

Twentyfirst Annual General Meeting

23rd July 2011 at 14.30 Hours



CONTENTS

Board of Directors	2
Notice	4
Director's Report	9
Auditor's Report	18
Financial Statement	20
Performance Highlights	37

BOARD OF DIRECTORS



Shri Kapil Wadhwan
CHAIRMAN



Shri R. Nambirajan
MANAGING DIRECTOR



Shri R.S. Hugar



Shri Bikram Sen



Shri G P Kohli

Board of Directors

Shri. Kapil Wadhwan

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. Chaturvei & 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

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 FIRST

ANNUAL GENERAL MEETING

Notice is hereby given that the TWENTYFIRST ANNUAL GENERAL MEETING of the members of DHFL Vysya Housing Finance Limited, will be held at **the Corporate Office of the Company, No.3, 8th A Main, J.V.T.Towers, Sampangirama Nagar, Bangalore-560 027 on Saturday, the 23rd July, 2011 at 14.30 hours** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account of the Company for the year ended 31st March, 2011, together with the Report of Board of Directors' and Auditors' thereon.
2. To declare final dividend on equity shares for the year ended 31st March 2011 and to confirm the interim dividend on equity shares declared by the Board at its Meeting held on 20th January 2011.
3. To appoint a Director in the place of Shri. G.P.Kohli, 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.”

5. SPECIAL BUSINESS

To consider and if thought fit, pass the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment, modification, variation or re-enactment thereof, Shri. R. Nambirajan, be and is here by reappointed as the Managing Director of the Company for a period of two years with effect from 2nd July, 2011 on the terms and conditions, as detailed below:

1. **Period of Reappointment:** Two Years with effect from 2nd July 2011.
2. **Remuneration:** Rs.1,75,000/- per month.
3. **Perquisites/Benefits:**

In addition to the remuneration stated above, Shri. R. Nambirajan shall be entitled to the following perquisites/benefits, subject to a ceiling of an amount equal to his annual salary.

(i) Housing:

House Rent Allowance of Rs.25,000/- per month and furnished accommodation shall be provided by the Company (plus security deposit as applicable).

(ii) Medical:

Reimbursement of all hospital and medical expenses actually incurred for self and family, provided that the expenses incurred by the Company in this regard shall be subject to a ceiling of one month salary in a year in accordance with the Rules of the Company.

(iii) Leave Travel Concession:

For self and family, once in a year incurred in accordance with the Rules of the Company subject to a maximum of an amount equivalent to one month's salary.

(iv) Bonus:

Minimum one month salary per annum or such higher amount as may be decided by the Board.

4. Other Perquisites:**(i) Company's contribution to Provident Fund and Superannuation Fund/Annuity Fund**

The Company shall contribute to the Provident Fund and Superannuation Annuity Fund in accordance with the Rules and Regulations of the Company. Such contribution shall be limited to the extent that they either singly or together are not taxable under the Income Tax Act, 1961.

(ii) Gratuity:

Gratuity at a rate not exceeding ½ month's salary for each completed year of service.

(ii) Leave encashment:

Encashment of leave @ one month's salary per year subject to a maximum of eight months salary.

Others – Car & Telephone:

The Company shall provide a car with driver for the company's business and telephone facilities at the residence of Shri.R.Nambirajan, provided that personal long distance telephone calls and use of the car for private purpose shall be billed by the company to Shri. R. Nambirajan.

RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Shri R.Nambirajan, the remuneration payable to him by way of salary, allowances and perquisites shall not exceed the limits prescribed under the Companies Act, 1956 or any amendment, modification, variation or re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter or vary any of the terms and conditions of the reappointment of the Managing Director, as well as remuneration, including salary and perquisites as per and in accordance with the provisions of the Companies Act, 1956, read with Schedule XIII thereto and/or Rules and Regulations framed thereunder as existing or as amended, modified or re-enacted from time to time by the Government of India and as may be agreed to between the Board and Shri R. Nambirajan.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writing as may be required

and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s), to give effect to the aforesaid resolutions or otherwise considered by it to be in the best interest of the Company.”

“RESOLVED FURTHER THAT the Managing Director or the Company Secretary be and are hereby authorized to file the relevant Forms with the Registrar of Companies, Karnataka, that are required to be filed in this regard.

Registered Office:

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

By order of the Board

Place: Bangalore.

M.S.L. Nathan
COMPANY SECRETARY

Date: 9th May, 2011.

NOTES

1. A member whose name appears in the Register of Members of the Company as on **15th July 2011** 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 DHFLVysya Housing Finance Ltd, No.3, 8th 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, 4th 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 **15th July 2011**.
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.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Shri.R. Nambirajan was appointed as Managing Director of the Company at the Board Meeting held on 7th May 2009 for a tenure of two years (up to 1st July 2011). The appointment and terms of appointment were duly approved by the shareholders at the 19th Annual General Meeting held on 18th July 2009. Shri. R. Nambirajan has vast experience in banking and housing finance sector and considering his excellent performance during the past eight years, the Board of Directors has, at its meeting held on 9th May 2011, unanimously resolved to reappoint him as the Managing Director for a further period of two years from 2nd July, 2011.

The last assignment of Shri. Nambirajan was with PNB Housing Finance Limited as its Managing Director and being an experienced banker, he has vast exposure in Banking and Credit.

The Resolution set out under Special Business at Item No. 5 is proposed to be passed as an Ordinary Resolution under Sections 198, 269, 309, 310 and Scheduled XIII to the Companies Act, 1956.

The Board recommends the said Resolution for approval of the shareholders.

This may be treated as an abstract of terms and conditions of reappointment of Shri. R. Nambirajan as Managing Director of the company, pursuant to Section 302 of the Companies Act, 1956.

None of the Directors, except Shri.R. Nambirajan, is concerned or interested in the said Resolution.

Registered Office:

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

By order of the Board

Place : Bangalore.

Date : 9th May, 2011.

M.S.L. Nathan
COMPANY SECRETARY

DIRECTORS REPORT



DEAR MEMBERS,

Your Directors have great pleasure in presenting their Twenty-first Annual Report of your Company with audited accounts for the year ended 31st March 2011.

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
Particulars	F.Y. 2010-11	F.Y. 2009-10
Gross income	6737.04	4988.13
Profit before tax	1680.45	1192.77
Provision for tax	469.43	337.07
Profit after tax	1211.02	855.70
APPROPRIATIONS		
Transfer to special reserve	306.00	240.00
Transfer to general reserve	125.00	90.00
Proposed dividend	110.81	110.81
Interim dividend	166.21	106.21
Carried over to B/S	1501.99	1044.57

The Real Estate Market in India had shown improvements during the year and the Company made a dedicated approach and took stringent measures to increase its home loan portfolios considerably. This has resulted in a tremendous improvement in the business prospects of the Company during the year under report. The Company continued to make special focus on rural housing scheme during the year under review resulting in about 80% of the total disbursals having been made in rural areas.

During the year under review, while sanctions went up to Rs.260.50 crores (Rs. 191.36 crores last year), the disbursements climbed to Rs. 240.76 crores (compared to Rs. 171.88 crores last year), thus a growth of 36.13% and 40.07% respectively has been achieved during the year.

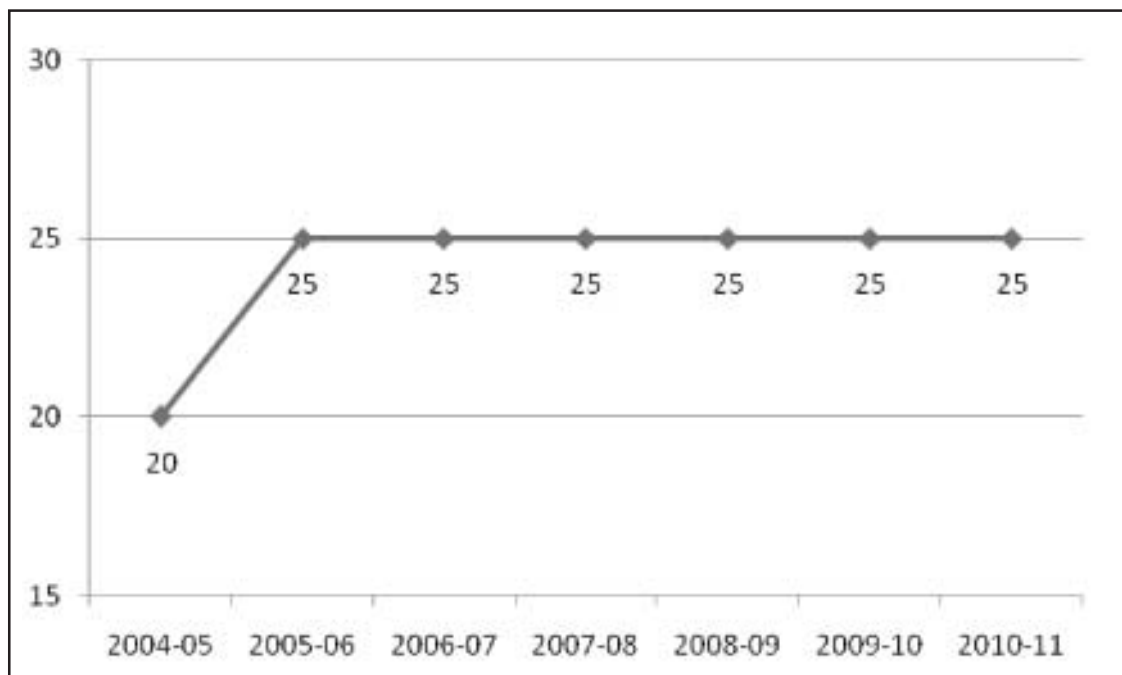
DIVIDENDS:

Interim Dividend

Continuing the fair dividend policy and social responsibility towards the stakeholders of the Company, your Directors have 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

Considering the sizeable increase in the net profit of the company during the year under review., which grew by 41.47%, your Directors have recommended a FINAL DIVIDEND of 10% (Re.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).



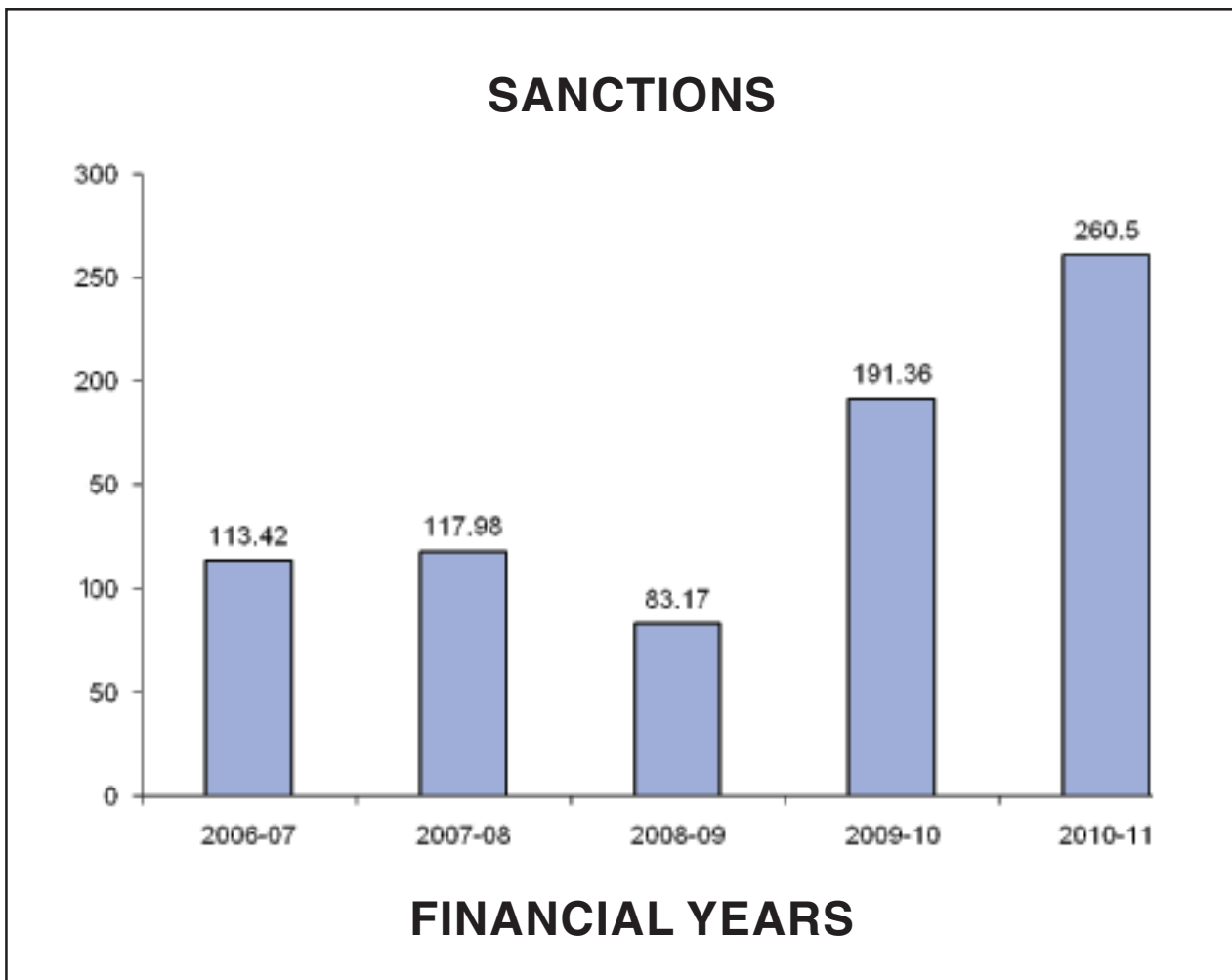
HOUSING FINANCE SECTOR SCENARIO AND FUTURE PROSPECTS:

Indian financial market, continued its recovery process during the year under report. The Company initiated stringent measures like appointment of more number of Market Executives, introduction of productivity linked incentives to key personnel, dedicated approach and regular counseling of the Branches through con-calls, follow up visits by Executives of the Corporate Office to the rural areas, which have all yielded good results and the growth rate went up by 40.07% during the year under report. This trend is expected to continue during the current year also and your company will attempt to provide improved quality of service to the borrowers with a plan to increase its market share considerably.

PERFORMANCE DURING THE YEAR:

Sanctions during the year has improved considerably when compared to that of previous year. It went up to Rs.260.50 crores as against Rs.191.36 crores pertaining to the previous year, thus a growth of 36.13%

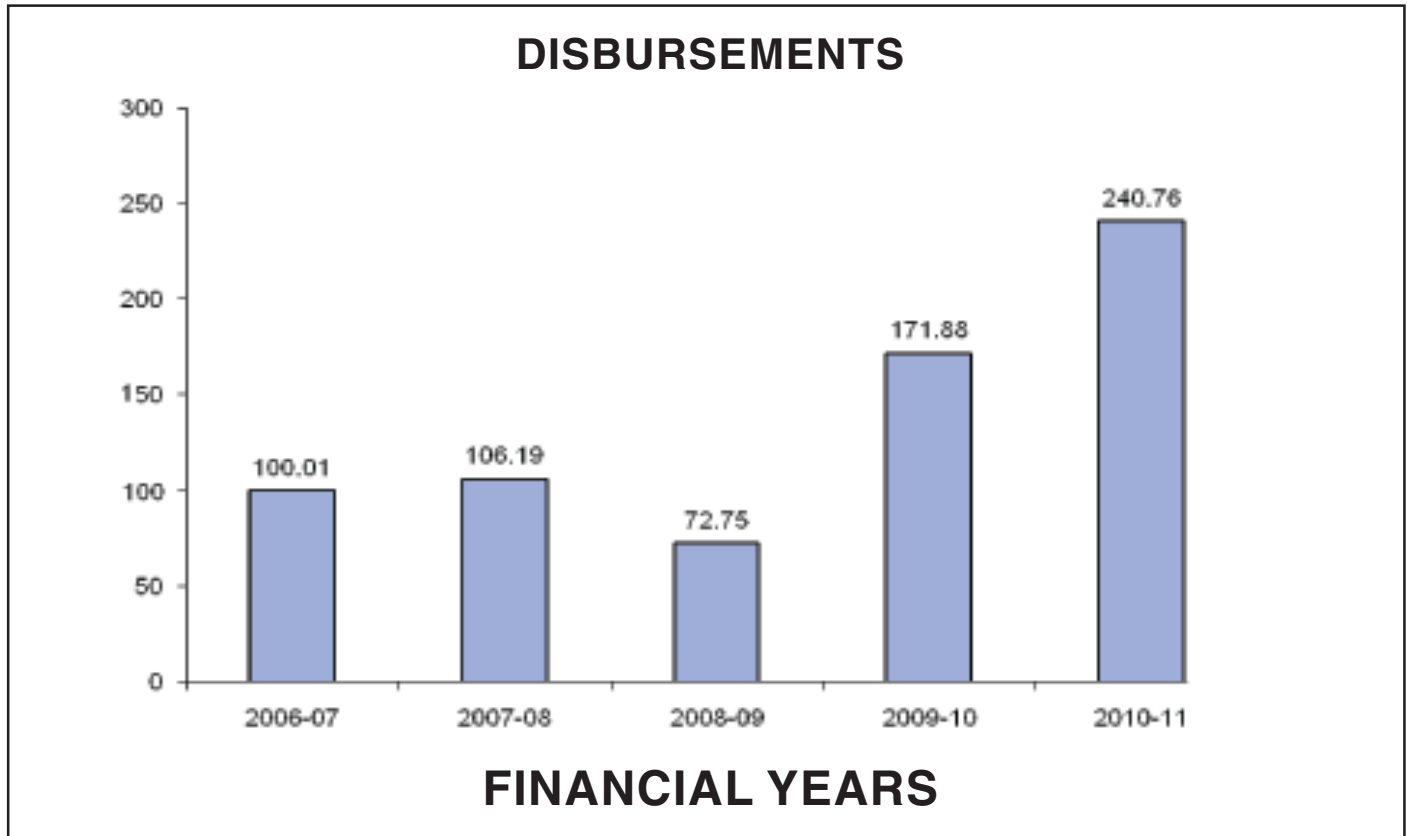
Rs. in crores



Disbursements amounted to Rs.240.76 crores which was Rs.171.88 crores in the previous year, thus a notable growth of about 40.07%.

This has resulted in increase of total outstanding loans from Rs.422.91 crores as on 31-03-2010 to Rs.578.70 crores as on 31-03-2011.

Rs. in crores



RECOVERY

The Company has continued its committed approach to the level of NPA during the year under review. As a result, the Gross NPA under Housing Loans, which stood at Rs.335.17 lakhs as at the end of last year was brought down to Rs.285.90 lakhs at the end of the year under review. However, there was an increase in respect of NPA Accounts under Project Loans by Rs.266.08 lakhs, thus the Gross NPA stood at Rs.592.50 lakhs as at the year under report.

The Telengana Issue in Andhra Pradesh, which has slowed down the business prospects in the area during the year under report, has also caused consumer apathy which resulted in increase of NPA in that region during the year under Project Loans. However, your Company will follow up the matter vigorously and make all efforts to reduce the level of NPA considerably as a whole since in the projects under question, the construction work has been almost completed.

The percentage of gross NPA to net NPA during the year under report worked out to 1.2% & 0.82% respectively as against 0.89% & 0.71% relating to the previous year.

RATIOS

	F.Y. 2010-11	F.Y. 2009-10
Earning per share (*weighted average)	Rs.10.93	*Rs.10.17
Dividend per share	25%	25%
Book value	Rs.66.82	Rs.77.64
Return on equity	109.30%	101.78%
Return on net worth	16.36%	13.10%

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.155 crores. The National Housing Bank sanctioned a refinance assistance of Rs.100.00 crores out of which, Rs.70.00 crores has been availed during the year. The Company also drew a sum of Rs.44.52 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 had approved 2893 cases under the Golden Jubilee Rural Housing Scheme and disbursed a total amount of Rs. 207.70 crore.

PROMOTION OF A JOINT VENTURE BY THE COMPANY

To augment growth of low cost houses in rural areas, your Company, jointly with its parent Company Dewan Housing Finance Corporation Limited, Mumbai and International Finance Corporation, New York (USA), floated a joint venture Company entitled Aadhar Housing Finance Private Limited. While DHFL holds 50% of the shares of the joint venture Company, your Company holds 30% of the shares and IFC holding balance 20%. As at the end of the year under report, your Company subscribed to its full share of 30%, i.e. in 3.00 crore equity shares of the said company amounting to Rs.30.00 crore.

DEPOSITS

The total deposits outstanding as on 31st March, 2011 is Rs.13.71 crores inclusive of accrued interest. The company has repaid matured deposits amounting to Rs.6.39 crores during the year under report and mobilised deposits at current rates to the extent of Rs.7.04 crores (including renewal).

Unclaimed Deposits

For the financial year ending 2010-2011, deposits amounting to Rs.30.14 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.

Out of the said unclaimed amount of deposits as on 31-03-2011, 29 deposits amounting to Rs.10.06 lakhs have since been paid/renewed as a result of follow up action as at 30-04-2011.

Unclaimed Deposits & Unpaid Dividends Transferred to Investor Education and Protection Fund

On 11-01-2011, the Company transferred a sum of Rs.1,30,154/- to Central Government's Investor Education and Protection Fund which remained as Unclaimed/ Deposits for over a period of seven years, under Section 205A, 205B and 205C of the Companies Act, 1956.

Also on 05-05-2011, the Company also transferred a sum of Rs.14,280/- to the said fund which remained as Unclaimed Dividend for over a period of seven years under the said Sections.

CREDIT RATING

With the continued support extended by the parent Company Dewan Housing Finance Corporation Ltd., our present rating awarded by CRISIL is FAA/Stable for deposits, AA-/Stable for longer term borrowings and P1+ for short term borrowings. For long term borrowings ICRA has awarded LA+.

FAIR PRACTICE CODE, KYC NORMS AND ANTI MONEY LAUNDERING STANDARDS

'FAIR PRACTICE CODE, KYC NORMS AND ANTI MONEY LAUNDERING STANDARDS' as per the guidelines issued by the NHB have been fully implemented during the year under report.

TECHNOLOGY UPGRADATION:

Your company is maintaining an upgraded online technology from the previous year with inter connectivity facilities and the facilities are being fruitfully utilized at all levels in the organization. Absorption of latest technologies are considered from time to time.

CAPITAL ADEQUACY NORMS:

During the year your Company has maintained a reasonable capital adequacy ratio, i.e. 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:

The Company, to ensure adequate internal control system, periodically reviews its internal control system by engaging the services of qualified Chartered Accountants who are being appointed as Concurrent Auditors to all the Branches. The Audit Committee regularly monitors the Audit Reports and suggests various measures periodically to ensure adequate internal control system.

FUTURE PLANS:

As a measure to tap indigenous markets, your Company opened up four new Branches at Cochin (Kerala), Nasik (Pune), Rajahmundry (Andhra Pradesh) and Madurai (Tamil Nadu) and also service centres were set up at Bommasandra and Yelahanka (Bangalore, Karnataka), Nagercoil (Tirunelveli Dist., Tamil Nadu) and Tiruthuraiipoondi (Kumbakonam Dist., Tamil Nadu). The Company proposes to open up more branches at K.R. Puram (Bangalore), Mandya (Mysore), Belgaum (Karnataka) and Ambattur (Chennai, Tamil Nadu). A New Service Centre at Pudukottai (Trichy District in Tamil Nadu) is also proposed to be opened apart from setting up Camp Locations at Karaikkal (Kumbakonam Dist., TN) and Karaikudi (Madurai District, TN).

CORPORATE GOVERNANCE:

Notwithstanding the fact that the Company is an unlisted Company, it has continued its voluntary disclosure process during the year under report to meet its obligations to the shareholders, its customers, Government authorities, employees, lenders and the Society.

The company has the following Committees:

I. Board of Directors:

Shri. Kapil Wadhawan, heads the Board as its Chairman, 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. G.P.Kohli, 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.G.P. Kohli.

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

NAME OF THE MEMBER Mr.	DATE OF BOARD MEETING						Number of meetings Attended
	11/05/2010	17/06/2010	22/07/2010	27/09/2010	21/10/2010	20/01/2011	
Kapil Wadhawan	No	Yes	No	Yes	Yes	No	3
R S Hugar	Yes	Yes	Yes	No	Yes	Yes	5
R Nambirajan	Yes	Yes	Yes	Yes	Yes	Yes	6
Bikram Sen	Yes	Yes	Yes	Yes	Yes	Yes	6
Shri.G.P.Kohli	Yes	Yes	Yes	Yes	Yes	Yes	6

2. Audit Committee

- Shri. R.S.Hugar heads the Audit Committee, while Shri. Bikram Sen, Shri. R. Nambirajan, Shri. G.P.Kohli are members of the committee. The committee receives expert opinion from Shri. B.M. Chaturvedi, the company's Statutory Auditor who is the permanent invitee.
- During the financial year 2010-11 the Audit Committee met four times.
- The Committee reviews various matters relating to Recovery, Assets Liability Management, accounts, inspection and renders suitable advice and recommendation to the Board from time to time.

NAME OF THE MEMBER MR.	DATE OF AUDIT MEETING				NUMBER OF MEETINGS ATTENDED
	11/05/2010	22/07/2010	21/10/2010	20/01/2011	
R S Hugar	Yes	Yes	Yes	Yes	4
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 members of the Committee are the Managing Director, President, Executive Vice-President, Company Secretary and senior employees from Accounts and Computer Planning Department.

Assets and Liabilities under various buckets are analysed by the committee to ensure that they conform to the norms specified by NHB. In addition, the Committee lays down measures to manage short term and long term liquidity to the advantage of the Company. Audit Committee and the Board of Directors review the Committee's Report periodically.

4. Treasury Committee:

The Managing Director, President, and Vice President (Accounts), constitute the Treasury Committee which meets periodically to deliberate on matters connected to purchase / sale of instruments and takes suitable decisions within the ambit of the Investment Policy stipulated by the Board. In addition the Committee makes a review of all investments from time to time and decide 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 2011, 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-first AGM.

HUMAN RESOURCES:

The Company continued a cordial and harmonious relationship with its employees. As usual, in-house training programmes were conducted for the benefit of its personnel apart from exposing the employees to training programmes sponsored by NHB and other professional institutions.

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

Your Directors are pleased to place on record its appreciation of the guidance and support rendered by the parent Company DHFL. The Directors also wish to place on record their appreciation of the esteemed support received from customers, NHB, Bankers, Depositors, Shareholders, etc.

Your Directors would like to underline the competence, hard work, solidarity, co-operation support and commitment of the employees at all levels which enabled the company to achieve several milestones in its growth.

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: 9th May 2011.



Inauguration of our Branch at Cochin, Kerala.



Inauguration of our Branch at Nasik, Maharashtra.



Inauguration of our Branch at Rajahmundry, Andhra Pradesh.

Auditors' 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 2011**, 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 2011, and taken on record by the Board, we report that none of the directors is disqualified as at 31st March 2011 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, 2011;
 - 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.
 - 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.2000 lacs by way of ICD from its 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) There exists 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 the provisions of section 58A, 58AA and other relevant provisions of the Companies Act 1956.
- vii) In our opinion, the concurrent internal audit of all the branches of the Company including head office carried out during the year by various firms of chartered accountants, appointed by the management, have been commensurate with its size and nature of its business.
- viii) Central Government has not prescribed maintenance of cost records.
- 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.
- 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, pledge of shares, debenture, 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) The company has not made preferential allotment of any shares / securities during the year.
- xix) The company has issued unsecured Non Convertible Debentures during the year as referred to in note no.B-9 of Schedule 'Q'.
- 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 one instance of fraud on company by way of misrepresentation by a borrower of loan which was taken in earlier year, involving an amount of Rs.3.32 lacs and as reported to NHB by the company.

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

Place : MUMBAI
Date : 09th May, 2011

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

DHFL VYSYA HOUSING FINANCE LIMITED

BALANCE SHEET AS AT 31st MARCH, 2011

(Rs. in Lacs)

Schedule	As at 31.03.2011		As at 31.03.2010	
Sources Of Funds :				
Shareholders' Fund				
Share Capital	A	1,108.07		1,108.07
Reserves & Surplus	B	6,343.23	7,451.30	5,454.81
				6,562.88
Loan Funds				
Secured Loans	C	52,463.25		36,569.80
Unsecured Loans	D	2,370.74	54,833.99	1,298.48
				37,868.28
Total			62,285.29	44,431.16
Application Of Funds :				
Fixed Assets :				
Gross Block	E	352.83		314.71
Less : Depreciation		252.42		223.82
Net Block			100.41	90.89
Housing & Other Loans	F		57,869.78	42,291.06
Investment	G		3,703.11	727.33
Deferred Tax Assets	H		47.19	29.60
Current Assets, Loans & Advances	I	1,291.97		1,800.46
Less : Current Liabilities & Provisions	J	727.17		508.18
Net Current Assets			564.80	1,292.28
Total			62,285.29	44,431.16
Balance Sheet Abstract & Company Profile	P			
Significant Accounting Policies and Notes to Accounts	Q			

Schedules referred herein above and annexed hereto form part of the Balance Sheet. 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 M N: 073832

G P KOHLI
Director

BIKRAM SEN
Director

Place : MUMBAI
Date : 09.05.2011

M S L NATHAN
Company Secretary

DHFL VYSYA HOUSING FINANCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

(Rs. in Lacs)

Schedule		Year ended 31 st March, 2011	Year ended 31 st March, 2010
INCOME :			
Income from Operations	K	6,737.04	4,988.13
	Total	6,737.04	4,988.13
EXPENDITURES :			
Interest & Other Charges	L	4,153.90	3,118.84
Payment to and Provision For Employees	M	490.93	319.56
Operational & Other Expenses	N	283.83	223.91
Provision for Contingencies		77.19	35.66
Bad Debts Written off		23.24	83.06
Less: Transfer from Contingency Reserve I		-	(8.40)
Depreciation		28.61	22.73
	Total	5,057.70	3,795.36
Profit Before Tax and Prior Period Items		1,679.34	1,192.77
Prior Period Adjustments		1.11	-
Profit Before Tax		1,680.45	1,192.77
Taxation:			
For the Year		484.40	339.75
For earlier Years		2.62	5.25
Deferred Tax		(17.59)	(7.93)
Profit After Tax		1,211.02	855.70
Add : Balance B/F from previous year		1,044.57	772.77
		2,255.59	1,628.47
Appropriations :			
Special Reserve under Section 36(I)(viii) of the Income Tax Act 1961		306.00	240.00
Transfer to General Reserve		125.00	90.00
Proposed Equity dividend		110.81	110.81
Interim Dividend		166.21	106.21
Tax On Dividend		45.58	36.88
Balance carried to Balance Sheet		1,501.99	1,044.57
	Total	2,255.59	1,628.47
Earning Per Share (Rs.)	O	10.93	10.17
Balance Sheet Abstract & Company Profile	P		
Significant Accounting Policies and Notes to Accounts	Q		

Schedules referred herein above and annexed hereto form part of the Profit & Loss Account. This is the Profit & Loss Account referred to in our report of even date.

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

KAPIL WADHAWAN
Chairman

R NAMBI RAJAN
Managing Director

(Pranav Kumar Shukla)
Partner
ICAI M N: 073832

G P KOHLI
Director

BIKRAM SEN
Director

Place : MUMBAI
Date : 09.05.2011

M S L NATHAN
Company Secretary

DHFL VYSYA HOUSING FINANCE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(Rs. in Lacs)

	Year ended 31.03.2011		Year ended 31.03.2010	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		1,680.45		1,192.77
Adjustments for:				
Depreciation	28.61		22.73	
Provision for contingencies	77.19		35.66	
		105.80		58.39
Operating profit before working capital changes		1,786.25		1,251.16
Adjustments for:				
Current Assets	(102.19)		118.19	
Current Liabilities	166.86		42.43	
		64.66		160.62
Cash generated from operations during the year		1,850.91		1,411.78
Contingency Reserve Utilised		-		(98.81)
Tax paid		(469.43)		(337.07)
Net Cash Flow from Operating activities [A]		1,381.48		975.89
B. CASH FLOW FROM INVESTING ACTIVITIES				
Addition / Deduction to investments	(3,000.00)		(483.00)	
Addition to fixed assets	(38.12)		(25.53)	
Reduction in fixed assets	-		0.05	
Net cash used in investing activities [B]		(3,038.12)		(508.48)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Equity Shares	-		400.00	
Premium on issue of Equity Shares	-		800.00	
ICD received from Parent Organisation	2,000.00		-	
Fresh ICD repaid by Parent Organisation	-		2,000.00	
Loans received from Banks/Institutions	26,951.60		16,047.90	
NCD Issued	2,000.00		-	
Fixed Deposits received	822.88	31,774.48	812.68	20,060.58
Loans repaid to Banks/Institutions	(11,058.15)		(8,516.46)	
Fixed Deposits repaid	(750.62)		(444.51)	
NCD Redemption	(1,000.00)		-	
ICD repaid to Parent Organisation	(2,000.00)		-	
Fresh ICD given to Parent Organisation	-	(14,808.77)	(2,000.00)	(10,960.97)
Loans disbursed	(24,119.94)		(17,232.20)	
Loans repayments	8,541.23	(15,578.71)	7,863.54	(9,368.66)
Dividend Paid		(277.02)		(177.02)
Tax paid on Dividend		(46.44)		(30.08)
Net cash from financing activities [C]		1,063.54		(476.15)
Net increase / decrease(-) in cash & cash equivalents [A+B+C]		(593.10)		(8.74)
Cash & cash equivalents at the beginning of the year		1,379.39		1,388.13
Cash & cash equivalents at the close of the year		786.29		1,379.39

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

(Pranav Kumar Shukla)

Partner

ICAI M N: 073832

Place : MUMBAI

Date : 09.05.2011

KAPIL WADHAWAN

Chairman

R NAMBIRAJAN

Managing Director

G P KOHLI

Director

BIKRAM SEN

Director

M S L NATHAN

Company Secretary

DHFL VYSYA HOUSING FINANCE LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH, 2011

(Rs. in Lacs)

	As at 31 st March, 2011		As at 31 st March, 2010	
'A' - SHARE CAPITAL				
Authorised				
2,00,00,000 Equity Shares of Rs.10/- each		2,000.00		2,000.00
		2,000.00		2,000.00
Issued				
1,10,80,705 [1,10,80,705] Equity Shares of Rs.10/- each		1,108.07		1,108.07
		1,108.07		1,108.07
Subscribed and paid up				
1,10,80,705 [1,10,80,705] Equity shares of Rs.10/- each [of the above 64,48,989 shares [64,48,989] of Rs.10/- each fully paid up are held by the Holding Company Dewan Housing Finance Corporation Limited]		1,108.07		1,108.07
TOTAL		1,108.07		1,108.07
'B' - RESERVES & SURPLUS				
a) Special Reserve under section 36(i)(viii) of the Income Tax Act, 1961. Balance as per last Balance Sheet Add : Transferred from Profit & Loss A/c	2,489.16 306.00	2,795.16	2,249.16 240.00	2,489.16
b) General Reserve Balance as per last Balance Sheet Add : Transferred from Profit & Loss A/c	617.04 125.00	742.04	527.04 90.00	617.04
c) Share Premium Account		1,304.04		1,304.04
d) Contingency Reserve I Balance as per last Balance Sheet Less: Adjusted		-	98.81 98.81	-
e) Balance in Profit & Loss Account		1,501.99		1,044.57
TOTAL		6,343.23		5,454.81
C' - SECURED LOANS				
National Housing Bank		26,902.96		19,942.48
Scheduled Banks [Rupee Loan] [The above loans from National Housing Bank & Other Banks are secured by way of first charge on all Book Debts, Housing Loans, Movable & Immovable Assets both present and future on pari passu basis]		25,560.29		16,627.32
TOTAL		52,463.25		36,569.80
D' - UNSECURED LOANS				
Fixed Deposit	307.16		295.21	
Cumulative Deposits	951.84		898.77	
Add: Interest Accrued and due	111.74	1,370.74	104.50	1,298.48
Non Convertible Debentures		1,000.00		-
TOTAL		2,370.74		1,298.48

DHFL VYSYA HOUSING FINANCE LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH, 2011

‘E’ - FIXED ASSETS

(Rs. in Lacs)

Assets	GROSS BLOCK		DEPRECIATION				NET BLOCK			
	As on 01.04.2010	Additions	Deductions	As on 31.03.2011	As on 01.04.2010	Additions	Deductions	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Furniture & Fixture	99.02	11.62	-	110.64	63.32	7.28	-	70.60	40.04	35.70
Office Equipments	37.81	8.85	-	46.66	21.14	2.82	-	23.95	22.71	16.67
Vehicles	14.01	-	-	14.01	9.74	1.11	-	0.85	3.16	4.27
Computer	163.87	17.65	-	181.52	129.62	17.40	-	147.02	34.50	34.25
TOTAL:	314.71	38.12	-	352.83	223.82	28.61	-	252.42	100.41	90.89
Previous Year	292.35	25.53	3.17	314.70	204.21	22.73	3.13	223.82	90.89	

DHFL VYSYA HOUSING FINANCE LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH, 2011

(Rs. in Lacs)

		As at 31 st March, 2011		As at 31 st March, 2010	
'F' - HOUSING & OTHER LOANS					
1) Housing Loans			52,632.91		38,280.76
2) Others Loans			5,236.87		4,010.30
	Total		57,869.78		42,291.06
G' - INVESTMENTS					
TRADE INVESTMENTS (AT COST)					
	No.	Face Value		No.	
BONDS:					
A) Quoted					
Government Securities:					
9.81% GOI BONDS - 2013	160000	100	197.24	160000	197.24
6.25% GOI BONDS - 2018	100000	100	95.80	100000	95.80
6.05% GOI BONDS - 2019	500000	100	483.00	500000	483.00
Investment in Bonds Quoted -	[A]		776.04		776.04
Aggregate Market Value of the Quoted Investments			700.65		724.40
B) Quoted - Equity Shares					
Reliance Power Limited	222	10	0.63	222	0.63
Future Capital Holdings Limited	172	10	1.32	175	1.32
MRPL	3000	10	3.10	3000	3.10
Investment in Equity Shares Quoted -	[B]		5.05		5.05
Aggregate Market Value of the Quoted Equity Shares			2.46		2.93
C) Unquoted - Equity Shares					
Aadhar Housing Finance Pvt Ltd	[C]		3,000.00		-
Total Investments	[A + B + C]		3,781.09		781.09
Less : Provision for diminution in the value of investment			77.98		53.76
Net Investments			3,703.11		727.33
H' - NET DEFERRED TAX ASSETS/(LIABILITIES)					
Deferred Tax Assets					
On Account of Provision for contingency		46.01		28.11	
On Account of others		1.18	47.19	1.49	29.60
Deferred Tax assets	Total		47.19		29.60

DHFL VYSYA HOUSING FINANCE LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH, 2011

(Rs. in Lacs)

	As at 31 st March, 2011		As at 31 st March, 2010	
' I ' - CURRENT ASSETS, LOANS & ADVANCES				
Current Assets :				
Interest Accrued but not due on Investment		12.55		12.19
Sundry Debtors (Secured, Considered Good)				
Outstanding for more than six month	31.30		12.73	
Others	14.43	45.73	9.02	21.75
Cash & Bank Balance :				
Cash in hand		4.62		6.97
Cash at Bank : With Scheduled Banks :				
in Current Account	701.67		1,292.42	
in Reinvestment & Term Deposits	80.00	781.67	80.00	1,372.42
Loans & Advances :				
Other Assets	385.62		342.92	
Other Advances	61.78	447.40	44.21	387.13
Total		1,291.97		1,800.46
' J ' - CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Interest Accrued but not due	25.95		28.25	
Sundry Creditors & Other Liabilities	215.14		130.14	
Advance received	117.58		93.10	
Unclaimed Dividend	7.14	365.81	2.06	253.55
Provisions				
For Taxation	107.99		50.24	
For Proposed Dividend	110.81		110.81	
For Tax On Proposed Dividend	17.98	236.78	18.83	179.88
Provision for Gratuity				
		1.60		4.74
Provision for contingencies (including provision for diminution in Investment)				
As per last Balance Sheet	123.77		88.11	
Add : Provision made during the year	77.19		35.66	
Balance Provision at the end of the year	200.96		123.77	
Less: Shown as diminution in Investment separately	(77.98)	122.98	(53.76)	70.01
Total		727.17		508.18

DHFL VYSYA HOUSING FINANCE LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF
PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

Rs. in Lacs)

	As at 31 st March, 2011		As at 31 st March, 2010	
K' - INCOME FROM OPERATION				
Interest on Loans		6,009.69		4,486.49
Interest on Deposits, Bonds & Others		91.69		121.14
[Tax deducted at source Rs.7.41 lacs (Rs.24.93 lacs)]				
Processing & Admin Fees		261.38		193.91
Other Operational Income		374.28		186.59
Total		6,737.04		4,988.13
L' - INTEREST AND OTHER CHARGES				
Loans		3,820.92		2,868.93
Deposits		117.82		102.08
On others		197.17		120.14
Finance Charges		17.99		27.69
Total		4,153.90		3,118.84
M' - PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries and Bonus		406.11		263.44
Staff Welfare Expenses		16.56		11.85
Contribution to Provident Fund & Other Funds		68.26		44.27
Total		490.93		319.56
N' - OPERATIONAL & OTHER EXPENSES				
Rent		61.10		49.50
Rates & Taxes		0.28		0.24
Conveyance & Motor Car Expenses		13.49		9.67
Travelling Expenses		17.59		15.18
Printing & Stationery		17.27		10.73
Advertisement & Business Promotion		5.26		3.94
Insurance		18.61		11.36
Legal & Professional Charges		26.98		20.11
Postage, Telephone & Telegram		66.04		39.78
General Repairs & Maintenance		16.48		26.59
Electricity Charges		11.48		9.38
Directors Sitting Fees		2.05		1.81
Brokerage		1.75		1.23
Credit Rating Charges		9.76		10.70
Loss / (Profit) on Sale of Fixed Assets		-		(0.23)
Other Expenses		15.69		13.92
Total		283.83		223.91
O' - EARNING PER SHARE				
Net Profit Attributable to Equity Shareholders				
Profit after tax		1,211.02		855.70
Net Profit attributable to equity shareholders		1,211.02		855.70
No. of Equity Shares (Number in lacs)		11,080,705		11,080,705
Weighted Average No. of Equity Shares		11,080,705		8,414,038
Nominal value of Equity Shares (Rs.)		10.00		10.00
Earning Per Share (Rs.)		10.93		10.17

DHFL VYSYA HOUSING FINANCE LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH, 2011

SCHEDULE - P

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
 Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

I. Registration Details

Registration No.	08/11409	State Code	08
Balance Sheet	31/03/2011		
Date Month Year			

II. Capital raised during the Year (Amount in Rs.Thousands)

Public Issue	Rights Issue	Bonus Issue	Private Placement
Nil	Nil	Nil	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	Total Assets
6,228,529	6,228,529

Sources of Funds

Paid-up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
110,807	634,323	5,246,325	237,074

Application of Funds

Net Fixed Assets	Investment	Net Current Assets	Misc. Expenditure
10,041	370,311	56,480	-
	Housing Loans	Accumulated Losses	Deferred Tax Asset
	5,786,978	Nil	4,719

IV. Performance of Company(Amount in Rs.Thousands)

Turnover	Total Expenditure	Profit Before Tax	Profit After Tax
673,704	505,770	167,934	121,102
	Earning per Share in Rs.	Dividend Rate %	
	10.93	25%	

V. Generic Names of Three Principal Products/Services of Company

(as per monetary terms)

Item Code No. (ITC Code)	Nil
Product Description	HOUSING FINANCE

Our report of even date attached

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

KAPIL WADHAWAN
 Chairman

R NAMBI RAJAN
 Managing Director

(Pranav Kumar Shukla)

Partner
 ICAI M N: 073832

Place : MUMBAI
 Date : 09.05.2011

G P KOHLI
 Director

BIKRAM SEN
 Director

M S L NATHAN
 Company Secretary

DHFL VYSYA HOUSING FINANCE LIMITED

SCHEDULE ANNEXED TO & FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

SCHEDULE 'Q': NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES: -

1. Basis of preparation of financial statements:

- a) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 and Housing Finance Companies, (NHB) Directions 2010. Accounting Standards (AS) referred to in the notes are as issued by the Institute of Chartered Accountants of India.
- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the company.

2. Interest on housing 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.

3. 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".

4. Revenue Recognition:

- a) Interest on performing assets is recognized on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank.
- b) Dividend on investment, fees and additional interest income on delayed EMI/PEMI are recognised on receipt basis

5. Provisions for Contingency:

Provisions for Contingency have been made on outstanding housing loans and other assets as per the Prudential Norms prescribed by the National Housing Bank in respect of non-performing assets.

6. Investments:

All Investments, other than Investments in mutual funds, are in the nature of long term Investments and are valued at cost as per Accounting Standard (AS 13) on "Accounting for Investments" and the guidelines issued by the National Housing Bank. However, full provisions for diminution in the value of the said Investments are made. All the Investments are in the name of the Company.

7. Fixed Assets:

Fixed Assets are capitalised at cost inclusive of expenses incidental thereto. Depreciation on fixed assets is provided on written down value at the rates prescribed under Schedule XIV to the Companies Act, 1956.

8. Impairment of Assets:

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

9. Special Reserve:

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

10. 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.

11. Retirement benefits

Provident Fund contributions are made to Government Provident Fund and charged to Profit & Loss Account. In respect of Gratuity contributions by way of Premium made to an insurance company under Group Gratuity Policy, are charged to Profit & Loss Account. Leave Encashment in respect of retiring employees is charged to Profit & Loss Account when paid.

12. 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 Profit & Loss Account.

13. Income Tax:

Provision for Income tax is made in terms of the prevailing provisions of the Income Tax Act in respect of taxable income for the year and the provision for deferred tax is made in the accounts as per Accounting Standard (AS-22) on "Accounting for Taxes on Income". The Deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the Profit & Loss Account. The cumulative effect thereof is shown in the Balance sheet. The deferred tax assets are recognised only if there is a reasonable certainty that the assets will be realized in future.

14. Housing and Other Loans:

Housing Loans include outstanding amount of Housing Loan disbursement directly or indirectly to individual and other borrowers. Other 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 due from borrowers against the housing loans are shown under current assets as Loans & advances.

B. OTHER NOTES TO ACCOUNTS:

- As certified by the Management, Housing Loans and Instalments due from borrowers are secured, by equitable mortgage of property and other securities, assignment of life insurance policies and / or personal guarantees and / or Undertaking to create a Security and are considered good.
- Current Assets, Loans, advances and Housing Loans include amount due from employees of the company as at 31st March 2011, Rs. 39.93 lacs (Rs.34.16 lacs), maximum amount due during the year was Rs.39.93 lacs (Rs.35.49 lacs).
- During the year the Company had subscribed / purchased 300 lac no. of fully paid-up equity shares of Rs.10/- each for cash at par of Aadhar Housing Finance Private Limited. Aadhar Housing Finance Private Limited is a joint venture between the Holding Company Dewan Housing Finance Corporation Limited, International Finance Corporation, Washington and our Company with share holdings of 50%, 20% and 30% respectively to promote financing of the low cost housing in rural and semi urban areas of the country.
- Remuneration to Managing Director (Cost to Company Basis):

	2010 - 11 in lacs	2009 - 10 in lacs
Basic Pay	15.00	13.64
Reimbursement of Rent	3.00	2.84
Perquisites & Other Allowances	7.30	8.86
TOTAL :	25.30	25.34

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

- Legal & Professional charges include payments to Statutory Auditors:

	2010 - 11 in lacs	2009 - 10 in lacs
Audit Fees & Fees for certification [Including payments to Branch Auditors]	7.48	5.65
TOTAL:	7.48	5.65

6. The utilisation of Deferred Tax Asset of Rs.17.59 lacs (P.Y. Rs.7.93 lacs) for current year is included in the provision for taxes and debited to P & L A/c. Significant components of the deferred tax asset DTA / deferred Tax liability (DTL) as on the date of year-end are as under:

	As at 31-03-2010	for the year	As at 31-03-2011
DTA/ (DTL) – Fixed Assets	1.49	(0.32)	1.17
DTA – Provision for Non Performing Assets	28.11	17.91	46.02
Net Deferred tax asset / (liability)	29.60	17.59	47.19

7. The Company has de-recognised interest income on Non Performing Assets as on 31st March 2011 of Rs.52.32 lacs (Rs.59.07 lacs) in terms of the requirement of the National Housing Bank.
8. Term Loans from the National Housing Bank and other Banks are secured/to be secured by way of first charge to and in favour of the National housing bank and other Banks and jointly ranking pari passu inter-se, on the company's book debts and the whole of the present and future movable and immovable assets wherever situated excluding SLR assets read with note no.15 hereinafter and are also guaranteed by some of the promoters and directors.
9. Unsecured non convertible debentures of Rs.1000 lacs are repayable on 30th June 2011 to Fortis Mutual Fund (now, BNP Paribas Mutual Fund).
10. The Non Performing Assets comprising of the principal loans outstanding including arrears of interest in respect of financing for housing and real estate projects where payments of EMI / PEMI were in arrears for over 90 days amounted to Rs.592.54 lacs [Rs.375.73 lacs]. As per the prudential norms prescribed by NHB, Company is required to carry a contingency provision of Rs.103.26 lacs [Rs.54.14 lacs] in respect of Non Performing Housing Loan Assets, Rs.19.72 lacs [Rs.15.88 lacs] in respect Non Housing Standard Assets and Rs.77.98 lacs [Rs.53.76 lacs] in respect of diminution in the value of Investment in Government Securities. Company has written off Rs.23.24 lacs [Rs.74.66 lacs] by way of one time settlement to recover some of its NPA Accounts. Company has made during the year required provision of Rs.77.19 lacs [Rs.35.66 lacs] for Contingency in accordance with guidelines of Prudential Norms issued by National Housing Bank. The amount of provision based on performing and non-performing assets is given hereunder:

Housing Loans:

Asset Classification	Outstanding as on 31.03.2011		Provision as on 31.03.2011
	Rs. in lacs	%	Rs. in lacs
Standard (considered good)	52347.01 (37945.60)	99.46 (99.13)	Nil Nil
Substandard Assets	141.13 (238.62)	0.27 (0.62)	14.79 (24.90)
Doubtful Assets	132.90 (96.55)	0.25 (0.25)	45.39 (25.18)
Loss Assets	11.87 (Nil)	0.02 (Nil)	11.87 (Nil)
Total Assets	52632.91 (38280.77)	100.00 (100.00)	72.05 (50.08)

Non Housing Loans:

Asset Classification	Outstanding as on 31.03.2011		Provision as on 31.03.2011
	Rs. in lacs	%	Rs. in lacs
Standard (considered good)	4930.23 (3969.74)	94.14 (98.99)	19.72 (15.88)
Substandard Assets	301.09 (40.56)	5.75 (1.01)	30.11 (4.06)
Doubtful Assets	5.54 (Nil)	0.11 (Nil)	1.11 (Nil)
Loss Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)
Total Assets	5236.86 (4010.30)	100.00 (100.00)	50.94 (19.94)

Quoted Investments:

Asset Classification	Outstanding as on 31.03.2011		Provision as on 31.03.2011
	Rs. in lacs	%	Rs. in lacs
Quoted Investments	3781.09 (781.09)	100.00 (100.00)	77.98 (53.76)

11. Unsecured Deposits & Non Convertible Debentures due within one year Rs.1652.15 lacs (Rs.621.05 lacs)
12. Composite Loans sanctioned [i.e. loans allowed for purchase of plot and construction of house] on or before 31.03.2009, in which construction has not been started upto 31.03.2011 has been excluded from Housing Loans and regrouped under Other Loans [Non Housing] in Schedule 'F' outstanding as on 31.03.2011 Rs.771.72 lacs as per instruction of NHB vide their letter No.4588/2011 dated April 20, 2011. The previous year figures of Housing Loans and Other Loans have not been regrouped, hence not comparable.
13. i) The Company makes contributions towards 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.
- iii) The Company has made full provision for future gratuity liability & leave encashment payable at the time of retirement as on 31st March, 2011 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 has paid 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 as mentioned above and relied upon by the auditors :

(Rs. in lacs)

Gratuity	Current Year (Funded)	Previous Year (Funded)
A. Change in the Defined Benefit Obligations:		
Liability at the beginning of the year	22.81	17.70
Current Service Cost	4.32	4.17
Interest Cost	1.82	1.24
Past Service Cost (Vested Benefit)	1.55	
Benefits Paid	(2.36)	-
Actuarial (Gain)/ Loss on obligations	12.72	(0.30)
Liability at the end of the year	40.86	22.81
B. Fair Value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the year	18.06	13.28
Expected Return on Plan Assets	1.45	0.93
Contributions	21.74	3.05
Benefits Paid	(2.37)	-
Actuarial gain / (loss) on Plan Assets	0.38	0.80
Fair Value of Plan Assets at the end of the year	39.26	18.06
Total Actuarial Gain /(Loss) to be recognised	(12.34)	1.10
C. Actual Return on Plan Assets::		
Expected Return on Plan Assets	1.45	0.93
Actuarial gain / (Loss) on Plan Assets	0.38	0.80
Actual Return on Plan Assets	1.82	1.73

Gratuity	Current Year (Funded)	Previous Year (Funded)
D. Amount Recognised in the Balance Sheet:		
Liability at the end of the year	40.86	22.81
Fair Value of Plan Assets at the end of the year	39.26	18.06
Difference	(1.59)	(4.74)
Amount Recognised in the Balance Sheet under “ Provision for Employee Benefits”	(1.59)	(4.74)
E. Expense Recognised in the Profit and Loss Account:		
Current Service Cost	4.32	4.18
Interest Cost	1.82	1.24
Expected Return on Plan Assets	(1.45)	(0.93)
Past Service Cost (Vested Benefit) Recognised	1.55	-
Net Actuarial (Gain) / Loss to be Recognised	12.34	(1.10)
Expense recognised in the Profit & Loss Account under “Payments to and Provision for Employees”	18.59	3.38
F. Reconciliation of the Liability Recognised in the Balance Sheet :		
Opening Net Liability	4.74	4.42
Expense Recognised	18.59	3.38
Employer’s Contribution	(21.74)	(3.06)
Amount Recognised in the Balance Sheet under “ Provision for Gratuity”	1.59	4.74
G. Actuarial Assumptions / Other Details:		
Mortality Table (LIC)		1994-96(Ultimate)
Discount Rate (P.A.)	8%	8%
Rate of Escalation in Salary (P.A.)	5%	5%

14. The Company’s Income Tax Assessments have been completed upto Assessment Year 2008-09 read with details given hereinafter and the balance tax demand on regular assessment amounting to Rs.2.62 lacs has been paid during the year.
- An appeal before Income Tax Appellate Tribunal for the Assessment Year 2005-06 against IT demand of Rs.90.42 lacs was dismissed by ITAT vide order dated 08.02.2011. The Company is filing a miscellaneous application before the ITAT and also filing an appeal before Hon’ble High Court against the said ITAT order. The above demand of Rs.90.42 lacs raised and collected by the department during the financial year 2009-10 itself.
 - An Appeal is pending before CIT (A) regarding Assessment Year 2004-05 against levy of additional tax demand Rs.21.92 lacs as directed U/s 263 of the IT Act 1961. The Company had deposited Rs.21.92 lacs in the financial year 2009-10 against the aforesaid demand, which is shown as loans and advances under other assets. The Company has been legally advised that the tax claim is untenable, hence no provision has been made for contingent liability on that account.
15. 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.
16. As required under Accounting Standard on “Related Party Disclosures” (AS – 18), notified by the Companies (Accounting Standard) Rules, 2006, the related parties of the Company, with whom transactions have taken place, are as follows:
- Holding Company:
Dewan Housing Finance Corporation Limited
 - Associates / Joint Venture:
Aadhar Housing Finance Private Limited
 - Others:
Mr. Kapil Wadhawan, Director
Mr. Dheeraj Wadhawan
 - Key Management Personnel:
Mr. R Nambirajan

The nature & volume of transactions (excluding reimbursements) of the Company during the year, with the related parties were as follows:

[Rs. in lacs]

Particulars	Holding Company		Associates / Joint Venture		Others		Key Management Personnel	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
INCOME:								
Interest on ICD	-	40.21	-	-	-	-	-	-
EXPENDITURE:								
Remuneration to Mr. R Nambirajan	-	-	-	-	-	-	25.30	25.34
Reimbursement of expenses	9.50	9.00	-	-	-	-	-	-
Interest paid	58.17	-	-	-	-	-	-	-
ASSETS:								
Investments	-	-	2880.00	-	120.00	-	-	-
ICD given	-	2000.00	-	-	-	-	-	-
ICD repaid	-	2000.00	-	-	-	-	-	-
LIABILITIES:								
ICD received	2000.00	-	-	-	-	-	-	-
ICD repaid	2000.00	-	-	-	-	-	-	-
Fresh Share Capital subscribed including premium								
by DHFL	-	698.40	-	-	-	-	-	-
by Mr.Kapil Wadhawan	-	-	-	-	-	250.80	-	-
by Mr. Dheeraj Wadhawan	-	-	-	-	-	250.80	-	-

17. Prior Period Adjustment of Rs. 1.11 lac is on account of excess amount of TDS on interest on deposits for which necessary TDS certificates provided by banks during the year.
18. 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 Rs.1.30 lacs which remained as Unclaimed Deposits. The Company is in the process of transferring a sum of Rs.0.14 lacs which has remained as unclaimed dividend pertaining to earlier years to the above said fund.
19. The main business of the company is to provide loans for the purchase or construction of residential houses and all other activities of the company revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS – 17) on “Segment Reporting”, and under paragraph 29(2) of the Housing Finance Companies (NHB) Directions, 2010 which needs to be reported.
20. As required by the revised guidelines of NHB dated 11th October, 2010, the Company has submitted following additional information :

I. Capital to Risk Assets Ratio (CRAR):

Items	As on 31.03.2011 Rs. in lacs	As on 31.03.2010 Rs. in lacs
i) CRAR (%)	14.17%	25.28%
ii) CRAR – Tier I Capital	5144.52	6533.28
iii) CRAR – Tier II Capital	-	-

II. Exposure to Real Estate Sector:

	Category	As on 31.03.2011 Rs. in lacs	As on 31.03.2010 Rs. in lacs
a)	Direct Exposure		
	(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Individual Housing loans upto Rs.15 lakh	55234.69 44350.69	39438.50 30976.21
	(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	2635.08	2852.57
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	Nil	Nil
	b. Commercial Real Estate	Nil	Nil
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

III. Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

[Rs. in lacs]

	Liabilities			Assets	
	Borrowings from Banks	Borrowings from NHB	Market Borrowings	Advances *	Investments
I day to 30-31 days (one month)			53.43	486.92	0.02
Over one month to 2 months			48.30	340.77	
Over 2 months upto 3 months	1,339.98	1,334.00	1021.37	342.00	
Over 3 months to 6 months	1,339.98	1,334.00	116.80	1,033.26	
Over 6 months to 1 year	3,633.74	2,554.87	399.96	2,088.27	
Over 1 year to 3 years	9,224.14	8,997.68	604.27	8,990.33	1.67
Over 3 to 5 years	6,724.43	6,095.73	96.65	8,351.61	
Over 5 to 7 years	3,298.02	4,186.23	29.96	8,070.11	0.91
Over 7 to 10 years		2,400.45		11,378.01	4.43
Over 10 years				16,788.51	30.00
Total	25,560.29	26,902.96	2,370.74	57,869.78	37.03

* without taking into account prepayment of advances if any from the borrowers.

21. 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'. The above information takes into account only those suppliers who have responded to the inquiries made by the Company for this purpose.
22. Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosures for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.
23. Figures in brackets represent previous year's 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 M N: 073832

G P KOHLI
Director

BIKRAM SEN
Director

Place : MUMBAI
Date : 09.05.2011

M S L NATHAN
Company Secretary

HIGHLIGHTS OF PERFORMANCE AT A GLANCE

Particulars/Year	(Rs. In Lakhs)																		
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	
Share Capital	300.00	300.00	450.00	450.00	450.00	450.00	450.00	450.00	708.07	708.07	708.07	708.07	708.07	708.07	708.07	708.07	1108.07	1108.07	1108.07
Reserves & Surplus	91.91	189.29	688.10	786.01	922.42	1106.04	1328.34	1482.75	1834.60	2309.24	2417.38	2941.96	3178.02	3501.79	3757.46	4151.83	5454.81	6343.23	6343.23
Loans Funds	2099.89	4139.05	6001.21	7873.02	12013.50	12747.90	14602.50	15807.74	17540.13	16401.31	11403.07	11030.26	16758.95	23035.24	28929.35	29968.66	37868.28	54833.99	54833.99
Total Assets	2623.52	4743.19	7271.53	9749.14	13539.30	14511.00	16618.20	18397.98	20082.80	19418.62	14528.52	14680.29	20645.03	27245.10	33394.88	34828.57	44431.17	62285.29	62285.29
Fixed Assets	27.28	31.16	196.42	198.80	111.70	138.78	69.12	47.61	46.47	39.36	47.00	47.63	42.20	70.06	67.80	88.13	90.89	100.41	100.41
Total Income	331.86	653.77	995.66	1449.70	1856.65	2203.18	2419.96	2489.42	2843.89	2820.26	2175.59	1780.77	1944.17	2546.42	3459.93	4364.47	4988.12	6737.04	6737.04
Cum. Approvals	2130.79	5081.02	7725.00	12265.00	16806.00	20648.40	25644.00	31919.00	38407.00	42188.00	44455.00	50349.00	60161.00	71503.00	83301.00	91619.00	110754.95	136804.95	136804.95
O/s Loans	1768.11	3712.28	5176.78	7922.32	10622.96	12358.40	14387.44	16383.78	18327.75	17061.03	13238.61	14083.90	19802.88	25120.84	31097.09	32922.41	42291.07	57869.78	57869.78
Profit before tax	102.38	194.77	218.03	285.65	307.04	355.83	396.50	290.17	347.85	602.37	405.86	587.37	590.82	691.85	704.96	887.12	1192.77	1680.45	1680.45
Profit after tax	76.61	142.37	183.03	183.11	214.98	262.18	300.51	223.83	292.91	470.10	318.88	443.88	468.67	550.29	523.64	631.76	855.70	1211.02	1211.02
Special Reserve	85.98	163.96	191.33	268.56	388.01	510.36	653.16	771.90	910.35	1123.35	1218.70	1443.70	1673.70	1942.76	2072.28	2249.16	2489.16	2795.16	2795.16
General Reserve	3.30	13.04	34.84	56.80	79.83	106.52	136.26	158.02	183.02	218.74	167.04	227.04	302.04	377.04	452.04	527.04	617.04	742.04	742.04
Dividend	10%	15%	16%	16%	16%	16%	16%	14%	14%	—	15%	20%	25%	25%	25%	25%	25%	25%	25%
Book value/share	13	16	25.29	27.47	30.50	34.58	39.52	42.95	35.91	42.61	44.14	51.55	54.88	56.56	60.87	66.93	77.64	66.82	66.82
EPS	2.6	4.7	4.07	4.07	4.78	5.83	6.68	4.97	4.26	6.64	4.50	6.27	6.62	7.77	7.40	8.92	10.17	10.93	10.93
Return on Equity	26%	47%	41%	41%	48%	58%	67%	50%	41%	66%	45%	62.69%	66.19%	71.68%	73.87%	89.27%	101.78%	109.30%	109.30%
Return on networth	20%	29%	16%	15%	16%	17%	17%	12%	12%	16%	10%	12.16%	12.06%	13.73%	12.13%	13.34%	13.10%	16.36%	16.36%
Credit Rating	NA	NA	FA+	FA+	FA	FA	FA	FA	FA	FA	FAA-	FAA- Stable	FAA- Stable	FAA- Stable	FAA- Stable	FAA- Stable	FAA- Positive	FAA Stable	FAA Stable
No. of Branches	7	7	8	13	13	13	13	13	13	13	13	13	13	15	15	18	17	22	22

PERFORMANCE HIGHLIGHTS OF DHFL (PARENT COMPANY)

DHFL GROWTH

An increase in disbursement by 68.30% to Rs.6505.54 crores

An increase in operating Income by 46.21% to Rs.1451.24 crores

An increase in Net Operative Profit by 52.34% to Rs.265.13 crores

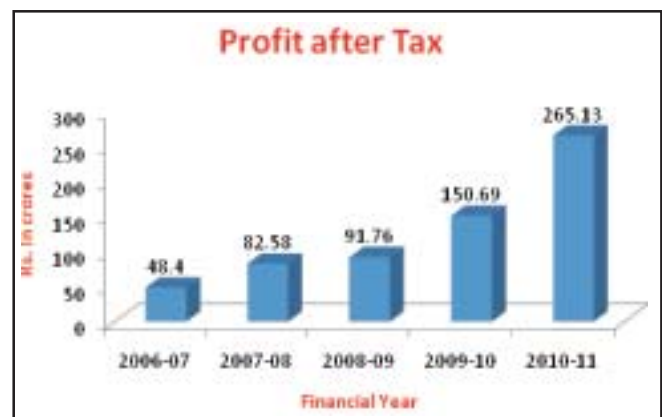
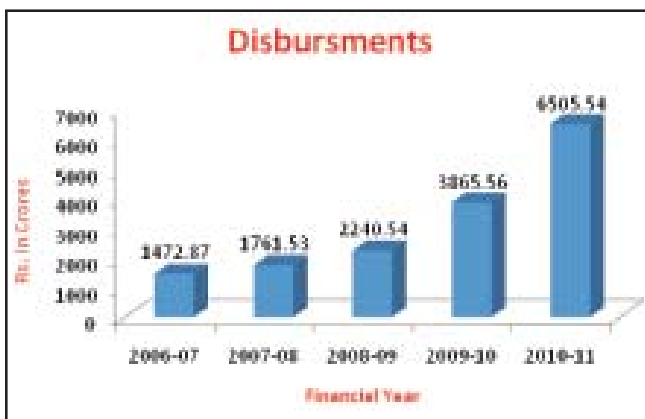
An increase in Profit before Tax by 51.37% to Rs.341.48 crores

Disbursement 2010-11 = 6505.54 Cr.

Sanctions 2010-11 = 8949.48 Cr.

Revenues 1010.11 = 1451.24 Cr.

Profit after TRax 2010-11 = 265.13 Cr.





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 FRIST ANNUAL GENERAL MEETING OF THE COMPANY HELD ON SATURDAY 23RD JULY 2011 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 / RESPRESENTATIVE ATTANDING 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 00.

PROXY FORM

REG FOLIO NO. _____ NO. OF SHARES _____

I/We _____ of _____ being a member/s of the DHFL VYSYA 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 Twentyfirst Annual General Meeting of the Company to be held on Saturday 23rd July 2011 and at any adjournments hereof.

AS WITNESS my/our hand(s) this _____ day of _____ 2011

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
