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 3.3 **The reconciliation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period:**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. of shares	Amount ₹ in (lacs)	No. of shares	Amount ₹ in (lacs)
Equity shares at the beginning	10,44,26,402	10,443	8,20,26,544	8,203
Add: Shares issued during the year	1,19,09,873	1,191	2,18,69,095	2,187
Add: Shares issued under ESOS	5,03,706	50	5,30,763	53
Equity shares at the end	11,68,39,981	11,684	10,44,26,402	10,443

- 3.4 **Details of shareholders holding more than five percent equity shares in DHFL are as under:**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. of shares	% holding	No. of shares	% holding
Kapil Wadhawan	99,78,472	8.54	99,36,087	9.51
Dheeraj Wadhawan	93,08,998	7.97	93,08,998	8.91
Aruna Wadhawan	79,80,447	6.83	79,80,447	7.64
Wadhawan Holdings Private Ltd	87,36,536	7.48	87,36,536	8.37
Caledonia Investments PLC	1,00,17,923	8.57	1,00,17,923	9.59

### 3.5 Stock option plans:

Employee Stock Option Scheme 2008 (ESOS-2008) was implemented by DHFL. 14,22,590 equity share options were granted under (ESOS-2008) in 2008-09 to the employees as approved by the Remuneration and Compensation Committee of Directors of DHFL at ₹ 53.65 per share, the reconsidered price approved in the EOGM dated 31st March, 2009.

Employee Stock Option Scheme 2009 (ESOS-2009) was implemented by the DHFL. 12,75,000 equity share options were granted under (ESOS-2009, Plan I) in 2009-10 and additional 12,34,670 equity share options were approved to be granted under (ESOS-2009, Plan II) in 2010-11 to the employees by the Remuneration and Compensation Committee of Directors of DHFL at ₹ 141/- per share, the price approved in the Remuneration and Compensation Committee meeting held on 25th November, 2009.

(₹ in lacs)

	31.03.2012	31.03.2011
<b>4 RESERVES &amp; SURPLUS</b>		
Capital Reserve	7	7
Capital Redemption Reserve	775	775
Securities Premium	1,02,997	67,940
General Reserve	33,363	28,104
Special Reserve under section 36(l) (viii) of the Income Tax Act, 1961	38,399	26,247
Contingency Reserve	-	3,500
Employees Stock Option Outstanding	842	266
Surplus in Statement of Profit and Loss	26,396	23,330
Dividend	(10,608)	(4,318)
Tax on dividend	(1,707)	(734)
<b>Total</b>	<b>1,90,464</b>	<b>1,45,117</b>

	Non Current Portion		Current Portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>5. LONG TERM LIABILITIES</b>				
Secured loans/NCD from banks, NHB, FII's, others	1,876,969	1,537,875	324,647	266,667
Unsecured loans/NCD & Deposits	141,057	118,214	52,972	28,272
Total Long Term Liabilities	2,018,026	1,656,089	377,619	294,939
Less: Current Portion of above liability is disclosed under the head "other current liabilities" (Refer Note 9)	-	-	(377,619)	(294,939)
<b>Net Amount</b>	<b>2,018,026</b>	<b>1,656,089</b>	<b>-</b>	<b>-</b>

5.1 Non Convertible Debentures (NCD) issued by DHFL amounting to ₹ 185,020 lacs (₹ 119,067 lacs) are secured/to be secured by way of first charge and are redeemable at par, in one or more instalments, on various dates, with the earliest redemption being 17th May, 2012 and the last being 22nd September, 2021.

5.2 All Secured term loans of DHFL from the National Housing Bank, other Banks, Asian Development Bank, Financial Institutions and Secured Non Convertible Debentures are secured/to be secured by way of first charge to and in favour of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu inter-se, on DHFL's whole of the present and future book debts outstanding, investments including all the receivables of DHFL and other movable assets wherever

situated excluding SLR assets (under process of exclusion in favour of trustees for the deposit holders) read with Note no. 5.3 hereinafter. They are further secured / to be secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties of DHFL to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by some of the present Directors of DHFL.

- 5.3 As the National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favour of depositors through the mechanism of a trust deed. DHFL has appointed in earlier year a SEBI approved trustee Company i.e. GDA Trustee and Consultancy Ltd. as trustee for the above by executing the trust deed and has created necessary required charge on SLR assets.
- 5.4 DHFL has raised ₹ 7,500 lacs during the year through issue of long term Unsecured, Redeemable, Non Convertible Debentures. These Debentures are redeemable at par on 26th March, 2022. These Debentures are Sub-ordinate to present and future senior debt holders of DHFL and qualifies as Tier II Capital under the NHB Guidelines.
- 5.5 All Fixed Deposits of DHFL, including short term fixed deposits, are repayable as per individual contracted maturities ranging upto 12 months and 84 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.
- 5.6 The Department of Company Affairs has exempted Housing Finance Companies registered with National Housing Bank from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Since the Debenture issues of DHFL and First Blue till day are through private placement no DRR has been created.
- 6.1 As at 31st March, 2012, 6,405 (7,300) number of Secured Redeemable Non-Convertible Debentures (RNCD) of ₹ 1,000,000/- each issued by First Blue on private placement basis are outstanding amounting to ₹ 64,050 Lacs (₹ 73,000 lacs). These debentures carry coupon rate ranging 9.40% to 11.00% and are redeemable at par at maturity between April 2012 and February 2022.
- 6.2 All RNCD (current and non-current portion) of First Blue are secured by a first charge by way of hypothecation of book debts of specific loan assets and by way of mortgage of land of First Blue. Further, out of above, RNCD amounting to ₹ 25,000 lacs (Nil) are also secured by corporate guarantee of DHFL, the ultimate holding company of First Blue.
- 6.3 All ZCDs (current and non-current portion) of First Blue are secured by a first charge by way of hypothecation of book debts of specific loan assets and by way of mortgage of land of First Blue.
- 6.4 As at 31st March, 2012, 2,210 (2,210) number of Unsecured Redeemable Non-Convertible Subordinated Debentures of ₹1,000,000 each of First Blue are outstanding amounting to ₹ 22,100 lacs (₹ 22,100 lacs), which are subordinated to present and future senior indebtedness of First Blue. It qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing Capital Adequacy depending upon balance term to maturity. These debentures carry coupon rate ranging 9.80% to 11.35% and are redeemable at par on maturity between April 2016 and October 2023.
- 6.5 During the year, First Blue has raised 514 (1,250) number of Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) of ₹ 1,000,000 each amounting to ₹ 5,140 lacs (₹ 12,500 lacs). The total ZCD outstanding as at 31st March, 2012 is ₹ 17,640 lacs (₹ 12,500 lacs) and are redeemable at premium on maturity between August 2012 and February 2014. The premium payable on ZCD accrued till 31st March, 2012 ₹ 1,907 lacs (₹ 615 lacs) is provided out of the securities premium account.



- 7.1 Secured term loan received by First Blue from National Housing Bank are repayable as per the contracted terms in one or more installments between April 2012 and April 2021.
- 7.2 These term loans from National Housing Bank of First Blue are secured by mortgage of all immovable properties owned and possessed by First Blue, both present & future and a first exclusive charge by way of hypothecation of all movable properties, excluding specific housing and property loans & investments, both present & future. The loans are further secured by a first exclusive mortgage/ charge by way of hypothecation of specific book debts in respect of housing loans against which refinance has been availed.
- 7.3 The secured term loans received by First Blue from all other banks are availed from various scheduled banks. These loans are repayable as per the individual contracted terms in one or more installments between April 2012 and April 2020.
- 7.4 These loans of First Blue are secured by a first charge by way of hypothecation of book debts of specific loan assets of First Blue. Out of these, (i) loans aggregating to ₹ 287,189 lacs (₹ 180,890 lacs) are further secured by a negative lien on the underlying properties, (ii) loans aggregating to ₹ 10,000 lacs (₹ Nil) are further secured by a negative lien on the underlying properties and demand promissory notes, and (iii) loans aggregating to ₹ 8,095 lacs (₹ 19,300 lacs) are further secured by demand promissory notes.
- 7.5 All Fixed Deposits of First Blue, including short term fixed deposits, are repayable as per individual contracted maturities ranging upto 12 months and 60 months from the date of deposit. The interest is payable on half yearly or annual basis or cumulatively at the time of principal maturity depending upon the scheme opted by the depositor.
- 7.6 Easy Home Loan Deposits of First Blue aggregating to ₹ 70 lacs (₹ 624 lacs) are in the nature of recurring deposits wherein a fixed amount is deposited on a monthly basis by the depositor for the contracted period. The easy home loan deposits are repayable in 36 months to 84 months from the contract date depending upon the scheme opted by the depositor. The interest is accumulated and is paid/ adjusted at maturity. At the end of the contracted period, the depositor can opt for a housing loan at a fixed pre-determined contracted rate.

(₹ in lacs)

	Long Term Provision		Short Term Provision	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>8 PROVISIONS</b>				
Provision for Contingencies:				
<i>Against Standard Assets</i>	14,992	5,055	-	-
<i>Against NPA</i>	7,208	3,955	-	-
Provision for Contingencies on loan portfolio	22,200	9,010	-	-
Provision for employee benefits:				
Gratuity	401	217	148	81
Leave encashment	120	168	92	61
Provision for proposed dividend	-	-	6,529	3,659
Provision for dividend distribution tax	-	-	1,059	622
Other Provisions	95	19	842	268
<b>Total Provisions</b>	<b>22,816</b>	<b>9,414</b>	<b>8,670</b>	<b>4,691</b>

- 8.1 DHFL has written off ₹ 236 lacs (₹ 77 lacs) as bad debts and by way of one time settlement to recover some of its NPA and Loss Accounts. DHFL has withdrawn ₹ 236 lacs (₹ 77 lacs) from contingency provisions created out of profits of earlier years.

## 8.2 Provision for Contingencies

The National Housing Bank (NHB) vide its circular dated 5th August, 2011 read with circular dated 19th January, 2012 has introduced additional contingency provisioning requirements. The group has met the above requirement by utilizing excess reserve created in earlier year and by making further provision during the year. As a matter of prudent risk management and based on experience, the group has created on its own in the past, additional reserve on its standard assets towards contingencies beyond the NHB requirements. The group has fully utilized these additional contingency reserves/provisions for meeting the above requirements of the NHB and has also provided balance during the year. DHFL has made during the year additional provision beyond NHB requirement of ₹ 1,051 lacs and First Blue of ₹ 1,025 lacs.

(₹ in lacs)

	31.03.2012	31.03.2011
<b>9.1 SHORT TERM BORROWINGS</b>		
Secured	40,920	61,666
Unsecured - including current maturities of long term unsecured borrowings	116,968	67,933
<b>Total Short Term Borrowings</b>	<b>157,888</b>	<b>129,599</b>

	31.03.2012	31.03.2011
<b>9.2 OTHER CURRENT LIABILITIES</b>		
Current maturities of long term secured borrowings (Refer Note no 5)	324,647	266,667
Others	16,801	42,376
<b>Total other current liabilities</b>	<b>341,448</b>	<b>309,043</b>

## 10 FIXED ASSETS:

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2011	Addition	Deduction/ Adjustment	As on 31.03.2012	As on 01.04.2011	For the Year	Deduction/ Adjustment	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
<b>Tangible:</b>										
Free Hold Land	3	-	-	3	-	-	-	-	3	3
Building	3,056	-	-	3,056	308	49	-	357	2,699	2,748
Leasehold Improvement	767	6	-	773	297	121	-	418	355	470
Furniture & Fixture	1,771	487	223	2,035	429	116	90	455	1,580	1,342
Office Equipments	1,021	316	79	1,258	201	58	30	229	1,029	820
Vehicles	432	53	64	421	80	56	28	108	313	352
Computer (Hardware)	2,333	240	262	2,311	1,235	277	214	1,298	1,013	1,098
<b>Sub Total</b>	<b>9,383</b>	<b>1,102</b>	<b>628</b>	<b>9,857</b>	<b>2,550</b>	<b>677</b>	<b>362</b>	<b>2,865</b>	<b>6,992</b>	<b>6,833</b>
<b>Intangible:</b>										
Computer (Software)	507	342	-	849	419	28	-	447	402	88
<b>Fixed Assets</b>	<b>9,890</b>	<b>1,444</b>	<b>628</b>	<b>10,706</b>	<b>2,969</b>	<b>705</b>	<b>362</b>	<b>3,312</b>	<b>7,394</b>	<b>6,921</b>
Capital Work in Process	16,610	1,616	-	18,226	-	-	-	-	18,226	16,610
<b>TOTAL</b>	<b>26,500</b>	<b>3,060</b>	<b>628</b>	<b>28,932</b>	<b>2,969</b>	<b>705</b>	<b>362</b>	<b>3,312</b>	<b>25,620</b>	<b>23,531</b>
Previous Year	23,149	3,762	411	26,500	2,498	681	210	2,969	23,531	

	31.03.2012	31.03.2011
<b>11 NON CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
<i>Investment in unquoted equity instruments</i>		
Investment in associates	5,904	3,074
Investment in unquoted preference instruments	1,271	-
<b>Other Investments</b>		
Investment in Mutual Funds/ Venture Capital Fund - unquoted	3,351	3,223
Investment in Govt. securities / guaranteed bonds (SLR) - quoted	5,000	3,131
Investment in Govt. securities / guaranteed bonds (Non - SLR) - quoted	750	750
Residential Mortgaged backed Securitisation - unquoted	1,121	1,349
	<u>17,397</u>	<u>11,527</u>
Less: Provision for diminution in value of investments	<u>190</u>	<u>59</u>
<b>Total Non Current Investments</b>	<b>17,207</b>	<b>11,468</b>

- 12 As required by NHB, DHFL has divested its holding in DHFL Vysya Housing Finance Limited from 58.20% to 9.47% during the year. DHFL with a view to focus on its core business, has also completely divested its holding in DHFL Property Services Limited during the year. Accordingly, DHFL Vysya Housing Finance Limited, Aadhar Housing Finance Private Limited and DHFL Property Services Limited are no longer subsidiaries of DHFL. DHFL has earned profit of ₹ 3,187 lacs on sale of shares of DHFL Vysya Housing Finance Limited.

	Non Current Portion		Current Portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>13. HOUSING AND PROPERTY LOANS</b>				
Housing Loans	2,096,659	1,705,593	99,531	134,749
Other Property Loans	317,874	141,144	32,758	10,043
<b>Total Housing and Property Loans</b>	<b>2,414,533</b>	<b>1,846,737</b>	<b>132,289</b>	<b>144,792</b>

- 13.1 Other Property loans consists of non-housing loans such as mortgage loans, project loans, commercial loans, plot loans, lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of National Housing Bank.
- 13.2 As certified by the management, loans given by DHFL are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or assignment of Life Insurance Policies and/or personal guarantees and/or undertaking to create a security and are considered appropriate and good.
- 13.3 DHFL has entered into Loan Syndication arrangements with certain public sector banks to provide Housing Loan to borrowers wherein DHFL originates the loan files from branches and surrounding areas of such banks and also from open market and gets it processed under common credit norms at the Central Processing Unit set up in the premises of such banks. The said banks have agreed to participate not over 50% of the disbursed loan portfolio under loan syndication arrangement. Entire processing fees and other charges / income on above accrued to DHFL. DHFL has derecognised above loan portion syndicated to others in its books.
- 13.4 DHFL has also entered into Loan Syndication arrangements with First Blue Housing Finance Limited, DHFL Vysya Housing Finance Limited and Aadhar Housing Finance Limited to provide Housing and Property

Loans to borrowers wherein DHFL originates the loan files through its branches and gets it processed under common credit norms at the Central Processing Unit. The loan syndicate participants have agreed to participate in the disbursed loan portfolio under loan syndication arrangement. DHFL has derecognised above loan portion syndicated to others in its books.

(₹ in lacs)

	31.03.2012	31.03.2011
<b>14 CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
Investment in equity instruments- quoted	428	695
<b>Other Investments</b>		
Investment in Mutual Funds / Venture Capital Fund - unquoted	2,687	57,954
Investment in unquoted Commercial Papers	4,414	-
<b>Total Current Investments</b>	<b>7,529</b>	<b>58,649</b>
<b>15 REVENUE FROM OPERATIONS</b>		
Interest on Housing and Property Loans	2,86,334	1,84,562
Interest on Bank Deposits	1,900	-
Interest on Long Term Investments	411	-
Other Interest	1,533	5,353
Revenue from other services	23,950	14,946
Operational treasury income	7,066	4,513
<b>Total Revenue from operations</b>	<b>3,21,195</b>	<b>2,09,374</b>
<b>16 INTEREST AND FINANCE CHARGES</b>		
Interest expenses	2,33,611	1,38,549
Other Borrowing Costs	1,345	464
<b>Total Interest and Finance charges</b>	<b>2,34,956</b>	<b>1,39,013</b>

17 During the year, First Blue noticed instance of fraud, on account of fabrication of financial and property documents by some customers, with probable financial impact of ₹91 lacs for which necessary criminal and civil legal remedial actions are being taken. First Blue has made adequate provision towards this in its financial statements.

18 The Board of Directors of DHFL, in it's meeting held on 28th September, 2011, have approved Scheme of Amalgamation of its subsidiary companies viz. First Blue Home Finance Limited and DHFL Holdings Private Limited with DHFL, to be effective from 1st April, 2011. The share exchange ratio has been approved by the Board of all the Companies based on the valuation report of Ernst & Young Private Limited and fairness report of Standard Chartered Bank at 10 shares of DHFL for 97 shares of First Blue Home Finance Limited which works out to a swap ratio of 10:97 and subsequently by the shareholders of DHFL. The group has filed an application with the Hon'ble High Court of Mumbai and Delhi under Section 391 to 394 of the Companies Act, 1956 for its approval.



19 As per Accounting Standard (AS-18) on “Related Party Disclosures” details of transactions with related parties as defined therein are given below:

A) List of related parties with whom transactions have taken place during the year and relationship:

**1) COMPANIES**

**Associate Companies**

- a. DHFL Vysya Housing Finance Ltd.
- b. DHFL Property Services Ltd.
- c. Aadhar Housing Finance Pvt. Ltd.
- d. DHFL Insurance Services Ltd.
- e. Arthveda Fund Management Pvt. Ltd.
- f. Dish Hospitality Pvt. Ltd.
- g. Wadhawan Holdings Pvt. Ltd.
- h. Wadhawan Retail Pvt. Ltd.

**2) KEY MANAGEMENT PERSONNEL**

- |                          |  |
|--------------------------|--|
| a. Shri Kapil Wadhawan   | Chairman & Managing Director                       |
| b. Shri Anil Sachidanand | Chief Executive Officer                            |
| c. Shri Rajeev Sathe     | Chief Operating Officer                            |
| d. Shri Anoop Pabby      | Head Corp Strategy Group                           |
| e. Shri Michael Maybaum  | Whole time Director (First Blue Home Finance Ltd.) |

Nature of Transactions (excluding reimbursements)	Associate Companies		Key Management Personnel
	2011-12	2010-11	
<b>1) Investments</b>			
Opening Balance	13,008	7,740	-
Investment Made	117	5,545	-
Investment Redeemed	3,998	277	-
Closing Balance	9,127	13,008	-
<b>2) Advances Recoverable in cash or in kind</b>			
Opening Balance	437	91	-
Advance given during the year	5,488	350	-
Recovered during the year	5,540	4	-
Closing Balance	385	437	-
<b>3) Securitisation of loan portfolio</b>			
Securitized during the year	640	-	-
<b>4) Income</b>			
Dividend	161	161	-
Interest	107	58	-
Rent	103	141	-
Other income	300	4,600	-
<b>5) Expenditure</b>			
Remuneration	-	-	653 (565)
Rent, Rates & Taxes	13	13	-
Other Expenditures	39	18	-

Details of Transactions (excluding reimbursements)	Associate Companies		Key Management Personnel
	2011-12	2010-11	
<b>ASSETS :</b>			
<b>1) Investments in</b>			
Arthveda Fund Management Pvt.Ltd.	117	-	-
<b>2) Advances Recoverable from</b>			
DHFL Property Services Limited	(129)	133	-
Aadhar Housing Finance Private Limited	40	17	-
DHFL Insurance Services Limited	37	21	-
Wadhawan Housing Private Limited	-	179	-
Wadhawan Retail Private Limited	-	(4)	-
<b>INCOME :</b>			
<b>1) Dividend</b>			
DHFL Vysya Housing Finance Limited	161	161	-
<b>2) Interest</b>			
DHFL Vysya Housing Finance Limited	107	58	-

(₹ in lacs)

Details of Transactions (excluding reimbursements)	Associate Companies		Key Management Personnel
	2011-12	2010-11	
<b>3) Rent</b>			
Aadhar Housing Finance Private Limited	67	22	-
Wadhawan Retail Private Limited	-	86	-
Dish Hospitality Private Limited	36	33	-
<b>4) Other Income</b>			
DHFL Property Services Limited	300	100	-
DHFL Insurance Services Limited	-	4,500	-
<b>EXPENDITURE:</b>			
<b>1) Rent, Rates &amp; Taxes</b>			
Wadhawan Holdings Private Limited	13	13	-
<b>2) Remuneration</b>			
Shri Kapil Wadhawan	-	-	168 (157)
Shri Anil Sachidanand	-	-	117 (111)
Shri Rajeev Sathe	-	-	61 (42)
Shri Anoop Pabby	-	-	48 (242)
Shri Michael Maybaum	-	-	259 (255)
<b>3) Other Expenditures</b>			
DHFL Vysya Housing Finance Limited	-	-	-
Dish Hospitality Private Limited	39	18	-

(₹ in lacs)

	31.03.2012	31.03.2011
<b>20 Contingent liability :</b>		
Guarantees provided by the Company	22,473	7
Claims against the Company not acknowledged as debts	54	28
Pertaining to disputed Income Tax & Service Tax in appeal	856	305

20.1 DHFL has given corporate guarantee in favour of institutional subscriber of secured, redeemable, non convertible debentures issued by its subsidiary First Blue for ₹ 25,000 lacs and interest thereon.

21 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 161 lacs (₹ 5,788 lacs).

22 Capital Work in Progress includes ₹ 18,226 lacs (₹ 16,608 lacs) paid as advance consideration for acquiring office premises under construction, and ₹ 450 lacs paid in lieu of part consideration towards sale of leasehold land in earlier years.

23 Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

24 Figures in brackets represent previous year's figures.

For **B. M. Chaturvedi & Co.**  
Chartered Accountants  
ICAI FRN: 114317W

**B. M. Chaturvedi**  
Partner  
ICAI M. N. 17607

Place : Mumbai  
Date : 10<sup>th</sup> May, 2012

**Kapil Wadhawan**  
Chairman & Managing Director

**S. Y. Sankhe**  
Company Secretary

**Dheeraj Wadhawan**  
**R. P. Khosla**  
**G. P. Kohli**  
**Anthony Hambro**  
**V. K. Chopra**  
**Dr. P. S. Pasricha**  
(Directors)









DHFL Network





**Registered Office:**

Location	Address	Phone No.:
Fort (Mumbai)	Warden House, 2nd Floor, Sir P. M. Road, Fort, Mumbai 400001	Tel.: (022) 22029900 Fax: (022) 22871985

**Corporate Office:**

Location	Address	Phone No.:
Corporate Office Bandra (Mumbai)	HDIL Towers, 6th Floor, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai 400051	Tel.: (022) 26583333 (022) 26474333 Fax: (022) 26583344

**International Representative Offices:**

Location	Address	Phone No.:
Dubai, U.A.E.	P. O. Box 48991, Office No. 211, 2nd Floor, Atrium Centre, Khalid Bin Al Waleed Road (Bank Street), Bur Dubai, U.A.E.	Tel.: 00-971-4-3524905 Fax: 00-971-4-3524906 Mob: 00-971-50-7549120, 00-971-50-5072621, 00-971-50-5351172 Email: dubai@dhfl.com
London	53-55 Uxbridge Road Ealing London W5 5SA	Tel.: 00-44-20-8579 1711 Fax: 00-20-8579 1712

**West Zone Branch Details**

Branch	Address	Phone No.:
Pune Zonal Office	2nd Floor, Fortune House, Prabhat Road, Near Incometax Lane No 14, Erandwane, Pune - 411 004	Tel.: 020-25314000 NA
Pune-RPU & Sales Vertical	Office No 201, 204, 2nd Floor, Fortune Plaza, Thube Park, Next To Sanchet Hospital, Shivajinagar, Pune - 411 001	Tel.: 020-66819595 NA
Ahmednagar	Office No.8, 1st Floor, Amardeep Complex, Near Gogadeo Temple, Sarjepura, Ahmednagar - 414001	Tel.: 0241-3295745 Fax: 0241-2431677
Ahmedabad	3rd Floor, Amola Chambers, Near Navrangpura Telephone Exchange, Ahmedabad - 380009	Tel.: 079-26449521/30481824/ 26449564/26441090 Fax: 079-26449524
Akola	Nakshtra Sankul, 1st Floor, Umri Road, Jatharpeth, Akola - 444005	Tel.: 0724-2491279 0724-2490697 Fax: 0240-2352643
Aurangabad	1st Floor, N.K. Hights, Opp. SBI Personal Banking, Kranti Chowk, Aurangabad - 431001	Tel.: 0240 2352643 NA
Bhopal	Plot No.11, Alankar Complex, Mazanine Floor, Bank Street, M.P. Nagar Zone 2, Bhopal - 462001	Tel.: 0755-2555088/4277088/ 4218376 Fax: NA
Gwalior	FF-17, 16, Orion Tower, Plot No.11, City Centre, Next to LIC Building, Gwalior - 474011	Tel.: 0751-4218202/ 03/04/05/06/07 Fax: NA

## West Zone Branch Details

Branch	Address	Phone No.:
Indore	Third Floor, Royal - Gold Complex 4 A.Y.N Road, Indore - 452001	Tel.: 0731-4235700/701/715 Fax: NA
Itarsi	1st Floor, 9th Line, Sarafa Road, Dr. U.K. Shuklas Building, Near Tagore School, ITARSI, M.P. - 461111	Tel.: 07572- 406275 Fax: NA
Jabalpur	1627, 1st Floor, Jaiswal Tower, Home Science College Road, Near Shashtri Bridge, Napier Town, Jabalpur - 482001	Tel.: 0761-4054911/4054921 Fax: NA
Jalgaon	Shiva Arcade, (Dhake Corporate Center), Plot No. 18, 19 Dhake Colony, Jalgaon 425001	Tel.: 0257-2222253/54 Fax: 0257-2222254
Kolhapur	Office no. 6 to 8 A, Akshar Plaza, 1st Floor, Opp Sasane Ground, Tarabai Park, Kolhapur 416003	Tel.: 0231-2660567/2663664 Fax: 0231-2660567
Khargone	C-17, Radha Vallabh Market, Khargone - 451001	Tel.: 7282-234732/ 231674/ 234830 Fax: NA
Nagpur	4th Floor, Bhiwapurkar Chambers, Opp. Yeshwant Stadium, Dhantoli, Nagpur - 440012	Tel.: 0712-2432448/2429686
Nasik	S - 3, 2nd Floor, Suyojit Sankul, Near Rajiv Gandhi Bhavan, Sharanpur Road, Nasik - 422002	Tel.: 0253- 2316771/72 Fax: 0253-2316762
Parbhani	Mantri Complex, 1st Floor, Wasmat Road, Ramkrushna Nagar, Parbhani - 431401	Tel.: 02452-227691 Fax: 02452-223326
Panjim	104, 1st Floor, Kamat Chambers, Opp. Hotel Neptune, Panjim, Goa - 403001	Tel.: 0832- 223041/11 NA
Rajkot	Office No. 1 & 2 - Pramukhswami Arcade - A , 1st Floor, Malviya Chowk, Opp. Dist Library, off Dr.Yagnik Road, At & Dist. Rajkot - 360001	Tel.: 0281-2226458/ 2226459/2922001 Fax: NA
Solapur	Shri Samarth Ramdas Sankool, 1st Floor, Dutt Chowk, Solapur - 413007	Tel.: 0217-232241/3297178 NA
Surat	202, 2nd Floor, Mangal Deep Complex, Above Sasuma Restaurant, Nr. RTO, Ring Road, Surat - 395002	Tel.: 0261-2322241/ 3297178 Fax: NA
Vadodara	5, Upper Ground Level, Profit Center, Near Kalaghoda Circle, Sayajigunj, Vadodara - 390005	Tel.: 0265-2226312/13/14 Fax: NA

## West Zone Service Centre Details

Location	Nodal Branch	Address	Phone No.:
Amravati	Akola	Shop no 2, Kharkar Complex, Railway Station Square, Amravti, Above Eagle Restaurant - 444605	Tel.: 0721-2551654 Fax: NA
Ahmedabad	Ahmedabad	Ratnam Building, Near Canara Bank, Bopal Ghuma Road, Bopal Ahmedabad - 380058	Tel.: 9327067529 Fax: NA
Bharuch	Vadodara	GF/22, Aditya Complex, Kasak Circle, Near Railway Station, Bharuch - 392001	Tel.: 0264-2246194 Fax: NA

**West Zone Service Centre Details**

Location	Nodal Branch	Address	Phone No.:
Chakan	Pune	Office no 14, 1st Floor, Kohinoor Center, A Bldg, Pune - Nashik Highway, Chakan, Pune - 410501	Tel.: 02135-310522/310523 Fax: NA
Gotri	Baroda	Senate Square, Shop no 9, Opp. Yash Complex, Off Gotri 30 Mtrs. Road Opp. Gangotri Complex, Gotri Baroda - 390021	Tel.: 9376228394 Fax: NA
Gota	Ahmedabad	B-7, Shukan Apts, Gota Ahmedabad	Tel.: 9376228394 Fax: NA
Hadapsar	Pune	L-218, 1st floor Mega Centre, Behind Noble Hospital Pune - Solapur Road, Hadapsar - 413528	Tel.: 9850988042 Fax: NA
Jamnagar	Rajkot	Office No.127, Madhav Plaza, 1st Floor, Opp SBI, Near Lal Bunglow, At & Dist Jamnagar - 361001	Tel.: 0288-2558449 Fax: NA
Khandwa	Indore	5-Vaikunth Nagar, Indira Chowk, Civil Lines, Khandwa - 450001	Tel.: 0733-2226650 Fax: NA
Latur	Solapur	Shop no 12,13 Upper Ground Floor, Shivkamal Silver Arch, Nandi Stop, AUSA Road, Latur - 413512	Tel.: 02382-241272 Fax: NA
Pimpri	Pune	Shop no. 146, B Wing, 1st Floor, Jai Ganesh Vision, Pune - Mumbai Road, Akurdi, Pune - 411035	Tel.: 020-27420016 Fax: NA
Shrirampur	Ahmednagar	Shop no. 2, Popular Complex, Below Union Bank of India, Main Road, Shrirampur - 413709	Tel.: 02422-224009/ 9422029645 Fax: NA
Swargate	Pune	1st Floor, Rukari Building, Pune - Satara Road, Next to Swargate Bus Stand, Pune - 411037	Tel.: 020-24271990/24271208 Fax: NA
Vastrap	Ahmedabad	G-3 Rudraksha Complex, Vastrap, B/H Kwik Metal Bus Stand, Odhav Road, Odhav, Ahmedabad - 382415	Tel.: 079-22972292 Fax: NA

**Mumbai Zone Branch Details**

Branch	Address	Phone No.:
RPU Vileparle	DHFL, Sanghvi House, 18th Subhash Road, Behind Garware Polyester, Next To Sunteck Building, Vile Parle (E). Mumbai - 400057	Tel.: 022-67981494/95 Fax: 022-67981441
Ambernath	Laxmi Sagar Apartment, Ground Floor, Shiv Mandir Road, Nr. UCO Bank, Ambernath East - 421501	Tel.: 0251-6482801/02/03
Bhandup	Dreams Mall, 1st Floor, L.B.S. Marg, Bhandup West, Mumbai - 400078	Tel.: 022-65614553
Borivali East	Dheeraj Regency, Shop No.19, Opp Bhor Industry, Off W.E. Highway, Borivali East, Mumbai - 400066	Tel.: 022-28875118/ 28867762 Fax: 022-28867761
Borivali West	# 205/206, 2nd Floor, Ganjawala Residency, Ganjawala Lane, Behind S V Road Petrol Pump, Borivali West, Mumbai - 400092	Tel.: 022-28941944/28933761
Dombivali	Vitthal Apt, B-wing, 1st Floor, Shahid Bhagat Singh Road, Tai Pingale Chowk, Nr. Sarvesh Hall, Dombivali East, Thane - 421201	Tel.: 0251-2449630/31
Fort	Warden House, 2nd Flr, Sir P M Road, Fort, Mumbai - 400001	Tel.: 022-22047092 Fax: 022-22871985

## Mumbai Zone Branch Details

Branch	Address	Phone No.:
Kalyan	Shop No. 2,3,4, Riddhi Siddhi Apt, Kalyan Murbad Rd, Opp ICICI Bank, Kalyan West	Tel.: 0251-2328124/2320780
Mumbai Metro	Ground Floor, HDIL Tower, Station Road, Anand Kanekar Marg, Bandra East, Mumbai - 400051	Tel.: 022-61558100, 022-26470338/339 Fax: 022-26582176
Mira Bhy Road	Shop No.101/102, 1st Floor, Poonam Enclave, Mira-Bhayander Road, Nr Golden Nest, Mira Road East, Thane - 401107	Tel.: 022-28131167/77
Navi Mumbai	Block No.7, Raigad Bhavan, 2nd Flr, Sector 11, CBD Belapur, Navi Mumbai	Tel.: 022-27572596 022-27571650 Fax: 022-27572596
Palghar	Shop No.127 To 130, Ostwal Empire, Mahavir Market, Above Khubsurat Pink City, Opp. IDBI Bank, Boisar West, Thane - 401501	Tel.: 02525-267826/926
Panvel	Shop No.110, Plot No.9, CIDCO Shopping Complex, Sector 1, Opp Shiva Complex, New Panvel	Tel.: 022-27450061/63 Fax: 022-27450061
Thane	Gr Floor, Arjun Towers, Gokhale Road, Naupada, Thane West	Tel.: 25382400/2700 Fax: 022-253833100
Titwala	DHFL, Office No.1 To 5, Ground Floor, D Wing, Omkar Residency, Opp Railway Station, Titwala West - 421605	Applied
Vasai	DHFL, Shop No 1 - Milan Apartment, Manickpur Road, Opp. Union Bank of India, Vasai West, Thane - 401202	Tel.: 0250-3051342 Fax: NA
Vasai East	Opp HDFC Bank, Near Holy Family School, Evershine City, Vasai East, Thane - 401205	Tel.: 0250-2461280 Fax: NA
Vashi	A/501, BSEL Tech Park, Opp Vashi Railway Station, Vashi - 400614	Tel.: 022-32254825/26
Virar	Shop No. 2 & 3, Bldg No.4, Sheetal Nagar, Agashi Road, Virar West, Thane - 401303	Tel.: 0250-2512178/168
Vasai Hub	DHFL, Shop No.24/25, Dewan Tower, Opp Parvati Theater, Beside Kubera Hotel, Vasai West	Tel.: 0250-2334887

## NCR Zone Branch Details

Branch	Address	Phone No.:
RPU Connaught Place		Tel.: 011-23462700/740 Fax: NA
Zonal Office Connaught Place	Plot No. - 5, M-13, Punj House, Connaught Place, New Delhi - 110001	
Branch Office Connaught Place		
East of Kailash	10, Ground Floor, Community Centre, East of Kailash, New Delhi - 110065	Tel.: 011-26470062/64/65 Fax: NA



**NCR Zone Branch Details**

Branch	Address	Phone No.:
Faridabad	SCF, 39, Ground Floor, Sector - 19, Huda Market, Part - II, Faridabad - 121002	Tel.: 0129-4315705/08/10 Fax: NA
Ghaziabad	Shop No.5 & 6, Plot No. GH - 6, Designarch High Street, Sector - 5, Vaishali, Ghaziabad - 201010	Tel.: 0120-2884393/94 Fax: NA
Gurgaon	Sector - 14, SCO 19, Near Axis Bank Sales Office, IInd Floor, Gurgaon - 122001	Tel.: 0124-3071511/15 Fax: NA
Noida branch	Plot No.12, Block No. 1, IInd Floor, Sector - 1, Noida - 201301	Tel.: 0120-3052030/33 Fax: NA
Noida 1 branch		

**N&E Zone Branch Details**

Branch	Address	Phone No.:
Bhubaneswar	102, Aditya Plaza, 10-Bhouma Nagar, Unit-4, Bhubaneswar	Tel.: 0674-2534142 0674-3265973 Fax: 0674-2534185
Bhilwara	9-S, 11 & 12, Basant Vihar, BSL Road, Near circuit House, Bhilwara - 311001	Tel.: 01482-235013 Fax: 01482-235014
Bikaner	1-2, Yadav Complex, Near Rastra Unnati School, Rani Bazar, Bikaner - 334001	Tel.: 0151- 2206352 Fax: 0151-2205923
Connaught Place	106, 1st Floor, New Delhi House, Barakhambha Road, New Delhi - 110001	Tel.: 011-23752436 011-32587179 Fax: 011-23752421
Chandigarh	SCO-50-51, Sector-34A, Near Mukut Hospital, Chandigarh - 160022	Tel.: 0172-5007899 Fax: 0172-5007787
Dehradun	Second Floor, City Center, Opp-Maduban Hotel, 56 Rajpur Road, Dehradun - 248001	Tel.: 0135- 2740474 Fax: 0135-2740474
Durgapur	A402-B, 3rd Floor, Kamdhenu, Bengal Shristi, City Centre, Durgapur - 713216	Tel.: 0343-2542351 0343-2548070 Fax: 0343-2542351
Haldwani	1st Floor, Attam Complex, Opp. Bank of Baroda, Nainital Road, Haldwani - 263139	Tel.: 05946-220246 05946-220247 05946-220308 05946-210576 Fax: NA
Jaipur	302/5, Jaipur Tower, 3rd Floor, Opp AIR, M. I. Road, Jaipur - 302001	Tel.: 0141-2366536/2366539 Fax: 0141- 2366538/ 0141-3070778/782

## N&E Zone Branch Details

Branch	Address	Phone No.:
Jaipur	D-244, Hanuman Nagar, 3rd Floor, Above Union Bank of India, Amrapali Marg, Vaishali Nagar, Jaipur - 302021	Tel.: 0141- 2351997/2351987/ 9314880118/ 0141-3081401/404 Fax: NA
Jodhpur	101, 1st floor, Anupam Annexe, 4th A Road, Near Old Kohinoor Cinema, Sardar Pura, Jodhpur - 342001	Tel.: 0291-5104297 Fax: 0291-5104298
Jamshedpur	OM Tower, 2nd Floor, Main Road Bistupur, Jamshedpur, Pin - 831001	Tel.: 0657-6541793 Fax: NA
Kota	D-9/201, Deepshree Complex, Opp. Multipurpose School, Gumanpura, Kota - 324007	Tel.: 0744-2391928 0744-2392028 Fax: NA
Kolkata Branch	8/1, A 1-1, Middleton Row. Corner of Camac Street & Park Street. Kolkata - 700071.	Tel.: 033-22275141/ 033-2227921 Fax: 033-22275141
Lucknow	27/6/1, Upper Ground Floor, Taj Plaza, Madan Mohan Malaviya Marg, Lucknow - 226001	Tel.: 0522-2206113/ 0522-2206114 Fax: 0522-3016245
Raipur	4/91, Dr Naidu Complex, 2nd Floor, Zail Road, Raipur - 492001	Tel.: 0771-4092956 0771-4014140 Fax: NA
Ranchi	S-1, IInd Floor, Samudra Complex, 59B, Circular Road, Ranchi - 834001	Tel.: 0651-2563005 Fax: 0651-2563005
Udaipur	3rd Floor, Centre Point Building, Opp. B N College, Airport Road, Udaipur - 313001	Tel.: 0294-2418123 0294-2418124 Fax: NA
Varanasi	First Floor, D-58/19, A-4, Sigra, Varanasi, Land Mark - Above ICICI Bank Ltd, PIN - 221010	Tel.: 0542-2222757 Fax: 0542-2222757

## N&E Zone Alliance Details

Branch	Address	Phone No.:
Chandigarh - PSB Venture	SCO-62, 1st Floor, Above Punjab & Sind Bank, Sector-26, Madhay Marg, Chandigarh - 160019	Tel.: 0172-5071113/4/5 Fax: NA
Kolkata - UBI Venture	UBI Bldg., 1st Floor, 4. N.C. Dutta Sarani, Kolkata	Tel.: 91-33-22315658/59/60 Fax: NA
Ludhiana - PSB Venture	Saban Bazar, Near Agarsain Park, Ludhiana - 141001	Tel.: 0161-2740717 Fax: NA

**N&E Zone Service Centre Details**

Location	Nodal Branch	Address	Phone No.:
Asansol	Durgapur	Premises No-98(87), G T Road, Asansol - 713303	Fax: NA
Alwar	Jaipur	40-B Yash Tower, Bhagat Singh Circle, Alwar - 301001	Tel.: 9928090682/ 0144-2703386 Fax: NA
Amethi	Lucknow	Flat No-106/1, First Floor, Rajput Complex, Station Road, Amethi - 227405	Tel.: 05368-222904 Fax: NA
Berhampur	Bhubaneswar	Room No-1 (P), Majji Gouri Tower, Ground Floor, Sale Tax Square, Near BSNL SDO-II Office, Berhampur - 760010, Ganjan	Tel.: 0680-2290089 Fax: NA
Bilaspur	Raipur	Shop No-BF-11, 1st Floor, Rajiv Plaza, Opp. Axis Bank, Bus Stand, Bilaspur - 495001	Tel.: 07752-412754 Fax: NA
Chandannagar	UBI Syndication	602, Chandernagore Station Road., Hooghly	Tel.: Proposed Fax: NA
Durg	Raipur	Trilok Plaza, 1st Floor, Infront of Dr. Dhillon Complex, Gurudwara, Station Road, Durg - 490021	Tel.: 0788-2212866 Fax: NA
Dausa	Jaipur	Ghoshi Complex, New Mandi Road, Dausa - 303303	Tel.: 9314091209/ 01427-221930 Fax: NA
Hazaribagh	Ranchi	1st Floor, Vardhan Market, Matwari, Chowk, Near Gandhi Maidan, Hazaribagh - 825301	Tel.: 9801933933 Fax: NA
Haridwar	Dehradun	Shop No-5&6, Super Complex, Opp-IDBI Bank, Chandracharya Chowk, Rani Pur More, Haridwar - 249403	Tel.: 9719121489 Fax: NA
Jalandhar	Ludhiana	Nirmal Complex, 3rd Floor, Civil Lines, G.T. Road City, Jalandhar	Tel.: 0181-2459007 Fax: NA
Kanpur	Lucknow	Unit No. 205, 2nd Floor, Premises No-14/144, Ratan Square, Chunni Ganj, Kanpur - 208005	Tel.: NA Fax: NA
Nokha	Bikaner	Patta No. 373, Pareek Complex, Ram Gopal Bhatard Chowk, Nokha - 334803	Tel.: 01531-220820 Fax: NA
Patiala	Chandigarh	Shop No.38 1st Floor, Leela Bhavan, Patiala	Tel.: 0175- 2302195/ 9888164482 Fax: NA
Rajarhat	UBI Syndication	439,451,452, Mouza Alghara Rajarhat Road., Kolkata - 700136.	Tel.: Proposed Fax: NA
Sikar	Jaipur	Shop No 20-21, Heera Market, Jaipur Road, Sikar - 332001	Tel.: 9887869503/ 01572-250185 Fax: NA
Tonk	Jaipur	Subhash Bazar, Employment Office, Tonk - 304001	Tel.: 9828460669 Fax: NA

## South East Zone Branch Details

Branch	Address	Phone No.:
Chennai Zonal Office	118-B, Mount Road, Guindy, Chennai - 600032.	Tel.: 044-22504224
Chennai RPU	118-B, Mount Road, Guindy, Chennai - 600032.	Tel.: 044-22504220
Chennai Main	No.2/75, First Floor, New Avadi Road, Kilpauk Garden, Chennai - 600010	Tel.: 044-26474646 Fax: 044-26474949
Chennai Metro	No: D Front Wing, Second Floor, Prince Arcade, Old No: 22A New No:29/58 Cathedral Road Chennai - 86	Tel.: 044-28117749 044-32474101
Coimbatore	Sri Devi Towers, Ground Floor, No.316, 5th Street Extension, Gandhipuram, Coimbatore - 641012	Tel.: 0422-2524891/2524892 Fax: 0422-2524887
Erode	142/6, Grount Floor, Vinayaka Complex, Opp Ganesh TVS, Perundurai Roa, Erode - 638011	Tel.: 0424-2270760/323538
Guntur	D. No - 5-37-50, 4/7 Brodipet, Guntur	Tel.: 0863-3291258/2244120 Fax: 040-23226277
Hyderabad-Main	Flat No-201 & 202, Mahavir Lok, Himayat Nagar Main Road, Hyderabad - 500029	Tel.: 040-23260994/ 23261002 Fax: 040-23226277
Hyderabad - Metro	1st Floor, Challa Estates, Opp Hig 222, Road No 3, KPHB Colony	Tel.: 040-23056400
Hyderabad Sales Vertical	Flat No 3A&3A/1, G.S. Plaza, Road No 1, Banjarahills, Hyderabad - 500034	Tel.: 040-23320192/93/94
Hyderabad RPU	# 8-3-948/949, F No. 302 & 303,3rd Floor, Solitaire Plaza, Behind Image Hospital, Ameerpet, Hyderabad - 500073	Tel.: 040-23742004/50/80
Karimnagar	D.No: 2-3-169/1,1St Floor, Vajramma Towers, Kaman Road, Karimnagar - 505001.	Tel.: 0878-3290878
Kurnool	D No: 40-354-60, Nandyal Gate, Opp. Narayanamurthy Petrol Pump, Park Road, Kurnool	Tel.: 08518-227217 Fax: 0422-2524887
Kadappa	Dewan Housing Finance Corporation Ltd., D. No - 4/622/B, 2nd Floor, CPVR Towers, Opp. New Apsrtc Bus Stand, R.S. Road, Kadappa - 516002	08562-245400/924704455
Nellore	D. No. - 16-3-210, GSR Complex, Ramalingapuram, Nellore - 524001	Tel.: 0861-2340243
Madurai	Ground Floor, Ra-Gem Plaza,111-112 Alagarkoil Main Road, Tallakulam, Madurai - 625 002	Tel.: 0452-2528400
Puducherry	No. 27, First Floor, 100 Feet Road, Sundararaja Nagar, Near Indira Gandhi Statue, Puducherry - 605004.	Tel.: 0413-2200213/2200263 Fax: 0413-2201104
Rajahmundry	6-1-14& 6-1-15, Ground Floor, Rangachari Street, T. Nagar, Rajahmundry - 533101	Tel.: 0883 2441889/ 6664700
Sanagreddy	1st Floor, Neni Complex, Mig 58, H.No.12-95, Opp. Integrated Collectrate Complex, Above SBH, Sangareddy, Medak District, 502001	Tel.: 08455-654844/ 270098
Salem	No. 75, Ist Floor, Santosh Towers, Brindavan Road, Opp to New Bus Stand, Salem - 636004	Tel.: 0427-2445144/2430870 Fax: 0413-2201104



**South East Zone Branch Details**

Branch	Address	Phone No.:
Tirunelveli	1st Floor, Shah Complex, Thiruvanthapuram Main Road, Palayamkottai, Tirunelveli - 627002	Tel.: 0462-2560079/2560080
Trichy	Dewan Housing Finance Corporation Ltd., Sree Naga Arcade, First Floor, No. 5, Williams Road, Contonment, Trichy - 620001	Tel.: 0431-2400030/60
Vijayawada	D.No.27-20-51, First Floor, Lakshmiram Plaza, Museum Road, Governorpet, Vijayawada - 520002	Tel.: 0866-6668918/2575165 Fax: 044-26474949
Vishakhapatnam	Eswara Plaza, 1st Floor, Dwarakanagar, Main Road, Visakhapatnam - 530016	Tel.: 0891-2754985
Vellore	5, Ground Floor, RJ Plaza, Katpadi Main Road, (Near Palar Bridge) Virthumpet, Vellore - 632006	Tel.: 0416-3207237/ 0416-2247237

**South East Zone Service Centre Details**

Location	Nodal Branch	Address	Phone No.:
Dindigul	Madurai	Raju Complex, 1st Floor, 75/38 Scheme Road (Opp. To Bus Stand), Dindigul - 624001	Tel.: 0451-2424666
Eluru	Vijayawada	1st Floor, Opp. Ravi Sweets, R.R Peta, Eluru - 534002	Tel.: 08812-222700
Khammam	Vijayawada	D. No. 5-1-350, 1st Floor, Kaviraj Nagar, Wyra Road, Khammam - 507002	Tel.: 08742-226166
Mehboobnagar (Sc)	Kurnool	1-4-127, Mannem Complex, Hyderabad Road, Mehboobnagar - 509001	Tel.: 09985306167
Nagercoil	Tirunelveli	Door No. 49/1 - 157/A, K P Road, Ramavarma Puram, Near Nagercoil Collector Office Nagercoil - 629001	Tel.: 04652-313600
Srikakulam	Vizag	D.No.9-4-1, FF, Seven Road Junction, Above Sitharama Medicals, Srikakulam - 532001	Tel.: 08942-222332
Tanjore	Trichy	Dewan Housing Finance Corporation Ltd, No.13, Ground Floor, Nalliya Shopping Complex, Srinivasan Pillai Road, Thanjore - 613001	Tel.: 04362-235355
Theni	Madurai	CMM Complex, 1st Floor, 972, Cumbum Road, Theni - 625531	Tel.: 04546-260107
Tiruvannamalai	Puducherry	No. 10, Durgaiamman Koil Street, Tiruvannamalai - 606601	Tel.: 04175-224444
Tuticorin	Tirunelveli	No.150 /2, Ground Floor, Sirsavai Complex, WGC Road, Near Chatram Bus Stop, Tuticorin - 628 002	Tel.: 0461-2321714
Villupuram	Puducherry	No, 734 A, 1st Floor, V.V.A Complex, Opp to Veeravazhimman Koil, J.N.Road, Villupuram - 604602	Tel.: 04146-222100

## South West Zone Branch Details

Branch	Address	Phone No.:
Zonal Office	4th Floor, Brigade Plaza Anandarao Circle Bangalore	Tel.: 080-22093110/111/112/ 113 Fax: 080-22093119
RPU Bangalore	"No.82, 1st Floor, (Above IDBI Bank) Dr. Rajkumar Road, 2nd Block, Rajajinagar, Bangalore -10	Tel.: 080-23329596 080-23329596 Fax: 080-23329596
Belgaum	No. 4830/1, 1st & 2nd floor, Opp. BIMS College, Civil Hospital Road, Belgaum	Tel.: 91831-2424971/2 Fax: 91831-2469342
Bellary	No. 8/2, Akshay Nilaya, Moka Raod, Gandhi Nagar, Bellary - 583103	Tel.: 08392-256541
Bijapur	F1, F2, Mahalaxmi Complex, Opp. Matala Maruthi Temple, M.G. Road, Bijapur	Tel.: 08352-240632/240971
Calicut	2nd Floor, Marina Mall, YMCA Cross Road, Calicut - 673001	Tel.: 0495-2367697 Fax: 0495-2367697
Davangere	Dewan Housing Finance Corporation Ltd, No.350/16 & 350/17, KBR Complex, Near Thrishul Theatre, P B Road, Davangere - 577002	Tel.: 08192-258090/257809 Fax: 08192-258090, 257809
Hosur	#643/1D, 1st Floor, R.K.G. Manor, Bangalore Bye Pass Road (NH-7), Opp Traffic Police Station, Hosur - 635 109.	Tel.: 04344-245955/313777
Hubballi	4/5, 1st Floor, Eureka Towers, Traffis Island, Hubballi - 580029	Tel.: 0836-2352929 Fax: 0836-2350066
Jayanagar	DHFL - Bangalore, 2nd Floor, Holla Opal Building, Jayanagar, 5th Block, Bangalore - 41	Tel.: 080-22201791
Kalburgi	1st Floor, Asian Tower, Beside Aditya Hotel, Opp. Municipal Corporation, Gulbarga - 585101	Tel.: 08472-224906/260630 Fax: 08472-224906/260630
Kannur	D No. TV-33/363 N, II Floor, Grand Plaza, Fort Road, Kannur - 670 001	Tel.: (91-497) 2701051
Kochi	KMM Building 1st floor, Near Hotel Renai Kochi, 682025	Tel.: 0484-2334368/2340689 Fax: 0484 - 2334368
Koramangala	LV Complex, 1st floor, Forum Road, Opp. Airtel show room, 7th block, Koramangala, Bangalore - 560095	Tel.: 080-25705885 080-22093104
Kottayam	DHFL, 1st Floor, Madeena Arcade, CMS College Road, Baker Junction, Kottayam - 686001	Tel.: 0481-2300156
Mangalore	Inland Ornate, 3rd Floor, Navbharth Circle, Mangalore - 575003	Tel.: (91-824)2441359 Fax: (91-824) 2441801
Majestic	Ground Floor, Brigade Plaza Anandarao Circle, Bangalore - 560009	Tel.: 080-22093101/102/103
Mysore	"Nakshathra" 2nd Floor Narayanashashtry Road, Near Siddappa Square, Mysore - 570004	
Shimoga	Mahaveer Plaza, II floor, 3rd Cross Garden Area, Nehru Road, Shivamoga	Tel.: (91-08182) 220152
Thrissur	2nd Floor, SALPA Complex, Above Kotak Mahindra Bank, Near West Fort Jn, Thrissur	Tel.: (91-487)2331661 Fax: (91-487)2331655
Trivandrum	Upper Ground Floor, Parameswara Towers, Near Geethanjali Hospital, Vazhuthacaud P O, Trivandrum - 695014	Tel.: 4712333077

### South West Zone Service Centre Details

Location	Nodal Branch	Address	Phone No.:
Alleppey	Kochi	Chandra square	Tel.: 9946357656
Aluva	Kochi	Premises NO X1X/290(11), K R Towers,	Tel.: 9847343476
Bidar	Kalburgi	1st Floor, Ruby Plaza, Near Railway Under Bridge, Basaweshwar Circle, Bidar	Tel.: 9164304282
Chikkodi	Belgaum	Plot no. 19, K. C. Road, Chikkodi Dist., Belgaum,	Tel.: 9902118711
Chitradurga	Davangere	Dewan Housing Finance Corporation Ltd, No. 396, 1st Floor, Siddaveerappa Complex, Opp. Dwaraka Hotel, B.D. Road, Santhepet, Chitradurga - 577501	Tel.: 8088722384/ 08194-222558
Gokak	Belgaum	Shop No. 6, 1st floor, Gaurav Complex, Gokak Dist., Belgaum	Tel.: 8088891315
Harapanahalli	Davangere	Dewan Housing Finance Corporation Ltd, No.162, 1st Floor, 10th Ward, Gowlera Street, Banagarpet, Harapanahalli - 583131	Tel.: 9620379712
Haveri	Hubballi	1st Floor, G.G.Magavi Chambers, P.B.Road, Haveri - 581110	Tel.: 9916273457
Karwar	Hubballi	No.2, 1st Floor, Maruti Arcade Complex,	Tel.: 9449782689
Kasargod	Kannur	Sree Hari Complex, Old Bus Stand, Kasargod	Tel.: 9446736511
Kollam	Trivendrum	Ground Floor	Tel.: 4742768822
Manjeri	Thrissur	2nd Floor, Priya Building, Kacheripadi, Manjeri, Malappuram Dist - 676121	Tel.: 9446541661
Mandya	Mysore	No.1663/2, 1st floor Chikkaiah Bldg, R P Road, Mandya	Tel.: 9986036132
Mavelikara	Kottayam	2nd Floor, Govindam Building, Opp. Municipal Office, Mavelikara - 690101	Tel.: 0479-2162996/ 9496316550
Pathanamthitta	Trivendrum	John's Complex	Tel.: 9447302230
Palakkad	Thrissur	Kanakkath Tower, 1st Floor, Near Fort Palace Hotel, West Fort Maidan, Palakkad - 678001	Tel.: 9846185588
Raichur	Kalburgi	Shop No.1-10-141/51 & 52, 1st Floor, Duguna Sourabha, Kallur Colony, Station Road, Near Kubera Hotel, Raichur - 585101	Tel.: 8884088661
Tripunithura	Kochi	Premises No. 17/306B, Near NSS college, Temple Road, North fort gate, Tripunithura	Tel.: 9847176363
Udupi	Mangalore	M/s Simaz Commercial Compex, a partnership firm having its office, Simaz Commercial complex, court road, Udupi	Tel.: 9591180068





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