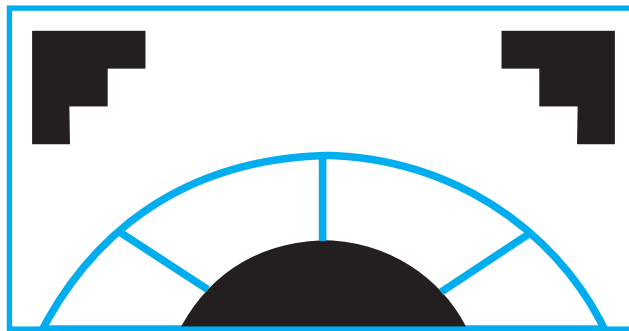


*Twentysecond  
Annual General Meeting*

**16th July 2012 at 14.30 Hours**

Venue :

Corporate Office : No. 3, 8th A Main,  
JVT Towers, Sampangirama Nagar  
Bangalore - 560 027.



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## BOARD OF DIRECTORS



**Shri Kapil Wadhawan**  
CHAIRMAN



**Shri R. Nambirajan**  
MANAGING DIRECTOR



**Shri R.S. Hugar**



**Shri Bikram Sen**



**Shri G.P. Kohli**

## Board of Directors

**Shri. Kapil Wadhawan**

*Chairman*

**Shri. R. Nambirajan**

*Managing Director*

**Shri. R.S. Hugar**

*Director*

**Shri. Bikram Sen**

*Director*

**Shri G.P. Kohli**

*Director*

### President

Shri. S.R. Hegde

### Company Secretary

Shri. M.S.L. Nathan

### Solicitors

M/s Khetty & Co.

### Auditors

M/s B.M. Chaturvedi & Co.,  
32, Jolly Maker Chambers - II  
Nariman Point,  
Mumbai - 400 021.

### Bankers

ING Vysya Bank Ltd.,  
Oriental Bank of Commerce  
Andhra Bank  
State Bank of Hyderabad  
Corporation Bank  
Syndicate Bank  
United Bank of India  
IDBI Bank  
Karur Vysya Bank  
State Bank of Bikaner & Jaipur  
State Bank of Mysore  
ICICI Bank

### Registered Office

S-401, Brigade Plaza,  
Ananda Rao Circle,  
S.C. Road  
Bangalore - 560 009.

### Corporate Office

No. 3, 8th A Main,  
JVT Towers,  
Sampangirama Nagar,  
Bangalore - 560 027.

## NOTICE OF TWENTY SECOND

### ANNUAL GENERAL MEETING

Notice is hereby given that the TWENTYSECOND ANNUAL GENERAL MEETING of the members of DHFL Vysya Housing Finance Limited, will be held at the Corporate Office of the Company, **No. 3, 8<sup>th</sup> A Main, J.V.T. Towers, Sampangirama Nagar, Bangalore-560 027 on Monday the 16<sup>th</sup> July, 2012 at 14.30 hours** to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2012, together with the Report of Board of Directors' and Auditors' thereon.
2. To declare final dividend on equity shares for the year ended 31<sup>st</sup> March 2012 and to confirm the interim dividend on equity shares declared by the Board at its Meeting held on 14<sup>th</sup> January, 2012.
3. To appoint a Director in the place of Shri. Bikram Sen, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and fix their remuneration and for that purpose, to pass, the following resolution as an ordinary resolution:

"RESOLVED THAT .M/s. B.M. Chaturvedi & Company, Chartered Accountants, Mumbai, be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be decided by the Board of Directors of the Company and reimbursement of actual traveling and other out of pocket expenses incurred by them for the purpose of audit."

Registered Office:  
S 401, 4th Floor, Brigade plaza,  
Anand Rao Circle, Bangalore-560 009.

By order of the Board

M.S.L. Nathan  
COMPANY SECRETARY

Place: Bangalore.  
Date: 2nd May, 2012.

## NOTES

1. A member whose name appears in the Register of Members of the Company as on **7<sup>th</sup> July, 2012** is entitled to attend and vote at the Meeting. Such member is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member.

**The proxies, to be valid, should be lodged with the Corporate Office of the Company at DHFL Vysya Housing Finance Ltd, No.3, 8<sup>th</sup> A Main Road, J.V.T. Towers, Sampangi Ramanagar, Bangalore - 560 027, not less than 48 hours before the commencement of the Meeting.**

2. As a measure of economy, copies of Annual Report will not be distributed at the Meeting. Members are requested to bring their copies of Annual Report to the Meeting.
3. Members are requested to notify any change in their address to the Registered Office of the Company, at No. S.401, 4<sup>th</sup> Floor, Brigade plaza, Anand Rao Circle, Bangalore -560 009.
4. Member Companies / Institutions are requested to send a copy of the resolution of their Board / Governing Body authorising their representative to attend and vote at the Meeting.
6. Members are requested to quote their folio number (s) in all correspondence with the Company.
7. Members are requested to notify consolidation of their shareholding, if registered in identical name in more than one folio by sending a request letter to Corporate Office along with relative share certificates.
8. Subject to the provisions of Section 206A of the Companies Act, 1956 the dividend, if declared at the AGM, will be paid to those members entitled thereto whose names appear in the Register of Members at the closing hours of the of 7<sup>th</sup> July, 2012.
9. The members desiring any information as regards accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
10. The shares of our Company were converted into the electronic form and the job of handling share transfers had been entrusted to our Share Transfer Agents viz., M/s. TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalakshmi, MUMBAI-400 011.

Members who have not so far converted their holdings into the demat form are requested to kindly take advantage of this arrangement.

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## DIRECTORS REPORT



### DEAR MEMBERS,

Your Directors have great pleasure in presenting their Twenty-second Annual Report of your Company with audited accounts for the year ended 31<sup>st</sup> March 2012.

### OPERATING RESULTS:

A comparative statement of the Financial Results of the Company for the year under review and the previous year are furnished below:

|                             | Rs. In lakhs       | Rs. In lakhs        |
|-----------------------------|--------------------|---------------------|
| <b>Particulars</b>          | <b>F.Y.2011-12</b> | <b>F.Y. 2010-11</b> |
| Gross income                | <b>9179.62</b>     | 6738.15             |
| Profit before tax           | <b>1688.44</b>     | 1680.45             |
| Provision for tax           | <b>457.24</b>      | 469.43              |
| Profit after tax            | <b>1231.20</b>     | 1211.02             |
| <b>APPROPRIATIONS</b>       |                    |                     |
| Transfer to special reserve | <b>350.00</b>      | 306.00              |
| Transfer to general reserve | <b>175.00</b>      | 125.00              |
| Proposed dividend           | <b>110.81</b>      | 110.81              |
| Interim dividend            | <b>166.21</b>      | 166.21              |
| Carried over to B/S         | <b>1886.23</b>     | 1501.99             |

During the year under report, your Company had to face multi-faceted challenges in mobilizing the business. Consequent to increase in the interest rates by Reserve Bank of India for more than a dozen times, the cost of borrowing shot up considerably as the Banks and Financial Institutions had also increased their lending rates considerably which had created several impediments in reaching the business targets. Added to these, while the cost of properties as also cost of construction swelled exorbitantly in many States, Registration charges in some States have also been increased notably. As a result, urban housing became unaffordable by the average Indian. Due to Telengana issue, the State of Andhra Pradesh, where we have seven branches, more or less came to a grinding halt as far as the Real Estate scenario is concerned. All these posed major threats to your Company and despite these bottlenecks, your Company strived hard and succeeded in surpassing the last year's figures.

There was pressure on profit due to NHB's directions that HFCs should not levy preclosing charges, which affected our other income considerably. Further NHB also increased the provisions to be made for NPA accounts and also introduced additional provision for Non Housing Loans @ 1% of the portfolio. In spite of above and adverse interest rates, we have been able to maintain the same profit level.

During the year under review, while sanctions went up to Rs.301.08 crores (Rs. 260.50 crores last year), the disbursements climbed to Rs.274.57 crores (compared to Rs. 240.76 crores last year) thus a growth of 15.58% and 14.04% respectively has been achieved during the year.

**DIVIDENDS:**

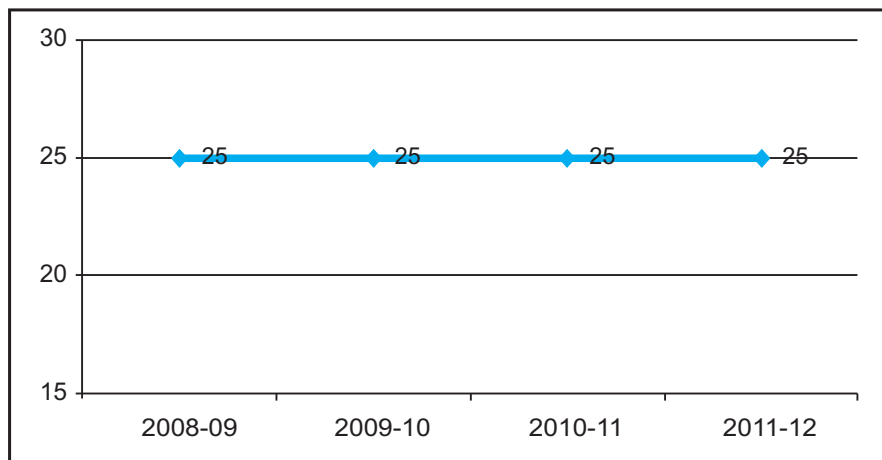
**Interim Dividend**

Asserting their social responsibility towards the stakeholders of the Company, your Directors have decided to continue the fair dividend policy and declared an INTERIM DIVIDEND of 15% (Rs.1.50 on each equity share of Rs.10) appropriated from the profits of the Company for the year under review.

**Final Dividend**

Though the Profit of the Company during the year under report was much higher than that of last year, as per directions from NHB, the Company had to make a provision of Rs.130.61 lakhs as Contingent Provision towards NPA and another sum of Rs.304.03 lakhs as Provision on Standard Loans. While the provision on Standard Loans was adjusted against the General Reserves of the Company, the Contingent Provision had to be set off against the profits of the Company. As a result of these provisions, the profit of the Company stood at Rs.12.31 crores as against Rs.12.11 crores pertaining to last year.

Despite profit remaining at the same level, your Directors have decided to keep the quantum of dividend constant and recommended a FINAL DIVIDEND of 10% (₹.1/- on each equity share of Rs.10/-) on the increased share capital, subject to approval by members, to be appropriated from the profits for the year. Thus the total dividend declared for the year under report would be 25% (25% paid during last year).



**HOUSING FINANCE SECTOR SCENARIO AND FUTURE PROSPECTS:**

The encouraging fact that large chunk of masses migrating to larger cities day by day in the Country for better accommodation and living conditions always render a helping hand to the growth of Real Estate Markets in India and your Company will leave no stone unturned in its exploration to seize a sizable market share in the current year.

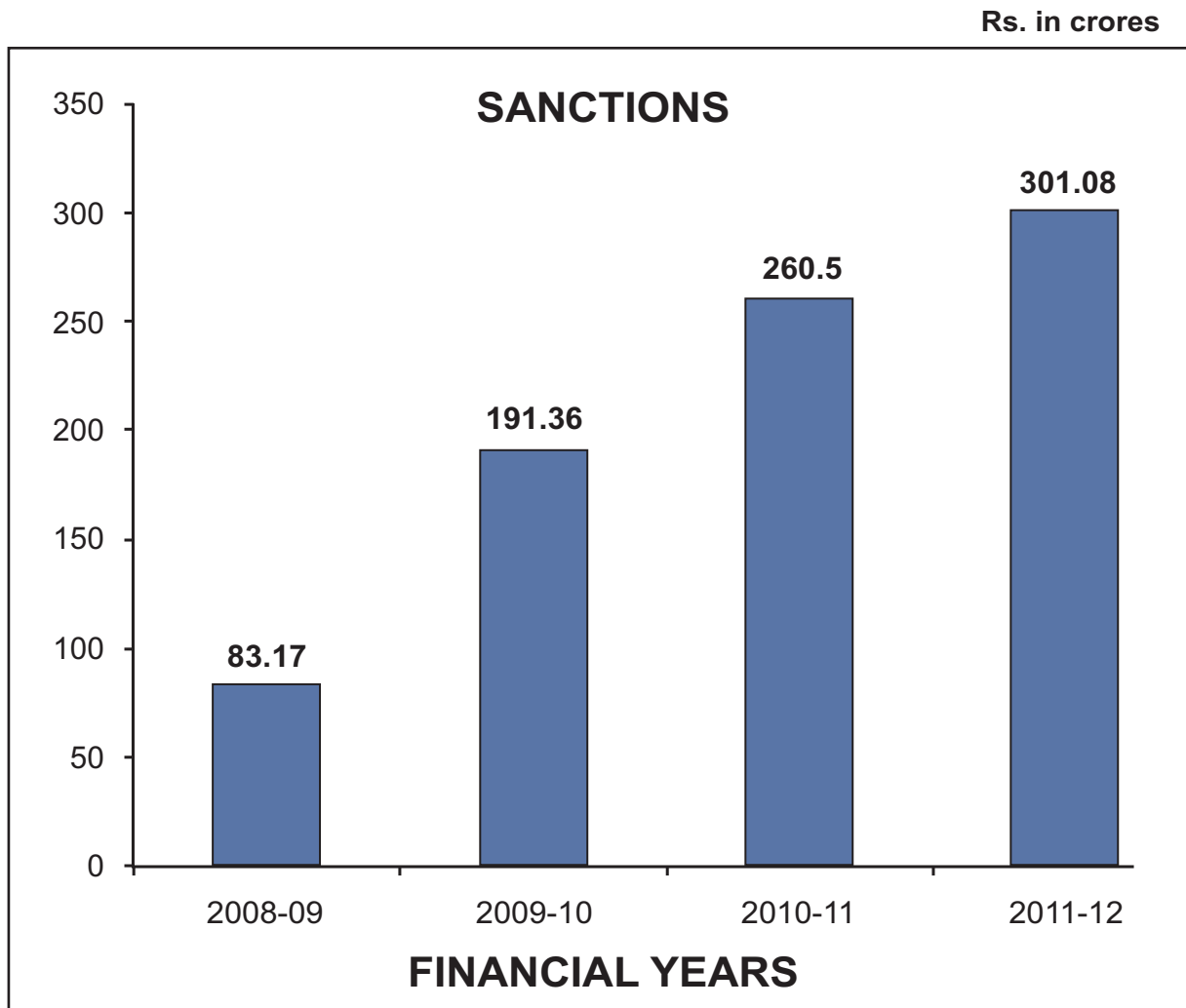
Reserve Bank of India has, on 17th April, 2012 reduced Repo rate by 50 basis points paving a way for an interest reduction scenario, which will increase the demand for Housing Loans.

Continuation of RHF and Interest Subvention Schemes by NHB for another one year will go along way to boost the business prospects of your company during the current year.

Regular visits by Executives from Corporate Office to all Branches for a better interaction with the Branch personnel and the borrowers will be continued during the current year also and your Company is optimistic that the business performance will be increased considerably in the current year. In its continued strides, your Company will endeavor its best to provide quality service to the borrowers.

**PERFORMANCE DURING THE YEAR:**

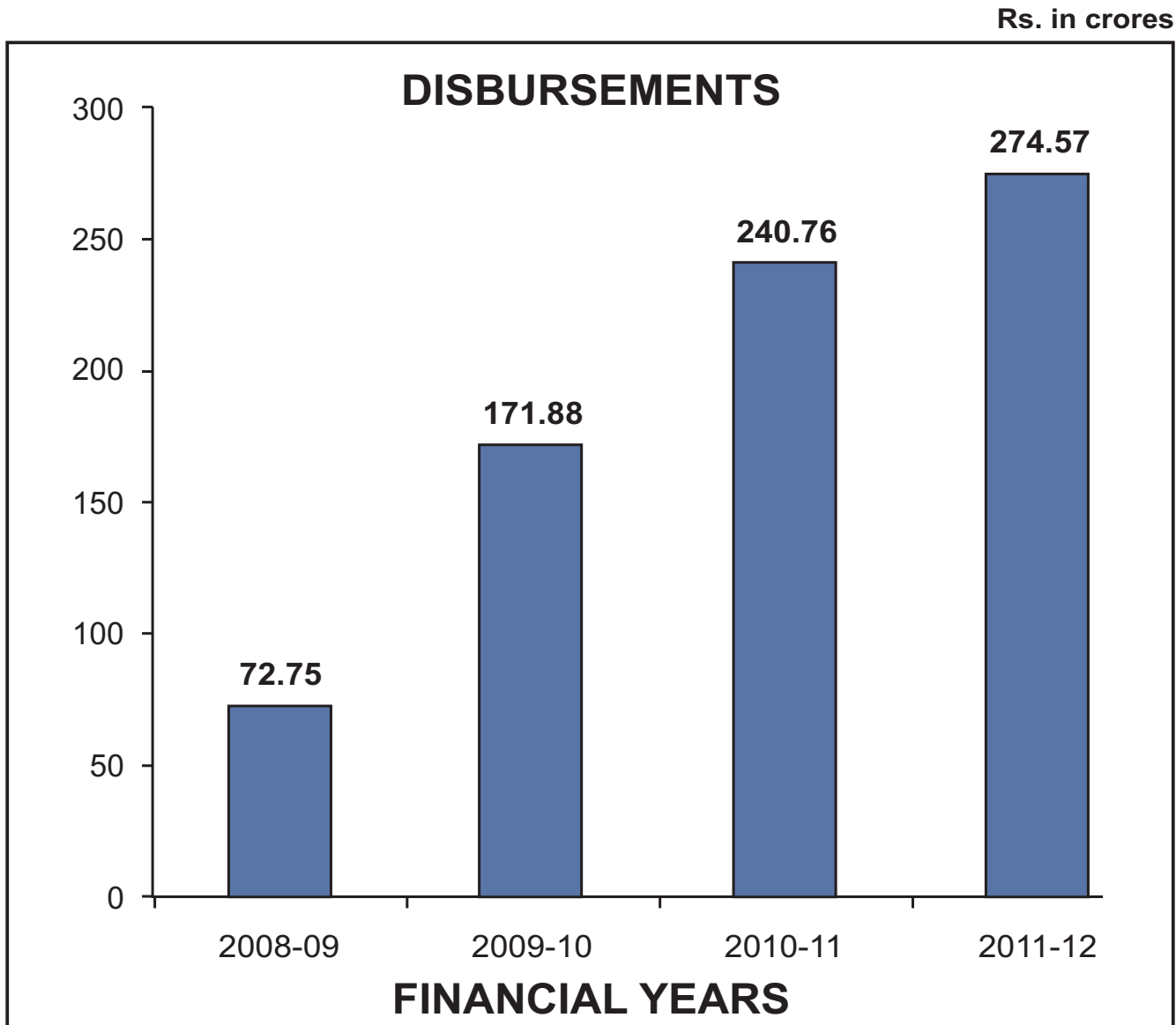
Sanctions during the year has improved considerably when compared to that of previous year. It went up to Rs.301.08 crores as against Rs.260.50 crores pertaining to the previous year, thus a growth of 15.58%





Disbursements amounted to Rs.274.57 crores which was Rs.240.76 crores in the previous year, thus a notable growth of about 14.04%.

This has resulted in increase of total outstanding loans from Rs. 578.70 crores as on 31-03-2011 to Rs.749.52 crores as on 31-03-2012.



### RECOVERY

While NPA under Housing Loan has been brought down considerably during the year under review, some Project Loan borrowers did not keep up their commitment, since they could not sell the stocks in time which has resulted in NPA accounts.

However, it is expected that the NPA accounts in Project Loans will be regularized by the first half of the current year.

## RATIOS

|  | F.Y.<br>2011-12 | F.Y.<br>2010-11 |
|--|-----------------|-----------------|
| Earning per share<br>(*weighted average) | <b>Rs.11.11</b> | Rs.10.93*       |
| Dividend per share                       | <b>25%</b>      | 25%             |
| Book value                               | <b>Rs.72.71</b> | Rs.66.82        |
| Return on equity                         | <b>111.11</b>   | 109.30%         |
| Return on net worth                      | <b>15.43%</b>   | 16.36%          |

### TERM LOANS AND REFINANCE FROM NATIONAL HOUSING BANK:

During the year, the company has availed term loan from various Banks to the extent of Rs.137.50 crores. The National Housing Bank sanctioned a refinance assistance of Rs.125.00 crores out of which, Rs.108.63 crores has been availed during the year. The Company drew a sum of Rs.30.00 crores from NHB which pertains to the refinance assistance sanctioned during the previous year.

### RURAL HOUSING UNDER GOLDEN JUBILEE RURAL HOUSING FINANCE SCHEME

During the year under report, your company surpassed the target fixed by NHB under the Golden Jubilee Rural Housing Scheme. As against the target of 3000 cases, we disbursed loans under this scheme to 3196 borrowers, the total amount being Rs. 238.36 crore which works out to 86.86% of the total loan disbursed during the year.

### DEPOSITS

The total deposits outstanding as on 31st March, 2012 is Rs.11.62 crores inclusive of accrued interest. The company has repaid matured deposits amounting to Rs.7.75 crores during the year under report and mobilised deposits at current rates to the extent of Rs.5.67 crores (including renewal).

#### Unclaimed Deposits

For the financial year ending 2011-2012, deposits amounting to Rs. 36.91 lakhs, including accrued interest, remained unclaimed by the depositors. The Company regularly intimates the depositors about the maturity of the deposits with a request to either renew or claim the amount.

#### Unpaid Dividends Transferred to Investor Education and Protection Fund

On 17-05-2011 and on 08-12-2011 the Company transferred a sum of Rs.14,280/- and a sum of Rs.5,130/- to the Investor Education and Protection fund, as they remained as Unclaimed Dividend for over a period of seven years under Sections 205A, 205B and 205C of the Companies Act, 1956.

### CREDIT RATING

The parent Company Dewan Housing Finance Corporation Ltd. continued its support and patronage during the year under review which has resulted in rating awarded by CRISIL as FAA/Positive for deposits, AA-/Positive for longer term borrowings and A1+ for short term borrowings. For long term borrowings ICRA has awarded LA+

### **FAIR PRACTICE CODE, KYC NORMS AND ANTI MONEY LAUNDERING STANDARDS**

During the year under review, the Company has fully implemented 'FAIR PRACTICE CODE, KYC NORMS AND ANTI MONEY LAUNDERING STANDARDS' as per the guidelines issued by the NHB from time to time. It is an ongoing process and we give more importance to this.

### **TECHNOLOGY UPGRADATIO:**

While your Company absorbs latest technologies in its I.T. systems, it continues to maintain fruitfully inter connectivity facilities at all levels of the organization.

### **CAPITAL ADEQUACY NORMS:**

During the year your Company has maintained a reasonable capital adequacy ratio, i.e. 13.53% as against the requirement of 12%, your company has maintained a Capital Adequacy Ratio of 14.17% as at the end of the year.

### **INTERNAL AUDIT COMPLIANCE:**

With a view to having effective internal control system, the Company engages suitable Chartered Accountants/Firms to audit the affairs of all the Branches. The periodical Reports submitted by the Concurrent Auditors are being vetted by the Audit Committee from time to time and the Committee's views are being conveyed to both the Auditors and the Branches for compliance and needful remedial action and to ensure adequate internal control system.

### **FUTURE PLANS:**

To widen its market wings and to tap more markets, your Company proposes to open more Service Centres at K.R. Puram (Bangalore), Tumkur (Karnataka), Chengalpet (Chennai). Seergazhi (Tanjore, T.N.) and Uppal (Hyderabad), thus increasing the number of Service Centres to 17. It is also proposed to convert the two Service Centres in Bangalore, i.e. Bommanahalli and Yelahanka into Branches. Based on the performance of other Service Centres, their conversion as full fledged branches will also be considered. Opening of a few more branches and service centres is also in the active consideration of your Company.

### **CORPORATE GOVERNANCE:**

Though your Company is an unlisted Company, it is making voluntary disclosure about the Corporate Governance of the Company to fulfill its obligations towards the shareholders, customers, Government agencies, employees, lenders, etc.

The company has the following Committees:

#### **1. Board of Directors:**

Shri. Kapil Wadhawan, heads the Board as its Chairman and the other members on the Board are Shri. R. Nambirajan as Managing Director and experts from various fields like housing sector, banking, legal, company affairs, etc. are part of the Board.

Shri. Bikram Sen, Director, retires by rotation and being eligible, offers himself for reappointment. The Board of Directors recommends his reappointment so as to continue to receive expert opinion from Sri. Bikram Sen.

During the year under report, the Board met eight times.

| NAME OF THE MEMBER MR. | DATE OF BOARD MEETING |          |          |          |          |          |          |          | NUMBER OF MEETINGS ATIENDED |
|------------------------|-----------------------|----------|----------|----------|----------|----------|----------|----------|-----------------------------|
|                        | 09/05/11              | 23/07/11 | 29/08/11 | 15/09/11 | 19/10/11 | 06/12/12 | 14/01/12 | 21/02/12 |                             |
| Kapil Wadhawan         | Yes                   | Yes      | Yes      | Yes      | No       | Yes      | Yes      | Yes      | 7                           |
| R S Hugar              | No                    | Yes      | No       | No       | Yes      | No       | Yes      | No       | 3                           |
| R Nambirajan           | Yes                   | Yes      | Yes      | Yes      | Yes      | Yes      | Yes      | Yes      | 8                           |
| Bikram Sen             | Yes                   | Yes      | Yes      | Yes      | Yes      | Yes      | Yes      | Yes      | 8                           |
| Shri.G.P. Kohli        | Yes                   | Yes      | Yes      | No       | Yes      | Yes      | Yes      | Yes      | 7                           |

## 2. Audit Committee

- a) Shri. R S. Hugar heads the Audit Committeeas , while Shri. Bikrum Sen, Shri. R . Nambirajan, Shri. G.P. Kohli are members of the committee. Shri. B.M. Chaturvedi, the company's Statutory Auditor is the permanent invitee, who renders expert opinion to the Committee.
- b) During the financial year 2011-12 the Audit Committee met four times.After a review of matters relating to Recovery, Assets Liability Management, accounts, inspection, etc. the Committee makes suitable recommendation to the Board from time to time.
- b) After a review of matters relating to Recovery, Assets Liability Management, accounts, inspection, etc. the Committee makes suitable recommendation to the Board from time to time.

| NAME OF THE MEMBER MR. | DATE OF AUDIT MEETING |            |            |            | NUMBER OF MEETINGS ATIENDED |
|------------------------|-----------------------|------------|------------|------------|-----------------------------|
|                        | 09/05/2011            | 23/07/2011 | 19/10/2011 | 14/01/2012 |                             |
| R S Hugar              | No                    | Yes        | Yes        | Yes        | 3                           |
| R Nambirajan           | Yes                   | Yes        | Yes        | Yes        | 4                           |
| Bikram Sen             | Yes                   | Yes        | Yes        | Yes        | 4                           |
| G.P. Kohli             | Yes                   | Yes        | Yes        | Yes        | 4                           |

## 3. Asset & Liability Committee. (ALCO)

The Managing Director, President, Executive Vice-President, Company Secretary and senior employees from Accounts and Computer Planning Department comprise the members of the ALCO. The Committee met seven times during the year under review.

While the Committee analyses Assets and Liabilities under various buckets to ensure that they conform to the norms specified by NHB it also lays down measures to manage short term and long term liquidity to the advantage of the Company. The Reports of the Committee are periodically reviewed by the Audit Committee and the Board of Directors.

## 4. Treasury Committee:

The Committee which comprises of Managing Director, President, and Vice President ( Accounts), deliberates on matters related to purchase / sale of instruments and takes suitable decisions within the purview of the Investment Policy. Also the Committee makes a regular review of all investments with suggestion to deploy funds on profitable basis.

## DIRECTORS RESPONSIBILITY STATEMENT

As required by Sec 217 (2AA) of the Companies Act, 1956, The Board of Directors confirm that:

- a) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) Accounting policies have been selected and applied consistently and judgements and estimates estimates that are reasonable and prudent have been made so as to give a true and fair view on the state of affairs of the company as on 31st March 2012, and profit and loss account of the company for the year ended as above.
- c) Proper and sufficient care has been taken for maintenance of 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.
- d) The annual accounts have been prepared on a 'going concern' basis.

## AUDITORS:

The term of appointment of M/s. B.M Chaturvedi & Co, Chartered Accountants, Mumbai, as Statutory Auditors expires at the conclusion of the current meeting. As they have expressed their willingness to be reappointed, a resolution proposing their reappointment will be placed before the members for their consideration at the Twenty-second AGM.

## HUMAN RESOURCES:

While the Company maintains cordial and harmonious relationship with its employees, the employees are exposed to in-house training programmes conducted by NHB, other professional institutions and the Company.

## REMUNERATION TO EMPLOYEES

No employee was paid remuneration in excess of the limits specified sub section (2A) of section 217 of the Companies Act, 1956 and as such, particulars under the said Section are not disclosed.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

The Company being a non-manufacturing company, the requirement for disclosure of particulars regarding conservation of energy as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable.

There were neither foreign exchange earnings nor outflow during the year under review.

## ACKNOWLEDGEMENT

While your Directors have pleasure to place on record its appreciation of the patronization and support rendered by the Associate Company DHFL, they also wish to place on record their appreciation of the cooperation and support received from customers, NHB, Bankers, Depositors, Shareholders etc.

Your Directors would like make a special mention about the competence, hard work, solidarity, co-operation support and commitment of the employees at all levels who caused achievement of several milestones in the growth of the Company.

## REGISTERED OFFICE:

S401, 4th Floor, Brigade Plaza,  
Ananda Rao Circle, Bangalore-5609 009.

For and on behalf of the Board,

Kapil Wadhawan

CHAIRMAN

Place: Mumbai,  
Date: 2nd May 2012.

## Auditor's Report

To the Members,

### **DHFL Vysya Housing Finance Limited.**

We have audited the attached Balance Sheet of DHFL Vysya Housing Finance Limited, as at 31st March 2012, the Profit & Loss Account 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 misstatement. 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, Profit & Loss Account 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, Profit & Loss Account and Cash Flow Statement 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 directors 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 together with the 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 Profit & Loss Account, of the profit for the year ended on that date; and
  - iii) in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.
7. As required by the Company's (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. There is no material disposal of fixed assets during the year.
  - ii) The company does not have any inventory due to nature of its business of housing finance, therefore provisions of clause 4(ii) are not applicable to the company.
  - iii) The company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Act. However, it has taken unsecured loan of Rs.5600 lacs by way of ICD from its then holding company listed in the register maintained under section 301 of the Act. The loan was repaid during the year along with interest thereon. The rate of interest and other terms and conditions of such loan are, in our opinion, prima facie not prejudicial to the interest of the company and the loan was repaid along with interest as per the stipulation.
  - iv) In our opinion and according to the information given to us, there exist 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. Company has no purchase or sale of goods.

- v) There are no transactions, other than mentioned in paragraph (iii) above recorded in the register maintained in pursuance of section 301 of the Act.
- 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 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 provisions of section 58A, 58AA and other relevant provisions of the Companies Act.
- vii) In our opinion and according to the information 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 internal auditors for all branches of the company including head office.
- viii) Central Government has not prescribed maintenance of cost records in respect of the business of the company.
- ix) According to the records of the company, it is regular in depositing undisputed statutory dues such as Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax and any other statutory dues whichever is applicable to the company with the appropriate authorities. The company has also deposited full amount of disputed income tax demands which are pending in Appeal [read with note no.32] before various tax authorities.
- x) The company has positive networth, which is more than its equity capital and has neither any accumulated losses nor it has incurred any cash losses in this financial year.
- xi) The company has not defaulted in repayment of dues to any financial institutions or bank.
- xii) 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 and other securities.
- xiii) The company is not engaged in any Chit fund business / nidhi / mutual benefit fund or society.
- xiv) 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 securities, debentures and other investments have been held by the company in its own name.
- xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) 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] guidelines for raising deposits and deployment of its funds in its business and the company has followed the NHB guidelines for fund raising and its deployment and adhering to the ALCO Management guidelines prescribed by NHB and accordingly based on above we report that company has generally not used its short term funds in long term investments.
- xviii) During the year the company has not made preferential allotment of any shares / securities.
- xix) The company has not issued any Debentures in the year.
- xx) The company has not raised any money by way of public issues during the year.
- xxi) According to the information and explanation given to us, no material fraud on or by company has been noticed or reported during the year, except two instances of fraud on company by way of misrepresentation by borrowers of loan by fabrication of financial and property documents which were taken in earlier year, involving an amount of Rs.40.70 lacs and as reported to NHB by the company.

For **B.M. CHATURVEDI & Co.**  
**Chartered Accountants**

ICAI FRN: 114317W  
(Pranav Kumar Shukla)  
Partner  
ICAI M N: 073832

Place: MUMBAI  
Date: 2nd May, 2012

## DHFL VYSYA HOUSING FINANCE LIMITED

### BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012

(₹ Lacs)

|  | Note No. | As at 31.03.2012 | As at 31.03.2011 |
|--|----------|------------------|------------------|
| <b>EQUITY &amp; LIABILITIES</b>                |          |                  |                  |
| <b>Shareholders' Fund</b>                      |          |                  |                  |
| Share Capital                                  | 3        | 1,108.07         | 1,108.07         |
| Reserves & Surplus                             | 4        | 6,948.45         | 6,343.23         |
| <b>Total Shareholders' Funds</b>               |          | <b>8,056.52</b>  | <b>7,451.30</b>  |
| <b>Non Current Liabilities</b>                 |          |                  |                  |
| Long term Borrowings                           | 5        | 54,721.98        | 40,597.92        |
| Other Long term Liabilities                    | 6        | 50.24            | 100.97           |
| Long Term Provisions                           | 7        | 559.02           | 131.61           |
| <b>Total Non-Current Liabilities</b>           |          | <b>55,331.24</b> | <b>40,830.50</b> |
| <b>Current Liabilities</b>                     |          |                  |                  |
| Short Term Borrowings                          | 8        | 2,563.07         | 2,000.00         |
| Trade Payables                                 | 9        | 70.44            | 82.57            |
| Other Current Liabilities                      | 10       | 13,751.50        | 12,328.58        |
| Short Term Provisions                          | 7        | 196.01           | 267.17           |
| <b>Total Current Liabilities</b>               |          | <b>16,581.02</b> | <b>14,678.32</b> |
| <b>TOTAL</b>                                   |          | <b>79,968.78</b> | <b>62,960.12</b> |
| <b>ASSETS</b>                                  |          |                  |                  |
| <b>Non Current Assets</b>                      |          |                  |                  |
| <b>Fixed Assets</b>                            |          |                  |                  |
| Tangible Assets                                | 11       | 95.00            | 86.02            |
| Intangible Assets                              | 11       | 13.19            | 14.38            |
|  |          | <b>108.19</b>    | <b>100.40</b>    |
| Non Current Investments                        | 12       | 3,687.62         | 3,703.11         |
| Deferred Tax Assets (net)                      | 13       | 77.64            | 47.19            |
| Long Term Housing & Property Loans             | 14       | 69,958.01        | 53,623.86        |
| Other Long Term Loans & Advances               | 15       | 97.55            | 93.41            |
| Other Non Current Assets                       | 16       | 80.00            | 80.00            |
| <b>Total Non-Current Assets</b>                |          | <b>74,009.01</b> | <b>57,647.97</b> |
| <b>Current Assets</b>                          |          |                  |                  |
| Current Investments                            | 17       | 123.12           | -                |
| Trade Receivables                              | 16       | 183.25           | 168.41           |
| Cash & Bank Balance                            | 18       | 424.96           | 706.30           |
| Short Term portion of Housing & Property Loans | 14       | 5,069.50         | 4,294.95         |
| Short Term Loans & Advances                    | 19       | 99.19            | 129.94           |
| Other Current Assets                           | 16       | 59.75            | 12.55            |
| <b>Total Current Assets</b>                    |          | <b>5,959.77</b>  | <b>5,312.15</b>  |
| <b>TOTAL</b>                                   |          | <b>79,968.78</b> | <b>62,960.12</b> |

Notes forming part of the Financial Statements  
This is the Balance Sheet referred to in our report of even date

**For B M CHATURVEDI & CO.,**  
Chartered Accountants  
ICAI FRN : 114317W

**KAPIL WADHAWAN**  
Chairman

**R NAMBIRAJAN**  
Managing Director

**(Pranav Kumar Shukla)**  
Partner  
ICAI MN : 073832

**R S HUGAR**  
Director

**G P KOHLI**  
Director

**BIKRAM SEN**  
Director

Place: MUMBAI  
Dated: 2<sup>nd</sup> May, 2012

**M S L NATHAN**  
Company Secretary



## DHFL VYSYA HOUSING FINANCE LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

(₹ Lacs)

|                                      | Note No. | Year Ended<br>31.03.2012 | Year Ended<br>31.03.2011 |
|--------------------------------------|----------|--------------------------|--------------------------|
| <b>INCOME</b>                        |          |                          |                          |
| Revenue from operations              | 20       | 9,179.62                 | 6,738.15                 |
| <b>Total Revenue</b>                 |          | <b>9,179.62</b>          | 6,738.15                 |
| <b>Expenses</b>                      |          |                          |                          |
| Interest & Other Charges             | 21       | 6,341.49                 | 4,153.89                 |
| Employees Remuneration & Benefits    | 22       | 584.51                   | 490.92                   |
| Administrative & Other Expenses      | 23       | 406.20                   | 307.09                   |
| Provision for contingencies          | 7        | 130.61                   | 77.19                    |
| Depreciation & Amortisation Expenses | 11       | 28.37                    | 28.61                    |
| <b>Total Expenses</b>                |          | <b>7,491.18</b>          | 5,057.70                 |
| <b>Profit Before Tax</b>             |          | <b>1,688.44</b>          | 1,680.45                 |
| Tax Expense:                         |          |                          |                          |
| Current Tax                          |          | 487.68                   | 484.40                   |
| Earlier Year                         |          | -                        | 2.62                     |
| Deferred Tax                         | 13       | (30.44)                  | (17.59)                  |
| <b>Profit for the Year</b>           |          | <b>1,231.20</b>          | 1,211.02                 |
| <b>Earnings per Equity Share:</b>    |          |                          |                          |
| Basic ₹                              | 24       | 11.11                    | 10.93                    |
| Diluted ₹                            |          | 11.11                    | 10.93                    |

Notes forming part of the Financial Statements  
This is the Balance Sheet referred to in our report of even date

**For B M CHATURVEDI & CO.,**  
Chartered Accountants  
ICAI FRN : 114317W

**KAPIL WADHAWAN**  
Chairman

**R NAMBIRAJAN**  
Managing Director

**(Pranav Kumar Shukla)**  
Partner  
ICAI MN : 073832

**RS HUGAR**  
Director

**G P KOHLI**  
Director

**BIKRAM SEN**  
Director

Place: MUMBAI  
Dated: 2<sup>nd</sup> May, 2012

**M S L NATHAN**  
Company Secretary

## DHFL VYSYA HOUSING FINANCE LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ Lacs)

|   | Year ended 31.03.2012 |             | Year ended 31.03.2011 |             |
|---|-----------------------|-------------|-----------------------|-------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                 |                       |             |                       |             |
| Net profit before tax   |                       | 1,688.44    |                       | 1,680.45    |
| Adjustments for:  |                       |             |                       |             |
| Depreciation  | 28.37                 |             | 28.61                 |             |
| Provision for contingencies                                   | 130.61                |             | 77.19                 |             |
|   |                       | 158.98      |                       | 105.80      |
| Operating profit before working capital changes               |                       | 1,847.42    |                       | 1,786.25    |
| Adjustments for:  |                       |             |                       |             |
| Current Assets  | (35.42)               |             | (84.60)               |             |
| Current Liabilities   | (25.00)               |             | 166.86                |             |
|   |                       | (60.42)     |                       | 82.26       |
| Cash generated from operations during the year                |                       | 1,787.00    |                       | 1,868.51    |
| Tax paid  |                       | (487.68)    |                       | (487.02)    |
| Net Cash Flow from Operating activities [A]                   |                       | 1,299.32    |                       | 1,381.49    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                 |                       |             |                       |             |
| Addition / Deduction to investments                           | (123.12)              |             | (3,000.00)            |             |
| Addition to fixed assets                                      | (39.31)               |             | (38.12)               |             |
| Reduction in fixed assets                                     | 3.14                  |             | -                     |             |
| Net cash used in investing activities [B]                     |                       | (159.28)    |                       | (3,038.12)  |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                 |                       |             |                       |             |
| ICD received from Parent Organisation                         | 5,600.00              |             | 2,000.00              |             |
| Loans received from Banks/Institutions                        | 27,613.00             |             | 26,951.60             |             |
| Commercial Paper Issued                                       | 3,822.61              |             | -                     |             |
| NCD Issued  | -                     |             | 2,000.00              |             |
| Fixed Deposits received                                       | 446.01                | 37,481.62   | 822.88                | 31,774.48   |
| Loans repaid to Banks/Institutions                            | (12,757.74)           |             | (11,058.15)           |             |
| Fixed Deposits repaid   | (655.06)              |             | (750.62)              |             |
| Commercial Paper Repaid                                       | (1,459.53)            |             | -                     |             |
| NCD Redemption  | (1,000.00)            |             | (1,000.00)            |             |
| ICD repaid to Parent Organisation                             | (5,600.00)            | (21,472.33) | (2,000.00)            | (14,808.77) |
| Loans disbursed   | (27,462.35)           |             | (24,119.94)           |             |
| Loans repayments  | 10,353.65             | (17,108.69) | 8,541.23              | (15,578.71) |
| Dividend Paid   |                       | (277.02)    |                       | (277.02)    |
| Tax paid on Dividend  |                       | (44.94)     |                       | (46.44)     |
| Net cash from financing activities [C]                        |                       | (1,421.36)  |                       | 1,063.54    |
| Net increase / decrease(-) in cash & cash equivalents [A+B+C] |                       | (281.33)    |                       | (593.10)    |
| Cash & cash equivalents at the beginning of the year          |                       | 706.29      |                       | 1,379.39    |
| Cash & cash equivalents at the close of the year              |                       | 424.96      |                       | 786.29      |

Negative figures (-) represent cash outflows

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

**For B M CHATURVEDI & CO.,**  
Chartered Accountants  
ICAI FRN : 114317W

**KAPIL WADHAWAN**  
Chairman

**R NAMBIRAJAN**  
Managing Director

**(Pranav Kumar Shukla)**  
Partner  
ICAI MN : 073832

**RS HUGAR**  
Director

**G P KOHLI**  
Director

**BIKRAM SEN**  
Director

Place: MUMBAI  
Dated: 2<sup>nd</sup> May, 2012

**M S L NATHAN**  
Company Secretary

## DHFL VYSYA HOUSING FINANCE LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

#### 1. CORPORATE INFORMATION

DHFL Vysya Housing Finance Limited 'the Company' was incorporated in India in the name of Vysya Bank Housing Finance Limited on 26th November 1990 and is carrying 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.

The Company was a subsidiary of Dewan Housing Finance Corporation Limited ('DHFL') upto 30th March 2012 and thereafter their shareholding is reduced to 9.47% to meet NHB directions.

#### 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 an accrual basis to comply in all material aspects with applicable accounting principles in India including accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions 2010 issued by National Housing Bank to the extent applicable.
- b) During the year Ministry of Corporate Affairs has modified Schedule VI to the Companies Act, 1956, which has a significant impact on the presentation and disclosures made in the financial statements. The company's financial statements for the year ended 31st March, 2012 has been drawn and presented as per the revised requirement. The previous year figures has also been accordingly regrouped, reclassified and detailed.
- c) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reported years. The actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

##### 2.2 Revenue Recognition

Repayment of housing and property loan is by way of Equated Monthly Installments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month on the loan that has been disbursed. Interest is calculated either on annual rest or on monthly rest basis in terms of financing scheme opted by the borrower. Revenue from interest on non-performing assets is recognised on receipt basis.

Processing fee is recognised in the year in which the loan is sanctioned and accepted by the applicant.

Prepayment and delayed payment charges are recognized on receipt basis.

Revenue in respect of dividend income is recognized when the right to receive is established.

##### 2.3 Tangible Fixed Assets

Fixed assets are capitalized at cost inclusive of expenses incidental thereto. Cost of acquisition is inclusive of all directly attributable costs of bringing the assets to their working condition for intended use and is net of CENVAT credits, where applicable.

## 2.4 Intangible Assets

Intangible assets including software are capitalized where it is expected to provide future enduring economic benefits. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

## 2.5 Depreciation/Amortization

Depreciation is provided on written down value method at the rates specified and in the manner specified in Schedule XIV to the Companies Act, 1956.

## 2.6 Investments

Investments are either classified as current or long term based on management's intention at the time of purchase. On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and stamp duty.

Long term investments are carried at cost less provision for diminution, other than temporary, in the value of investments. Current investments are stated at lower of cost and fair value determined on an individual investment basis.

## 2.7 Retirement Benefits

Provident Fund contributions are made to recognized provident fund and are charged to statement of profit and loss. In respect of gratuity contributions by way of premium made to an insurance company under group gratuity policy are charged to Statement of Profit & Loss. Leave Encashment in respect of retiring employees is charged to Statement of Profit & Loss as and when paid if not provided earlier. The Company has started providing for leave encashment payable to employees above 50 years of age.

## 2.8 Interest & other related Borrowing Cost

Interest accrued on cumulative fixed deposit 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 related financial charges are recognised as an expense in the period for which they are incurred as specified in Accounting Standard (AS 16) on "Borrowing Costs".

## 2.9 Provisions for Non-Performing Assets and Standard Assets

Provisions for non-performing assets and standard assets are made in accordance with the guidelines on prudential norms specified in The Housing Finance Companies (NHB) Directions, 2010 issued by National Housing Bank, as amended from time to time.

## 2.10 Taxation

Tax expense comprises of current tax and deferred taxes.

Current tax is determined based on the liability computed in accordance with relevant tax rates and tax laws.

Deferred tax is recognized for all timing differences arising between taxable income and accounting income based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date and its effect for the year is reflected in the statement of profit and loss and cumulative effect thereof is shown in the balance sheet. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on carry forward of unabsorbed depreciation and tax losses are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

### 2.11 Earnings per Share

The earnings per share has been computed in accordance with Accounting Standard (AS-20) on, "Earnings per Share" and is shown in the statement of profit and loss.

### 2.12 Provisions and Contingencies

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of obligation cannot be made.

### 2.13 Impairment of Assets

An asset is treated as impaired when the carrying cost of 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 recognized 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".

### 2.14 Special Reserve

The company creates special reserve every year out of its profits in terms of section 36(1)(viii) of the Income Tax Act, 1961 read with section 29C of the National Housing Bank Act, 1987.

### 2.15 Prepaid Expenses

Financial Expenses & Other Expenses incurred during the year which generate benefit in several accounting years have 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 basis in the future accounting years.

### 2.16 Interest on Housing & Property Loans

Repayment of housing loan 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 interest is payable.

### 2.17 Housing & Property Loans

Housing Loans include outstanding amount of Housing Loan disbursement directly or indirectly to individual and other borrowers. Property loans include mortgage against residential / commercial property, loan against the lease rental income from properties and project loan given to builders in accordance with the directions of National Housing Bank. EMI receivable from borrowers less than 3 months against the above loans are shown under Trade Receivables.

### 2.18 Cash and Cash Equivalents

Cash and Cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### 3. Share Capital

|  | 31.03.2012<br>(₹ Lacs) | 31.03.2011<br>(₹ Lacs) |
|--|------------------------|------------------------|
| <b>Authorized Share Capital</b>  |                        |                        |
| 2,00,00,000 Nos. of (P.Y. 2,00,00,000)<br>Equity shares of ₹10 each            | 2,000.00               | 2,000.00               |
|  | 2,000.00               | 2,000.00               |
| <b>Issued Share Capital</b>  |                        |                        |
| 1,10,80,705 Nos. of (P.Y. 1,10,80,705)<br>Equity shares of ₹10 each            | 1,108.07               | 1,108.07               |
| Subscribed and Paid up Capital   |                        |                        |
| 1,10,80,705 Nos. of (P.Y. 1,10,80,705)<br>Equity shares of ₹10 each fully paid | 1,108.07               | 1,108.07               |

#### 3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

|                                | 31.03.2012 |          | 31.03.2011 |          |
|--------------------------------|------------|----------|------------|----------|
|                                | No. Lacs   | ₹ Lacs   | No. Lacs   | ₹ Lacs   |
| Equity Shares                  |            |          |            |          |
| At the beginning of the year   | 110.81     | 1,108.07 | 110.81     | 1,108.07 |
| Issued during the year         | -          | -        | -          | -        |
| Outstanding at the end of year | 110.81     | 1,108.07 | 110.81     | 1,108.07 |

- 3.2 The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 3.3 During the year ended 31st March, 2012, the company has paid an interim dividend @ ₹1.50 per share (P.Y. ₹1.50) and has proposed final dividend to be paid @ ₹1.00 per share (P.Y. ₹1.00) to the equity shareholders.

#### 3.4 Details of shareholders holding more than five percent shares in the company are as under:

|   | 31.03.2012 |                        | 31.03.2011 |                        |
|---|------------|------------------------|------------|------------------------|
|   | No lacs    | % holding in the class | No Lacs    | % holding in the class |
| <b>Equity Shares ₹ 10 each fully paid</b> |            |                        |            |                        |
| Dewan Housing Finance Corporation Ltd     | 10.49      | 9.47%                  | 64.49      | 58.20%                 |
| Kapilkumar Wadhawan                       | 26.33      | 23.76%                 | 14.33      | 12.93%                 |
| Dheeraj Rajeshkumar Wadhawan              | 26.36      | 23.79%                 | 14.36      | 12.96%                 |
| Aruna Rajeshkumar Wadhawan                | 41.57      | 37.51%                 | 11.57      | 10.44%                 |

#### 4. Reserves and Surplus

|   | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|---|----------------------|----------------------|
| <b>Securities Premium Account:</b>                              | <b>1,304.04</b>      | 1,304.04             |
| <b>Special Reserve:</b>   |                      |                      |
| [In terms of Section 36(1)(viii) of the Income Tax Act, 1961]   |                      |                      |
| As per last Balance Sheet                                       | <b>2,795.16</b>      | 2,489.16             |
| Add transferred from surplus in Profit & Loss                   | <b>350.00</b>        | 306.00               |
|   | <b>3,145.16</b>      | 2795.16              |
| <b>General Reserve:</b>   |                      |                      |
| As per last Balance Sheet                                       | <b>742.05</b>        | 617.04               |
| Add transferred from surplus in Profit & Loss                   | <b>175.00</b>        | 125.00               |
| Less Transferred to contingency provision on<br>Standard assets | <b>304.03</b>        | -                    |
|   | <b>613.02</b>        | 742.04               |
| <b>Surplus in statement of Profit &amp; Loss:</b>               |                      |                      |
| As per last Balance Sheet                                       | <b>1,501.99</b>      | 1,044.57             |
| Add: Profit for the year  | <b>1,231.20</b>      | 1,211.02             |
| Less Appropriations:  |                      |                      |
| Transfer to Special Reserve                                     | <b>350.00</b>        | 306.00               |
| Interim Dividend  | <b>166.21</b>        | 166.21               |
| Proposed final dividend*  | <b>110.81</b>        | 110.81               |
| Dividend Distribution Tax                                       | <b>44.94</b>         | 45.58                |
| Transfer to General Reserve                                     | <b>175.00</b>        | 125.00               |
| <b>Surplus closing balance</b>                                  | <b>1,886.23</b>      | 1,501.99             |
| <b>Total Reserves and Surplus</b>                               | <b>6,948.45</b>      | 6,343.23             |

\*The Board of Directors in its meeting held on 2nd May, 2012 has recommended a final dividend of ₹1.00 per equity share read with note no.3.3 above.

## 5. Long Term Liabilities

|  | Non Current Portion  |                      | Current Portion      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
| <b>Secured</b>   |                      |                      |                      |                      |
| Term Loan from Banks:  |                      |                      |                      |                      |
| From National Housing Bank   | <b>29,189.95</b>     | 21,680.09            | 6,030.28             | 5,222.87             |
| From other Banks   | <b>24,920.79</b>     | 18,246.53            | 6,977.49             | 6,313.76             |
| Total Secured long term liabilities (A)                                  | <b>54,110.74</b>     | 39,926.62            | 13,007.77            | 11,536.63            |
| <b>Unsecured</b>   |                      |                      |                      |                      |
| Deposits:  |                      |                      |                      |                      |
| Fixed Deposits   | <b>611.24</b>        | 671.30               | 413.18               | 555.03               |
| Total Unsecured long term liabilities (B)                                | <b>611.24</b>        | 671.30               | 413.18               | 555.03               |
| Total Long Term Liabilities (A+B)  | <b>54,721.98</b>     | 40,597.92            | 13,420.95            | 12,091.66            |
| Amount disclosed under the head "other current liabilities"<br>[Note 10] | -                    | -                    | (13,420.95)          | (12,091.66)          |
| Net Amount   | <b>54,721.98</b>     | 40,597.92            | -                    | -                    |

- 5.1 Secured term loan from National Housing Bank are repayable as per the contracted terms in one or more installments between April 2012 and December 2026.

These loans from National Housing Bank (current and non-current portion) are secured / to be secured by way of first charge to and in favour of NHB and other banks and jointly ranking pari passu inter-se, on the Company's book debts, housing loans and the whole of the present and future movable & immovable assets wherever situated excluding SLR assets [read with note no.30 hereinafter] and are also guaranteed by some of the promoters and directors.

- 5.2 The secured term loans 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 March 2019.

These loans (current and non-current portion) are secured / to be secured by way of jointly ranking pari passu inter-se charge, along with NHB, on the Company's book debts, housing loans and the whole of the present and future movable & immovable assets of the Company wherever situated.

- 5.3 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 monthly, quarterly, half yearly or annual basis or cumulatively at the time of principal maturity depending upon the scheme opted by the depositor.



## 6. Other Long Term Liabilities

|  | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|--|----------------------|----------------------|
| Interest accrued but not due on Deposits | 50.24                | 100.97               |
| Total Other long term liabilities        | 50.24                | 100.97               |

## 7. Provisions

|  | Long term provision  |                      | Short term provision |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
| Provision for employee benefits  | 16.89                | 8.63                 | 37.27                | 30.14                |
| Other Provisions   |                      |                      |                      |                      |
| Provision for Contingencies:   |                      |                      |                      |                      |
| on Standard Assets   | 304.03               | 19.72                | -                    | -                    |
| on Non Performing Assets   | 238.10               | 103.26               | -                    | -                    |
| on diminution in value of investment                                     | 93.47                | 77.98                | -                    | -                    |
| Less: shown as diminution in value of investment separately [note no.12] | (93.47)              | (77.98)              | -                    | -                    |
| Provision for Proposed Dividend  | -                    | -                    | 110.81               | 110.81               |
| Provision for Dividend Distribution tax on Proposed Dividend             | -                    | -                    | 17.97                | 17.97                |
| Provision for Taxation [net of adv. tax & TDS]                           | -                    | -                    | 28.96                | 107.99               |
| Other Provisions   | -                    | -                    | 1.00                 | 0.26                 |
|  | 542.13               | 122.98               | 158.74               | 237.03               |
| Total Provisions   | 559.02               | 131.61               | 196.01               | 267.17               |

### 7.1 Provision for Non Performing Housing & Property loans

Provision in respect of above standard, sub standard, doubtful and loss assets [read with note no.14] 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<br>₹ Lacs | Provisions<br>₹ Lacs | Portfolio<br>₹ Lacs | Provisions<br>₹ Lacs |
| <b>Standard Assets</b>     |                     |                      |                     |                      |
| Housing Loans              | 68,640.39           | 274.56               | 52347.02            | -                    |
| Other Property loans       | 5,399.55            | 29.47                | 4930.22             | 19.72                |
|                            | 74,039.94           | 304.03               | 57,277.24           | 19.72                |
| <b>Sub Standard Assets</b> |                     |                      |                     |                      |
| Housing Loans              | 387.09              | 58.06                | 147.85              | 14.79                |
| Other Property loans       | 120.65              | 18.10                | 301.09              | 30.11                |
|                            | 507.74              | 76.16                | 448.94              | 44.90                |
| <b>Doubtful Assets</b>     |                     |                      |                     |                      |
| Housing Loans              | 166.01              | 73.94                | 175.21              | 45.39                |
| Other Property loans       | 301.08              | 75.27                | 5.54                | 1.11                 |
|                            | 467.09              | 149.21               | 180.75              | 46.50                |
| <b>Loss Assets</b>         |                     |                      |                     |                      |
| Housing Loans              | 12.74               | 12.72                | 11.87               | 11.87                |
| Other Property loans       | -                   | -                    | -                   | -                    |
|                            | 12.74               | 12.72                | 11.87               | 11.87                |
| <b>Total</b>               | <b>75,027.51</b>    | <b>542.12</b>        | <b>57,918.80</b>    | <b>122.99</b>        |
| Housing Loans              | 69,206.23           | 419.30               | 52,681.95           | 72.05                |
| Other Property loans       | 5,821.28            | 122.83               | 5,236.86            | 50.94                |
| <b>Total</b>               | <b>75,027.51</b>    | <b>542.13</b>        | <b>57,918.81</b>    | <b>122.99</b>        |

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 NHB.

### 7.2 Additional Provision for Contingencies

During the year NHB has contemplated certain additional provisions for standard and non performing assets to be created. The company has utilized general reserve to create additional contingency provision as detailed below, to the extent required on standard assets at the year end.

7.3 The Company has de-recognized interest income on Non Performing Assets as on 31st March 2012 of ₹.62.27 lacs (P.Y. ₹ 52.32 lacs) in terms of the requirement of the National Housing Bank.

#### 7.4 Provision for Contingencies

[including provision for diminution in investment]

|  | As at 31.03.2012<br>₹ Lacs | As at 31.03.2011<br>₹ Lacs |
|--|----------------------------|----------------------------|
| As per last Balance Sheet                                  | 200.96                     | 123.77                     |
| Add: Provision during the year                             | 130.61                     | 77.19                      |
| Add: Transfer from General Reserve                         | 304.03                     | -                          |
|  | 635.60                     | 200.96                     |
| Less: Utilised during the year                             | -                          | -                          |
| Balance provision at the end of the year                   | 635.60                     | 200.96                     |
| Less: shown as diminution in investment separately         | (93.47)                    | (77.98)                    |
| Net contingency provision against housing & property loans | 542.13                     | 122.98                     |

#### 7. Short Term Borrowings

|  | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|--|----------------------|----------------------|
| <b>Secured</b>                             |                      |                      |
| <b>Loans repayable on demand</b>           |                      |                      |
| From Banks                                 | 200.00               | 1,000.00             |
| <b>Secured Short term borrowing (A)</b>    | 200.00               | 1,000.00             |
| <b>Unsecured</b>                           |                      |                      |
| <b>Other short term loans and advances</b> |                      |                      |
| Non Convertible Debentures                 | -                    | 1,000.00             |
| Commercial paper                           | 2,363.07             | -                    |
| <b>Unsecured short term borrowing (B)</b>  | 2,363.07             | 1,000.00             |
| <b>Total Short term borrowings</b>         | 2,563.07             | 2,000.00             |

8.1 Loans repayable on demand from banks are secured / to be secured by way of jointly ranking pari passu inter-se charge, along with NHB, on the Company's book debts, housing loans and the whole of the present and future movable & immovable assets of the Company wherever situated.

8.2 The Company has issued Commercial Paper of ₹2,363.07 lacs to Andhra Bank.

#### 9. Trade Payables

Trade Payables consist of creditors for expenses amounting to ₹70.44 lacs [P.Y. ₹82.57 lacs].

There are no amounts 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'.

**10. Other Current Liabilities**

|   | <b>31.03.2012</b><br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|---|-----------------------------|----------------------|
| Current maturities of borrowings (refer note 5)         | <b>13,420.95</b>            | 12,091.66            |
| Interest accrued but not due on borrowings              | <b>24.15</b>                | 25.95                |
| Current Interest Accrued but not due on Deposits        | <b>50.54</b>                | 10.77                |
| Unclaimed matured deposits and interest accrued thereon | <b>36.50</b>                | 32.67                |
| <b>Other payables</b>                                   |                             |                      |
| Advance from Customers                                  | <b>147.34</b>               | 117.58               |
| Unclaimed Dividends                                     | <b>7.37</b>                 | 7.14                 |
| Other current liabilities                               | <b>64.65</b>                | 42.81                |
| <b>Total Other current liabilities</b>                  | <b>13,751.50</b>            | 12,328.58            |

10.1 During the year Company has transferred to Central Government Investor Education and Protection Fund under section 205A, 205B and 205C of the Companies Act, 1956, a sum of ₹ 0.19 lacs being Unclaimed Dividends.

**11. Fixed Assets**

**11.1 Tangible Assets**

(₹ Lacs)

|                         | <b>Computers</b> | <b>Office equipments</b> | <b>Furniture &amp; Fixtures</b> | <b>Vehicles</b> | <b>Total</b> |
|-------------------------|------------------|--------------------------|---------------------------------|-----------------|--------------|
| <b>Gross Block</b>      |                  |                          |                                 |                 |              |
| As at 01.04.2010        | 124.29           | 37.81                    | 99.02                           | 14.01           | 275.13       |
| Additions               | 12.35            | 8.85                     | 11.62                           | -               | 32.82        |
| Deductions/ Adjustments | -                | -                        | -                               | -               | -            |
| As at 31.03.2011        | 136.64           | 46.66                    | 110.64                          | 14.01           | 307.95       |
| Additions               | 5.71             | 9.35                     | 2.35                            | 16.83           | 34.25        |
| Deductions/ Adjustments | -                | (2.73)                   | -                               | (7.75)          | (10.48)      |
| As at 31.03.2012        | 142.35           | 53.28                    | 112.99                          | 23.09           | 331.72       |
| <b>Depreciation</b>     |                  |                          |                                 |                 |              |
| Upto 01.04.2010         | 107.61           | 21.14                    | 63.32                           | 9.74            | 201.81       |
| Charge for the year     | 8.91             | 2.82                     | 7.28                            | 1.11            | 20.12        |
| Deductions/ Adjustments | -                | -                        | -                               | -               | -            |
| Upto 31.03.2011         | 116.52           | 23.96                    | 70.60                           | 10.85           | 221.93       |
| Charge for the year     | 9.04             | 3.70                     | 7.43                            | 1.95            | 22.12        |
| Deductions/ Adjustments | -                | (1.85)                   | -                               | (5.49)          | (7.34)       |
| Upto 31.03.2012         | 125.56           | 25.81                    | 78.03                           | 7.31            | 236.70       |
| <b>Net Block</b>        |                  |                          |                                 |                 |              |
| As at 31.03.2011        | 20.12            | 22.70                    | 40.04                           | 3.16            | 86.02        |
| As at 31.03.2012        | 16.79            | 27.47                    | 34.96                           | 15.78           | 95.00        |

## 11.2 Intangible Assets

|                         | Gross Block<br>₹ Lacs | Amortization<br>₹ Lacs | Net Block<br>₹ Lacs |
|-------------------------|-----------------------|------------------------|---------------------|
| <b>Software</b>         |                       |                        |                     |
| As at 01.04.2010        | 39.58                 | 22.01                  | 17.57               |
| Additions               | 5.30                  | 8.49                   | (3.19)              |
| Deductions/ Adjustments | -                     | -                      |                     |
| <b>As at 31.03.2011</b> | <b>44.88</b>          | <b>30.50</b>           | <b>14.38</b>        |
| Additions               | 5.05                  | 6.24                   | (1.19)              |
| Deductions/ Adjustments | -                     | -                      |                     |
| <b>As at 31.03.2012</b> | <b>49.93</b>          | <b>36.74</b>           | <b>13.19</b>        |

## 12. Non Current Investments

|  | No.    | Face Value ₹ | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|--|--------|--------------|----------------------|----------------------|
| <b>Investment in quoted equity shares</b>  |        |              |                      |                      |
| Reliance Power Ltd.  | 222    | 10           | 0.62                 | 0.62                 |
| Future Capital Holdings Ltd.   | 172    | 10           | 1.32                 | 1.32                 |
| MRPL   | 3000   | 10           | 3.11                 | 3.11                 |
|  |        |              | 5.05                 | 5.05                 |
| <b>Investment in quoted Bonds</b>  |        |              |                      |                      |
| 9.81% GOI Bonds  | 160000 | 100          | 197.24               | 197.24               |
| 6.25% GOI Bonds  | 100000 | 100          | 95.80                | 95.80                |
| 6.05% GOI Bonds  | 500000 | 100          | 483.00               | 483.00               |
|  |        |              | 776.04               | 776.04               |
| <b>Investment in unquoted equity instruments</b>   |        |              |                      |                      |
| 300 lacs (P.Y. 300 lacs) equity shares of ₹10 each fully paid up in Aadhar Housing Finance Pvt. Ltd. |        |              | 3,000.00             | 3,000.00             |
|  |        |              | 3,781.09             | 3,781.09             |
| <b>Less: Provision for diminution in value of investment</b>   |        |              |                      |                      |
|  |        |              | 93.47                | 77.98                |
| <b>Total Non Current Investments</b>   |        |              | <b>3,687.62</b>      | <b>3,703.11</b>      |
| Aaareqate amount of quoted investments   |        |              | 781.09               | 781.09               |
| Market value of quoted investments   |        |              | 687.62               | 703.11               |

12.1 Investment in Government Securities aggregating to ₹ 289.80 lacs (Previous year ₹ 289.80 lacs) carry a floating charge in favour of depositors of Fixed Deposits read with note no.30.

### 13. Deferred Tax

|                                | As at 31.03.2011<br>₹ Lacs | Movement during<br>the year<br>₹ Lacs | As at 31.03.2012<br>₹ Lacs |
|--------------------------------|----------------------------|---------------------------------------|----------------------------|
| <b>Deferred Tax Assets:</b>    |                            |                                       |                            |
| Provision for Contingencies    | 46.02                      | 29.69                                 | 75.71                      |
| Depreciation                   | 1.17                       | 0.75                                  | 1.93                       |
| <b>Net Deferred Tax Assets</b> | <b>47.19</b>               | <b>30.44</b>                          | <b>77.64</b>               |

### 14. Housing and Property Loans

|   | Non-Current portion  |                      | Current portion      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
| Secured and considered good unless otherwise stated |                      |                      |                      |                      |
| <b>Housing Loans</b>                                |                      |                      |                      |                      |
| Standard Loans                                      | 64,991.75            | 48,561.80            | 3,648.65             | 3,785.20             |
| Sub-standard loans                                  | 63.35                | 26.43                | 323.74               |                      |
| Doubtful Loans                                      | 166.01               | 175.22               | -                    |                      |
| Loss Assets   | 12.73                | 11.87                | -                    |                      |
|   | <b>65,233.84</b>     | <b>48,775.32</b>     | <b>3,972.39</b>      | <b>3,906.62</b>      |
| Other property Loans                                |                      |                      |                      |                      |
| Standard Loans                                      | 4,423.09             | 4,762.10             | 976.46               | 168.14               |
| Sub-standard loans                                  | -                    | 80.90                | 120.65               | 220.19               |
| Doubtful Loans                                      | 301.08               | 5.54                 | -                    | -                    |
| Loss Assets   | -                    | -                    | -                    | -                    |
|   | <b>4,724.17</b>      | <b>4,848.54</b>      | <b>1,097.11</b>      | <b>388.33</b>        |
| <b>Total Housing and Property Loans</b>             | <b>69,958.01</b>     | <b>53,623.86</b>     | <b>5,069.50</b>      | <b>4,294.95</b>      |

14.1 As certified by the Management, Loans granted by the company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or undertaking to create a security and/or assignment of Life Insurance Policies and/or personal guarantees and/or hypothecation of assets and are considered appropriate and good.

14.2 Total Housing and Property Loans include ₹75.34 lacs [P.Y. ₹49.04 lacs] on account of EMI receivable / due for more than 6months.

## 15. Other Long term Loans and Advances

|  | Non Current Portion  |                      | Current portion      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
| Unsecured and considered good unless stated otherwise                            |                      |                      |                      |                      |
| Capital Advances   | 6.45                 | 29.23                | -                    | -                    |
| Security Deposits  | 54.51                | 41.78                | -                    | -                    |
| Loans to Employees   | 5.01                 | 3.69                 | 2.50                 | 2.44                 |
| Others   | 31.58                | 18.71                | 96.69                | 127.50               |
| Total Long term Loans & advances   | 97.55                | 93.41                | 99.19                | 129.94               |
| Current portion disclosed under "short term loans and advances" (refer Note 19): |                      |                      |                      |                      |
| Unsecured  | -                    | -                    | (99.19)              | (129.94)             |
| Net Amount   | 97.55                | 93.41                | -                    | -                    |

## 16. Trade Receivable and Other Assets

### 16.1 Trade Receivable

|   | Current portion      |                      |
|---|----------------------|----------------------|
|   | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
| Secured and considered good                         |                      |                      |
| EMI / PEMI Receivable due<br>for less than 6 months | 174.03               | 163.12               |
| Others  | 9.22                 | 5.29                 |
| Trade Receivables                                   | 183.25               | 168.41               |

### 16.2 Other Assets

|  | Non Current Portion  |                      | Current portion      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
| Unsecured, considered good   |                      |                      |                      |                      |
| Non-current portion of balance with banks<br>in deposit account (refer note 18 & 30) | 80.00                | 80.00                | -                    | -                    |
| Interest accrued on Investments  | -                    | -                    | 19.46                | 12.55                |
| Income Receivable  | -                    | -                    | 40.29                | -                    |
| Total  | 80.00                | 80.00                | 59.75                | 12.55                |

16.3 Non Current portion of balance with Banks in Deposit Accounts ₹80 lacs (Previous Year ₹80 lacs) carrying a floating charge in favour of depositors of Fixed Deposit [read with note no.30].

### 17. Current Investment

The Company has purchased properties auctioned under SARFAESI Act being non banking asset amounting to ₹123.12 lacs for sale and is holding it as investment with short term perspective.

### 18. Cash and bank balances

|  | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|--|----------------------|----------------------|
| Cash and cash equivalents  |                      |                      |
| Balances with banks:   |                      |                      |
| In current accounts  | 415.99               | 701.68               |
| Cash on hand   | 8.97                 | 4.62                 |
| Total cash & cash equivalent   | 424.96               | 706.30               |
| Fixed Deposit more than 3 months   | 80.00                | 80.00                |
| Less: Disclosed under Other Assets [non-current assets]<br>(refer Note 16) | (80.00)              | (80.00)              |
| Total Net Cash and bank balances   | 424.96               | 706.30               |

### 19. Short term loans and advances

|                                   | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|-----------------------------------|----------------------|----------------------|
| Unsecured and considered good     |                      |                      |
| Loans to employees                | 2.50                 | 2.44                 |
| Others [read with note no.15]     | 96.69                | 127.50               |
| Total short term loans & advances | 99.19                | 129.94               |

### 20. Revenue from Operations

|  | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|--|----------------------|----------------------|
| Revenue from Interest                  |                      |                      |
| Interest on Housing and property loans | 8,309.64             | 6,009.69             |
| Interest on Bonds & Deposits           | 92.44                | 85.74                |
| Other interest                         | 1.22                 | 2.12                 |
|  | 8,403.30             | 6,097.55             |
| Revenue from other financial services  |                      |                      |
| Loan processing fee                    | 398.49               | 261.38               |
| Prepayment fee                         | 106.78               | 132.36               |
| Other operating income                 | 271.05               | 246.86               |
|  | 776.32               | 640.60               |
| Total Revenue from Operations          | 9,179.62             | 6,738.15             |



**21. Interest and Finance charges**

|   | <b>31.03.2012</b><br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|---|-----------------------------|----------------------|
| Interest on Loans                           | 5,882.91                    | 3,820.91             |
| Interest on Deposits                        | 124.99                      | 117.82               |
| Interest on Others                          | 302.99                      | 197.17               |
| Finance Charges                             | 30.60                       | 17.99                |
| <b>Total Interest &amp; Finance Charges</b> | <b>6,341.49</b>             | <b>4,153.89</b>      |

**22. Employee Remuneration and Benefits**

|   | <b>31.03.2012</b><br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|---|-----------------------------|----------------------|
| Salaries and Wages                              | 480.57                      | 406.11               |
| Contribution to Provident Fund and other funds  | 74.63                       | 68.26                |
| Staff Welfare expenses                          | 29.31                       | 16.55                |
| <b>Total Employee remuneration and benefits</b> | <b>584.51</b>               | <b>490.92</b>        |

**23. Administrative and other expenses**

|  | <b>31.03.2012</b><br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|--|-----------------------------|----------------------|
| Rent   | 74.43                       | 61.10                |
| Rates & Taxes                                  | 1.07                        | 0.28                 |
| Conveyance & Motor Car Expenses                | 20.10                       | 13.49                |
| Travelling Expenses                            | 20.46                       | 17.59                |
| Printing & Stationery                          | 19.30                       | 17.27                |
| Advertisement & Business Promotion             | 10.81                       | 5.27                 |
| Insurance                                      | 22.35                       | 18.61                |
| Legal & Professional Charges                   | 49.37                       | 26.98                |
| Postage, Telephone & Telegram                  | 82.95                       | 66.04                |
| General Repairs & Maintenance                  | 12.67                       | 16.48                |
| Bad Debts written off                          | 46.59                       | 23.24                |
| Electricity Charges                            | 11.70                       | 11.49                |
| Directors sitting fees                         | 3.30                        | 2.05                 |
| Brokerage                                      | 0.39                        | 1.75                 |
| Credit Rating Charges                          | 12.74                       | 9.76                 |
| Other Expenses                                 | 17.97                       | 15.69                |
| <b>Total Administrative and other expenses</b> | <b>406.20</b>               | <b>307.09</b>        |

**24. Earnings per Share**

The following is the computation of earnings per share on basic and diluted earnings per equity share:

|  | <b>31.03.2012</b> | 31.03.2011 |
|--|-------------------|------------|
| a) Net Profit after Taxation attributable to Equity Shareholders (₹lacs) | <b>1,231.20</b>   | 1,211.01   |
| b) Number of equity shares outstanding (Nos. Lacs)                       | <b>110.81</b>     | 110.81     |
| c) Basic/ Diluted Earnings in Shares of ₹10 each (a/b)*                  | <b>11.11</b>      | 10.93      |

\*there are no dilutive potential shares

**25. Remuneration to Managing Director (Cost to Company Basis):**

|                                | <b>31.03.2012</b><br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|--------------------------------|-----------------------------|----------------------|
| Basic Pay                      | 19.48                       | 15.00                |
| Reimbursement of Rent          | 3.00                        | 3.00                 |
| Perquisites & Other Allowances | 10.23                       | 7.30                 |
|                                | <b>32.71</b>                | <b>25.30</b>         |

Remuneration to Managing Director is within the limits prescribed under sections 198, 269, 309, 310 and Schedule XIII of the Companies Act 1956.

**26. Auditor's Remuneration**

|   | <b>31.03.2012</b><br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|---|-----------------------------|----------------------|
| Audit Fees & Fees for certification<br>[Including payment to Branch Auditors] | 7.69                        | 7.48                 |
|   | <b>7.69</b>                 | <b>7.48</b>          |

**27. Employee Benefits:**

- i. The company makes contributions to provident fund for qualifying employees to Regional Provident Fund Commissioner under defined contribution plan under the Provident Fund Act.
- ii. Employees are allowed to encash the unavailed leave during the year or encashment of accumulated unavailed leave at the time of retirement. The Company has started providing for leave encashment payable to employees above 50 years of age. During the year a sum of ₹ 10.71 lacs has been provided.
- iii. The Company has made full provision for future gratuity liability payable at the time of retirement as on 31.03.2012 on the basis of actuarial valuation report of company liabilities based on Accounting Standard 15 (AS -15 revised) and had taken group gratuity liability insurance and is paying requisite premiums.
- iv. The details of post retirement benefits for the employees [including key management personnel] as mentioned hereunder are based on the actuarial valuation using the projected unit credit method and as certified by the actuary and relied upon by the Company and the auditors.

The information relating to defined benefit gratuity plan (funded) is given below:

|  | <b>2011-12</b><br>₹ Lacs | 2010-11<br>₹ Lacs |
|--|--------------------------|-------------------|
| <b>Changes in the present value of the defined benefit obligation:</b> |                          |                   |
| Opening defined benefit obligation                                     | <b>40.86</b>             | 22.81             |
| Interest Cost  | <b>3.27</b>              | 1.82              |
| Past service cost (vested benefit)                                     | -                        | 1.55              |
| Current service cost   | <b>6.72</b>              | 4.32              |
| Benefits paid  | <b>(15.38)</b>           | (2.36)            |
| Actuarial (gains)/losses on obligation                                 | <b>12.50</b>             | 12.72             |
| Closing defined benefit obligation                                     | <b>47.97</b>             | 40.86             |

|   | 2011-12<br>₹ Lacs     | 2010-11<br>₹ Lacs     |
|---|-----------------------|-----------------------|
| <b>Changes in the fair value of plan assets:</b>                        |                       |                       |
| Opening fair value of plan assets                                       | 39.26                 | 18.06                 |
| Expected return   | 3.14                  | 1.45                  |
| Contributions   | 20.18                 | 21.74                 |
| Benefits paid   | (15.37)               | (2.37)                |
| Actuarial gains/(losses)  | (2.66)                | 0.38                  |
| Closing fair value of plan assets                                       | 44.55                 | 39.26                 |
| Total Actuarial gain / (loss) to be recognised                          | 15.16                 | (12.34)               |
| <b>Liability recognized in Balance Sheet:</b>                           |                       |                       |
| Defined Benefit Obligation  | 47.97                 | 40.86                 |
| Fair Value of plan assets   | 44.55                 | 39.26                 |
| Asset/(Liability) reoanized   | (3.42)                | (1.59)                |
| <b>Expense recognized in Profit and Loss:</b>                           |                       |                       |
| Current service cost  | 6.71                  | 4.32                  |
| Interest cost on benefit obligation                                     | 3.27                  | 1.82                  |
| Expected return on plan assets  | (3.14)                | (1.45)                |
| Past service cost (vested benefit recognized)                           | -                     | 1.55                  |
| Net actuarial (gain)/loss recognized in the year                        | 15.17                 | 12.34                 |
| Net (benefit)/expense   | 22.01                 | 18.59                 |
| <b>Actual Return on Plan Assets:</b>                                    |                       |                       |
| Expected return on plan assets  | 3.14                  | 1.45                  |
| Actuarial gain / (loss) on plan assets                                  | (2.66)                | 0.38                  |
| Actual return on plan assets  | 0.48                  | 1.82                  |
| <b>Reconciliation of the liability recognized in the balance sheet:</b> |                       |                       |
| Opening net liability   | 1.59                  | 4.74                  |
| Expense recognized  | 22.01                 | 18.59                 |
| Employer's contribution   | (20.18)               | (21.74)               |
| Amount recognized in the balance sheet under provision for gratuity     | 3.42                  | 1.59                  |
| <b>Actuarial assumptions:</b>   |                       |                       |
| Mortality Table (LIC)   | 1994-96<br>(ultimate) | 1994-96<br>(ultimate) |
| Discount Rate (P.A.)  | 8.50%                 | 8.00%                 |
| Rate of escalation in salary(P.A)                                       | 5.50%                 | 5.00%                 |
| Rate of Return on plan assets   | 8.50%                 | 8.00%                 |
| Attrition Rate  | 2.00%                 | 1.00%                 |

## 28. Segment Reporting

The Company operates under a single (primary) business segment viz. "Providing loans to retail customers for construction or purchase of residential property and loan against properties". Further, the Company is operating in a single geographical segment. Accordingly, disclosures relating to primary and secondary business segments under the Accounting Standard on Segment Reporting (AS-17) notified u/s 211(3C) of the Companies Act, 1956 are not applicable to the Company.

## 29. Related Party Transactions

List of Related Parties and their relationship:

- |                                      |   |   |
|--------------------------------------|---|---|
| a) Holding Company [till 30.03.2012] | : | Dewan Housing Finance Corporation Limited |
| b) Associate                         | : | Aadhar Housing Finance Limited            |
| c) Key Managerial Personnel          | : | Mr. R Nambirajan                          |

### 29.1 Details of related party transactions in the ordinary course of business:

(₹ Lacs)

| Particulars                     | Holding Company |            | Associate / Joint Venture |            | Key Management Personnel |            |
|---------------------------------|-----------------|------------|---------------------------|------------|--------------------------|------------|
|                                 | 31.03.2012      | 31.03.2011 | 31.03.2012                | 31.03.2011 | 31.03.2012               | 31.03.2011 |
| <b>EXPENDITURE</b>              |                 |            |                           |            |                          |            |
| Remuneration to Mr.R Nambirajan | -               | -          | -                         | -          | <b>32.71</b>             | 25.30      |
| Reimbursement of Expenses       | <b>9.50</b>     | 9.50       | -                         | -          | -                        | -          |
| Interest paid                   | <b>107.26</b>   | 58.17      | -                         | -          | -                        | -          |
| <b>ASSETS</b>                   |                 |            |                           |            |                          |            |
| Investments                     | -               | -          | <b>3,000.00</b>           | 3,000.00   | -                        | -          |
| <b>LIABILITIES</b>              |                 |            |                           |            |                          |            |
| ICD Received                    | <b>5,600.00</b> | 2,000.00   | -                         | -          | -                        | -          |
| ICD Repaid                      | <b>5,600.00</b> | 2,000.00   | -                         | -          | -                        | -          |

29.2 During the year, the company has participated in joint syndication of Housing loans aggregating to ₹1,279.75 lacs out of which the company's share is ₹639.88 lacs. The loans have been originated and processed by Dewan Housing Finance Corporation Limited as a lead syndicator. The outstanding amount of the share of the company in such joint syndicated loans as at 31st March, 2012 amounted to ₹628.65 lacs (P.Y. Nil).

30. As the National Housing Bank Directives require all HFCs, accepting public deposits, to create a floating charge on the statutory liquid assets maintained in favour of the depositors through the mechanism of a Trust Deed. The Company has appointed SEBI approved Trustee Company i.e. GDA Trustee & Consultancy Ltd., as a Trustee for the above by executing a trust deed on 19.04.2010.

## 31. Commitments and Contingencies

Contingent liability in respect of income tax demand of earlier years amounting to ₹21.92 lacs (Previous Year ₹21.92 lacs) although deposited in the financial year 2009-10 but not provided for in view of the legal advice that the tax claim is untenable [refer note no.32].

32. The company's income tax assessment has been completed upto assessment year 2008-09 read with details given hereinafter:

- An appeal for the Assessment Year 2005-06 against I T demand of ₹90.42 lacs against which our appeal is pending before Hon'ble High Court. The Company has paid the above demand under protest pending its appeal.

ii) An Appeal is pending before ITAT regarding Assessment Year 2004-05 against levy of additional tax demand ₹21.92 lacs as directed U/s 263 of the IT Act 1961. The Company has paid the above demand under protest pending its appeal. The Company has been legally advised that the tax claim is untenable, hence no provision has been made for contingent liability on that account.

33. As reported last year, company has invested in 30% equity in the joint venture company [Aadhar Housing Finance Limited] to finance affordable houses to low income groups in the states of UP, Bihar, Orissa, Jharkhand and Chhattisgarh along with its then holding company DHFL and IFC, Washington. The above investment was made as permitted under NHB directions 31(1) (c). After obtaining NHB's license, the joint venture company started its operations. Subsequently, NHB raised objections to the above investment referring to para 32 of its directions and also levied a fine of ₹5,000/- on the company which was duly paid. Company along with its joint venture participants is evaluating various options to bring down the investment within the NHB requirement.

34. During the year, the company suffered two instances of fraud, on account of fabrication of financial and property documents by some customers, with probable financial impact of ₹40.70 lacs for which necessary criminal and civil legal remedial actions have been taken. The company has written off above bad debt in terms of NHB Directions.

**35. As required under NHB regulations additional disclosures are given below:**

**35.1 Capital to Risk Asset Ratio (CRAR)**

|                       | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|-----------------------|----------------------|----------------------|
| CRAR                  | 13.53%               | 14.17%               |
| CRAR-Tier I Capital   | 5,776.77             | 5,144.52             |
| CRAR- Tier II Capital | 304.03               | -                    |

35.2 Maturity pattern of certain items of assets and liabilities as per Asset Liability Management system of the company as of 31st March, 2012 is as under:

(₹ Lacs)

|                                      | Liabilities  |                                      | Assets                  |             |   |
|--------------------------------------|--|--------------------------------------|-------------------------|-------------|---|
|                                      | Borrowing from bank and other financial institutions | Borrowing from money and debt market | Housing and Other Loans | Investments | Balances in Fixed Deposit Accounts with Banks |
| 1 day to 1 Month                     |  | 50.59                                | 808.08                  |             | 424.96  |
| 1 to 2 Months                        |  | 33.66                                | 382.45                  |             |   |
| 2 to 3 Months                        | 3,287.96   | 33.45                                | 383.59                  |             |   |
| 3 to 6 Months                        | 3,271.22   | 2,503.43                             | 1,150.47                |             |   |
| 6 Months to 1 Year                   | 6,448.59   | 222.9                                | 2,335.11                | 123.12      |   |
| 1 to 3 Years                         | 22,134.84  | 553.28                               | 10,116.77               | 165.09      |   |
| 3 to 5 Years                         | 17,524.98  | 94.62                                | 9,642.19                |             |   |
| 5 to 7 Years                         | 8,744.55   | 32.84                                | 9,289.83                | 522.53      |   |
| 7 to 10 Years                        | 3,460.36   |                                      | 13,623.89               |             |   |
| 10 Years and Above                   | 2,246.00   |                                      | 27,219.80               | 3,000.00    |   |
| EMI NPA Accounts                     |  |                                      | 75.33                   |             |   |
| Total                                | 67,118.51  | 3,524.77                             | 75,027.51               | 3,810.74    | 424.96  |
| Long Term                            | 54,110.74  | 661.49                               | 69,958.01               | 3,687.62    |   |
| Short Term                           | 13,007.77  | 2,863.28                             | 5,069.50                | 123.12      | 424.96  |
| [refer note no.5,6,8,10,12,14,17,18] |  |                                      |                         |             |   |
| Total                                | 67,118.51  | 3,524.77                             | 75,027.51               | 3,810.74    | 424.96  |

### 35.3 Exposure to Real Estate Sector

|   | 31.03.2012<br>₹ Lacs | 31.03.2011<br>₹ Lacs |
|---|----------------------|----------------------|
| <b>3.DIRECT EXPOSURE</b>  |                      |                      |
| (I) Residential Mortgages –   |                      |                      |
| • Individual housing loans up to ₹15 lakh   | 57,455.26            | 44,350.69            |
| • Others  | 15,721.87            | 10,884.01            |
| (ii) Commercial Real Estate   |                      |                      |
| • Funds Based   | 1,775.04             | 2,635.08             |
| • Non fund Based  | -                    | -                    |
| b. Investments in Mortgage Backed Securities (MBS) and other securitized exposures –                        |                      |                      |
| a) Residential  | -                    | -                    |
| b) Commercial Real Estate   | -                    | -                    |
| <b>B.INDIRECT EXPOSURE</b>  |                      |                      |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | 3,000.00             | 3,000.00             |

36. In the opinion of the Board, the assets of the Company have a value on realization in the ordinary course of business at least equal to the amount at which they are stated net of contingency provisions.
37. Previous year's figures have been regrouped/re-classified wherever necessary to conform to current year's classification. Accordingly, amounts and other disclosures for the P.Y. 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.
38. Figures in brackets represent previous year [P.Y.] figures.

In terms of our report of even date.

**For B M CHATURVEDI & CO.,**  
Chartered Accountants  
ICAI FRN : 114317W

**KAPIL WADHAWAN**  
Chairman

**R NAMBIRAJAN**  
Managing Director

**(Pranav Kumar Shukla)**  
Partner  
ICAI MN : 073832

**R S HUGAR**  
Director

**G P KOHLI**  
Director

**BIKRAM SEN**  
Director

Place: MUMBAI  
Dated: 2<sup>nd</sup> May, 2012

**M S L NATHAN**  
Company Secretary

**HIGHLIGHTS OF PERFORMANCE AT A GLANCE**

(Rs. In Lakhs)

| Particulars/Year   | 2002-03  | 2003-04  | 2004-05     | 2005-06     | 2006-07     | 2007-08     | 2008-09     | 2009-10       | 2010-11    | 2011-12      |
|--------------------|----------|----------|-------------|-------------|-------------|-------------|-------------|---------------|------------|--------------|
| Share Capital      | 708.07   | 708.07   | 708.07      | 708.07      | 708.07      | 708.07      | 708.07      | 1108.07       | 1108.07    | 1108.07      |
| Reserves & Surplus | 2309.24  | 2417.38  | 2941.96     | 3178.02     | 3501.79     | 3757.46     | 4151.83     | 5454.81       | 6343.23    | 6948.45      |
| Loans Funds        | 16401.31 | 11403.07 | 11030.26    | 16758.95    | 23035.24    | 28929.35    | 29968.66    | 37868.28      | 54833.99   | 70843.27     |
| Total Assets       | 19418.62 | 14528.52 | 14680.29    | 20645.03    | 27245.10    | 33394.88    | 34828.57    | 44431.17      | 62285.29   | 79968.78     |
| Fixed Assets       | 39.36    | 47.00    | 47.63       | 42.20       | 70.06       | 67.80       | 88.13       | 90.89         | 100.41     | 108.19       |
| Total Income       | 2820.26  | 2175.59  | 1780.77     | 1944.17     | 2546.42     | 3459.93     | 4364.47     | 4988.12       | 6737.04    | 9179.62      |
| Cum. Approvals     | 42188.00 | 44455.00 | 50349.00    | 60161.00    | 71503.00    | 83301.00    | 91619.00    | 110754.95     | 136804.95  | 166912.95    |
| O/s Loans          | 17061.03 | 13238.61 | 14083.90    | 19802.88    | 25120.84    | 31097.09    | 32922.41    | 42291.07      | 57869.78   | 75027.51     |
| Profit before tax  | 602.37   | 405.86   | 587.37      | 590.82      | 691.85      | 704.96      | 887.12      | 1192.77       | 1680.45    | 1688.44      |
| Profit after tax   | 470.10   | 318.88   | 443.88      | 468.67      | 550.29      | 523.64      | 631.76      | 855.70        | 1211.02    | 1231.2       |
| Special Reserve    | 1123.35  | 1218.70  | 1443.70     | 1673.70     | 1942.76     | 2072.28     | 2249.16     | 2489.16       | 2795.16    | 3145.16      |
| General Reserve    | 218.74   | 167.04   | 227.04      | 302.04      | 377.04      | 452.04      | 527.04      | 617.04        | 742.04     | 613.02       |
| Dividend           | --       | 15%      | 20%         | 25%         | 25%         | 25%         | 25%         | 25%           | 25%        | 25%          |
| Book value/share   | 42.61    | 44.14    | 51.55       | 54.88       | 56.56       | 60.87       | 66.93       | 77.64         | 66.82      | 72.01        |
| EPS                | 6.64     | 4.50     | 6.27        | 6.62        | 7.77        | 7.40        | 8.92        | 10.17         | 10.93      | 11.11        |
| Return on Equity   | 66%      | 45%      | 62.69%      | 66.19%      | 77.68%      | 73.87%      | 89.27%      | 101.78%       | 109.30%    | 111.12       |
| Return on networth | 16%      | 10%      | 12.16%      | 12.06%      | 13.73%      | 12.13%      | 13.34%      | 13.10%        | 16.36%     | 15.43        |
| Credit Rating      | FA       | FAA-     | FAA- Stable | FAA- Stable | FAA- Stable | FAA- Stable | FAA- Stable | FAA- Positive | FAA Stable | FAA Positive |
| No. of Branches    | 13       | 13       | 13          | 13          | 15          | 15          | 18          | 17            | 22         | 23           |

**PERFORMANCE HIGHLIGHTS OF DHFL (ASSOCIATE COMPANY)**
**DHFL GROWTH**

An increase in disbursement by 39% to Rs.9065.24 crores.

An increase in Total Income by 70.18% to Rs.2469.68 crores.

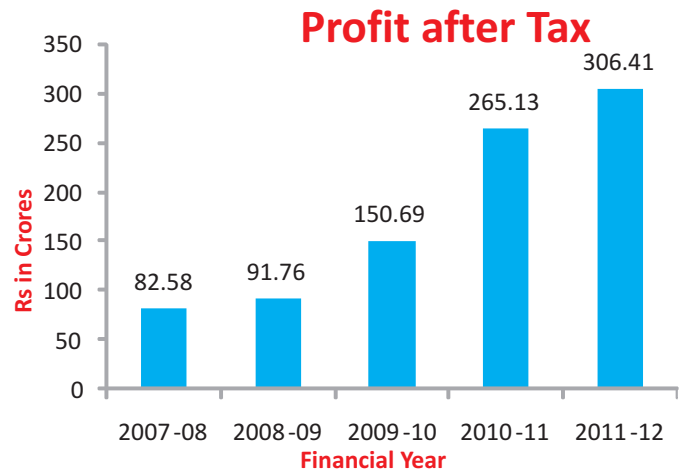
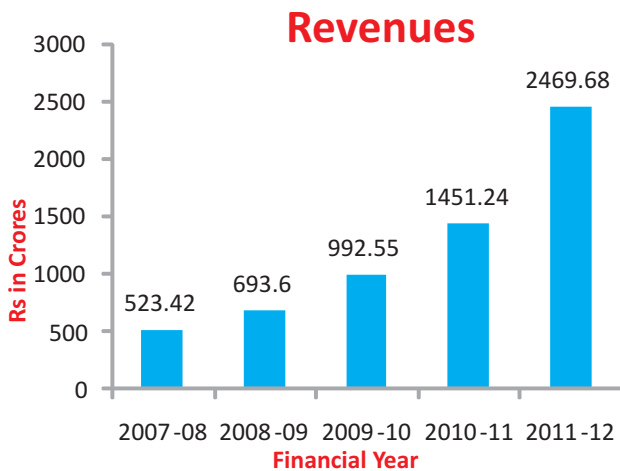
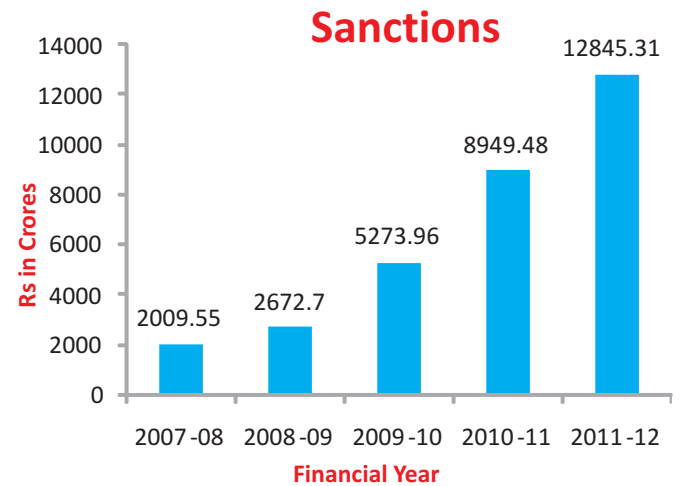
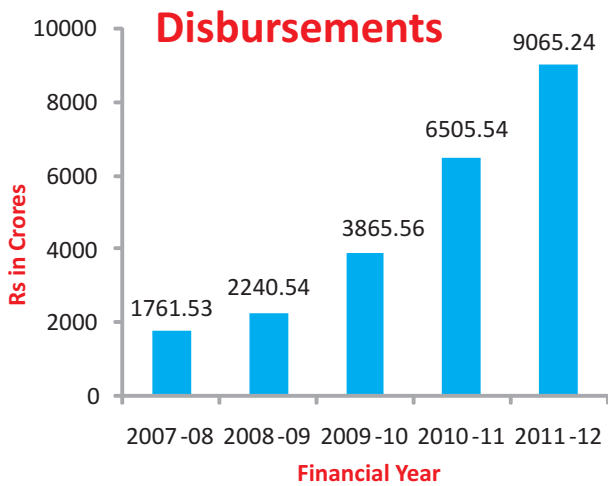
An increase in profit before Tax(before exceptional item) by 30.18% to 398.41 crores.

Disbursement 2011-12 = 9065.24 Cr.

Sanctions 2011-12 = 12845.31 Cr.

Revenues 2011-12 = 2469.68 Cr.

Profit after Tax 2011-12 = 306.41







**DHFL VYSYA HOUSING FINANCE LIMITED**

Regd. Office :A 401, Brigade Plaza, Ananda Rao Circle, S.C. Road, BANGALORE - 560 009.

Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall.

**ATTENDANCE SLIP**

I HEREBY RECORD MY PRESENCE AT THE TWENTY SECOND ANNUAL GENERAL MEETING OF THE COMPANY HELD ON MONDAY 16TH JULY, 2012 AT THE CORPORATE OFFICE, NO. 3, 8TH A MAIN, JVT TOWERS, SAMPANGIRAMNAGAR, BANGALORE - 560 027.

REG FOLIO NO. \_\_\_\_\_ NO. OF SHARES \_\_\_\_\_

NAME OF THE SHAREHOLDER (IN BLOCK CAPITALS) : \_\_\_\_\_

NAME OF THE PROXY / REPRESENTATIVE ATTENDING FOR MEMBER : (IN BLOCK CAPITALS) \_\_\_\_\_

SIGNATURE OF THE SHAREHOLDER OF PROXY \_\_\_\_\_



**DHFL VYSYA HOUSING FINANCE LIMITED**

Regd. Office :A 401, Brigade Plaza, Ananda Rao Circle, S.C. Road, BANGALORE - 560 009.

**PROXY FORM**

REG FOLIO NO. \_\_\_\_\_ NO. OF SHARES \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/s of the DHFLVYSYA HOUSING FINANCE LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_

my / our Proxy to attend and vote for me/us and my/our behalf at the Twentysecond Annual General Meeting of the Company to be held on Monday 16th July 2012 and at any adjournments hereof.

AS WITNESS my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Signed by the said \_\_\_\_\_

1. The proxy must be deposited at the Corporate Office of the Company not less than 48 hours before the time fixed for holding the Meeting
2. The form should be signed across the stamp as per the specimen signature registered with the Company.

Affix  
1 Rs.  
Revenue  
Stamp



## NAGERCOIL BRANCH INAUGURATION



During the Year 2011-12, the Service Centre at Nagercoil was converted in a full-fledged Branch. Smt. H. Subulakshmi District Registrar Inaugurated the New Branch at Nagercoil.

