



DHFL VYSYA HOUSING FINANCE LIMITED
27th ANNUAL REPORT 2016-17

Twenty Seventh Annual General Meeting

24th July 2017 at 3.30 P.M.

Venue :

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



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BOARD OF DIRECTORS



Shri Kapil Wadhawan
CHAIRMAN



Shri R. Nambirajan
MANAGING DIRECTOR



Shri Bikram Sen



Shri G.P. Kohli



Shri V. Sridar

DHFL VYSYA HOUSING FINANCE LIMITED**CIN NO. U66010KA1990PLC011409****NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the **TWENTY SEVENTH ANNUAL GENERAL MEETING** of the members of DHFL Vysya Housing Finance Limited, will be held at **the Registered Office of the Company, No.3, 8th A Main Road, J.V.T. Towers, Sampangirama Nagar, Bangalore-560 027 on Monday the 24th July, 2017 at 3.30 P.M.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017 and Profit and Loss Account of the Company for the year ended 31st March, 2017, 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 2017.
3. To appointment of M/s. Chaturvedi Sk & Fellows, Mumbai, as Statutory Auditors.

To consider and if thought fit to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in terms of Section 139 of the Companies Act 2013 and The Companies (Audit and Auditors) Rules 2014, M/s. B.M. Chaturvedi & Company, Chartered Accountants, Mumbai, be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of this 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."

4. Special Business :**Item No. 1****Appointment of Shri. V. Sridar, as a Director of the Company:**

To consider and if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri.V. Sridar, (holding DIN: 02241339) who was appointed as an Additional Director, on 20th January 2017, pursuant to Section 161 of the Companies Act, 2013 and who holds office up to the date of next Annual General Meeting and for the appointment of whom, the Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company."

Item No.2**Appointment of Shri.V. Sridar, as an Independent Director:**

To consider and if thought fit, to pass with or without modification/s the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri.V. Sridar, (holding DIN: 02241339) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, for five consecutive years with effect from 24th July, 2017 and whose office shall not be liable to determination by retirement of directors by rotation.

3. To approve payment of commission to Non-Executive Directors (including Independent Directors) of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013(including any statutory modifications or re-enactments thereof for the time being in force) and subject to such other approvals, permissions and sanctions as may be required, consent of the Members of the Company be and is hereby accorded to the payment of commission (in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof), for the year 2016-17 to the Non-Executive Directors of the Company (i.e. Directors other than Managing Director/Wholetime Directors), as the Board of Directors may from time to time determine, provided that the total commission payable to the Non-Executive Directors, per annum shall not exceed one percent of the Net Profits of the Company for that financial year, as computed in the manner laid down in Section 198 of the Act, with the authority to the Board to determine the manner and proportion in which the amount be distributed among the Non-Executive Directors.

"RESOLVED FURHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Notice is also hereby given, pursuant to the provisions of Section 91 of the Companies Act 2013 that the Register of Members and the Share Transfer Books of the Company will remain closed from Monday the 17th July 2017 to Monday the 24th July 2017 (both the days inclusive) for the ensuing AGM and for payment of Dividend, if declared at the ensuing A G M

By order of the Board

Company Secretary

Registered Office:
No.3, JVT Towers, 8th A Main Road,
Sampangirama Nagar,
BANGALORE-560027.,

Place: Bangalore.
Date: 28th April, 2017.

NOTES

1. **At present the Board of Directors is comprised of 5 directors. Out of which two directors, i.e. Shri. Kapil Wadhawan, Chairman and Shri. R. Nambirajan, Managing Director are not liable for rotation and two directors, Shri.G.P. Kohli and Shri.Bikram Sen have been appointed as Independent Directors under Section 149 of the Companies Act, 2013 for a consecutive term of five years from the Annual General Meeting held on 20th June, 2014.**

Further, Shri.V. Sridar is also being appointed as an Independent Director under Section 149 of the Companies Act, 2013 for a consecutive term of five years from the date of this Annual General Meeting.

As per Section 149(13) of the Companies Act 2013, the Provision of Section 152 (6) & (7) relating to retirement of directors by rotation shall not be applicable to appointment of independent directors. Therefore, no director is liable to retire at this Meeting.

2. A member is entitled to attend and vote at the Meeting 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 Registered Office of the Company at DHFL Vysya Housing Finance Ltd, No.3, 8th A Main Road, J.V.T. Towers, Sampangirama Nagar, Bangalore-560 027, not less than 48 hours before the commencement of the Meeting.

3. The Register of Members and Share Transfer Books shall remain closed from Monday 17th July 2017 to Monday the 24th July, 2017 both the days inclusive for the ensuing AGM and for payment of Final Dividend, if declared at the ensuing AGM.
4. 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.
5. Members are requested to notify any change in their address to the Registered Office of the Company, at No. 3, JVT Towers, 8th A Main Road, Sampangirama Nagar, Bangalore-560027.
6. 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. .
7. Members are requested to quote their folio number(s) in all correspondence with the Company.
8. 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.
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
11. Members who have not so far converted their holdings into the demat form are requested to kindly take advantage of this arrangement.
12. Explanatory Statement under Section 102 of the Companies Act, 2013 in respect of the Special Business is appended.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 1 and 2

The Board of Directors of the Company had appointed Shri.V. Sridar as an Additional Director with effect from 20th January 2017 pursuant to provisions of Section 161 of the Companies Act, 2013, who shall hold the office of Director up to the date of the ensuing Annual General Meeting.

The Company has received from Shri.V. Sridar, a consent in writing to act as Director in form DIR -2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013.

Shri.V. Sridar, who is already a Director on the Board of our Associate Company Aadhar Housing Finance Ltd., has rich experience as a Banker and also retired Chairman of National Housing Bank and his induction will greatly help the Company in its growth.

The Board of Directors of the Company, thus recommend that Shri.V. Sridar may be appointed as a Director and also as an Independent Director for a consecutive term of five years from this Annual General Meeting.

None of the Directors, excepting Shri.V. Sridar, is interested in the Special Business and Resolutions thereof.

Item No.3

The responsibilities and duties of the Directors have been considerably enhanced under the Companies Act 2013. As your Company is on its growth path, it requires strategic guidance of Directors and greater engagement in terms of their attention and involvement in the decision making process.

Under the provisions of the Companies Act, 2013, approval of Members of the Company is required for the payment of commission/fees (other than the sitting fees within the permissible limit) to the Non-Executive Directors including Independent Directors (Directors other than Managing Director and Whole Time Director).

Accordingly, it is proposed to seek approval of the members of the Company as required under Section 197 of the Companies Act, 2013 by way of an Ordinary Resolution for payment of commission to Non-Executive Directors for the year 2016-17, at the rate not exceeding 1% (one percent) per annum of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013.

Auditors' Report

To the Members,

DHFL Vysya Housing Finance Limited.

We have audited the accompanying financial statements of DHFL Vysya Housing Finance Limited ("the company"), which comprise the Balance Sheet as at 31st March 2017, the Profit & Loss Account, the Cash Flow Statement of the company for the year then ended, a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial statement of the company as at 31st March, 2017 and its financial position and cash flows of the company for the year ended on that date;

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") (CARO 2016) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure (A) a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. 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.
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appear from our examination of those books and proper return adequate for the purpose of our audit have been received from branches not visited by us.
 - c. The report on the accounts of the branches offices audited by other branch auditor have been forwarded to us as required by clause (c) of subsection (3) of section 143 and have been dealt with in preparing our report.
 - d. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - e. In our opinion, the financials statement dealt with by this report comply with the accounting standards referred to under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f. On the basis of written representations received from the directors of the company as on 31st March 2017, and taken on record by the Board, we report that none of the directors is disqualified as at 31st March 2017 from being appointed as a director under Section 164(2) of the Act.
 - g. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Company (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us;
 - a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 on Contingent Liabilities to the financial statements;
 - b) There are no foreseeable losses on any long term contract including derivative contracts as required under the applicable law or accounting standards;
 - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - i. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer note no 33 to the financial statements.

Place : Mumbai
 Date : 28th April 2017

For **B.M. CHATURVEDI & Co.**
 Chartered Accountants
 ICAI FRN: 114317W
(B.M. Chaturvedi)
 Partner
 ICAI MN. 017607

Annexure (A) to the Auditor's Report

The annexure required under CARO, 2016 referred to in our report to the members of DHFL Vysya Housing Finance Limited ("the company") for the year ended 31st March 2017. We report that:

- l) a) 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 ;
b) The title deeds of immovable properties are held in the name of the company ;
- ii) The company does not have any inventory due to nature of its business of housing finance, therefore provisions of clause 3(ii) are not applicable to the company ;
- iii) The company has not granted loans to the parties covered in the register maintained under section 189 of the Act . Consequently, requirement of clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the order are not applicable.
- iv) The company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 and 186 of the Act. Consequently, requirements of clause (iv) of paragraph of the order are not applicable
- v) The company has accepted deposits from the public. In our opinion and according to the information and explanations given to us, the company has, during the year, complied with the directives issued by the National Housing Bank under the Housing Finance Companies (NHB) Directions, 2010 with regard to deposits accepted from the public and the rules framed there under and provisions of section 73 to 76 and other relevant provisions of the Act and other rules framed there under ;
- vi) As informed to us, Central Government has not prescribed maintenance of cost records in respect of the business of the company.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, ESIC, income-tax, duty of service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities and no undisputed amounts payable in respect of aforesaid statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
b) According to the information and explanation given to us, The company has also deposited full amount Rs. 149.04 lacs of disputed income tax demands which are pending in Appeal (read with note no. 31) before various tax authorities.
- viii) According to the records of the company and explanation given to us, the company has not defaulted in repayment of loans to the bank. Consequently, paragraph 3(viii) of the order are not applicable;

- ix) According to the information and explanation given to us; Company has raised moneys by way of debt instruments and term loans and applied for the purpose for which those loans were obtained, other than temporary deployment pending application of those funds
- x) According to the information and explanation given to us, no material fraud by the company or on by company has been noticed or reported during the year.
- xi) According to the information and explanation given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to Act;
- xii) The company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.
- xiii) According to the information and explanation given to us, All transactions with the related parties are in compliance with sections 177 and 188 of Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- xiv) According to the information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, requirement of clause (xiv) of paragraph 3 of the order are not applicable;
- xv) According to the information and explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with him ;
- xvi) According to the information and explanation given to us, the company is not required to be registered under section 45 IA of Reserve Bank of India Act, 1934.

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

Place : Mumbai
Date : 28th April, 2017.

(B.M. Chaturvedi)
Partner
ICAI MN. 017607

ANNEXURE – “B” TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Control under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited internal financial controls over financial reporting of DHFL Vysya Housing Finance Limited, (“the company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for the Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the company considering the essential components of internal controls stated in the Guidance Note on audit of Internal financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities includes the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance note on audit of Internal Financial controls over Financial reporting (the “Guidance Note”) and the standard on auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the companies Act, 2013, to the extent applicable to an audit of internal financials controls, both applicable to an audit of Internal Financial Controls and , both issued by the Institute of chartered Accountants of India. Those standards and guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that whether internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial misstatement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with authorizations of management and directors of the company; and 3) provide reasonable assurance regarding prevention of timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financials controls over financial reporting, including the possibility of collusion or improper management override of controls, material statements due to fraud or error may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal controls over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance Note on audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

Place : Mumbai
Date : 28th April, 2017

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

(B.M. Chaturvedi)
Partner
ICAI MN. 017607

DHFL VYSYA HOUSING FINANCE LIMITED

CIN No. U66010KA1990PLC011409

Regd. Office: No.3, JVT Towers, 8th A Main Road, Sampangirama Nagar, Banglaore-560027

Tel: (D).91-80-22279921 (G) 22217637: Fax: 22290568

DIRECTORS REPORT



DEAR MEMBERS,

Your Directors have great pleasure in presenting their Twenty-seventh Annual Report of your Company with audited accounts for the year ended 31st March 2017.

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.2016-17	F.Y. 2015-16
Gross income	21278.99	19292.91
Profit before tax	3576.15	4001.20
Provision for tax	1255.36	1328.90
Profit after tax	2320.82	2672.31
APPROPRIATIONS		
Transfer to special reserve	800.00	800.00
Transfer to general reserve	500.00	800.00
Proposed Final dividend	775.65	110.81
Interim dividend	Nil	554.04
Dividend Tax	157.90	135.35

During the year under review, sanctions increased to Rs.696.82 crores (Rs. 450.25 crores last year). Disbursements went up to Rs.645.65 crores as compared to Rs.442.38 crores last year.

There was considerable increase in the Disbursements during the year under Report when compared to that of previous year and growth achieved was 46% over the last year.

The year 2016-17 witnessed remarkable achievements in terms of surpassing the target fixed, both in sanction and disbursements. Sanctions and Disbursals were budgeted at Rs.640 crores and Rs.600 crores respectively and the entire team both at the Corporate Office and at the branches rose to the occasion and went all out to cross these targets. Your Company also adopted a new strategy to improve the business in opening more and more number of branches widening its network to the maximum extent possible.

During the year, 15 branches were opened all over the South in addition to opening many Service Centres. The total number of Branches as on 31-03-2017 are 50.

During the year under review, though the Company faced many challenges and shortcomings, Due to demonetization, which affected business operations & ECS process and the said announcement affected many cooperative banks where many of our borrowers had their savings accounts. Since issue of new currency was restricted, many transactions of sale and purchase of properties were either postponed or cancelled.

Your company continued to face stiff competition from commercial banks as the latter lent at lower rates of interests apart from take-over of our loan accounts by them, which has resulted in preclosure during the year to the extent of Rs.209.22 crores

However, the company planned various methods to improve the business, like conducting Road shows at branch level, distribution of pamphlets apart from opening many new branches and service centers and constant visit of Head Office Executives to all branches periodically to motivate the Branch Staff, etc. This paid produced good results in improving the business to a greater extent.

During the year under report, we have conducted various In-house training programmes for the Credit, Accounts and Collection Departments to motivate the branches and to know the products completely so that the business/collection could improve considerably. As a follow up action, we are regularly holding con-calls with Branch Managers, Marketing Executives, Credit Officers, Accounts, etc.

In view of the impending merger of M/s.Aadhar Housing Finance Ltd. with the Company, we have aligned various policies, like Credit Policy, Collection Policy, Account/Finance Policy, H.R Policy, to fall in line with M/s.Aadhar Housing Finance Ltd. and the same were approved by Board at its meeting held on 28th March, 2017. We have also introduced a new N I P (No Income Proof) Scheme which has started gaining momentum.

PROFITABILITY :

Profit before tax at the end of the year is Rs.35.76 crores which was Rs.40.01 crore as on 31-3-2016. Also at the end of the year under report, profit after tax stood at Rs.23.21 crores as against Rs.26.72 relating to last year.

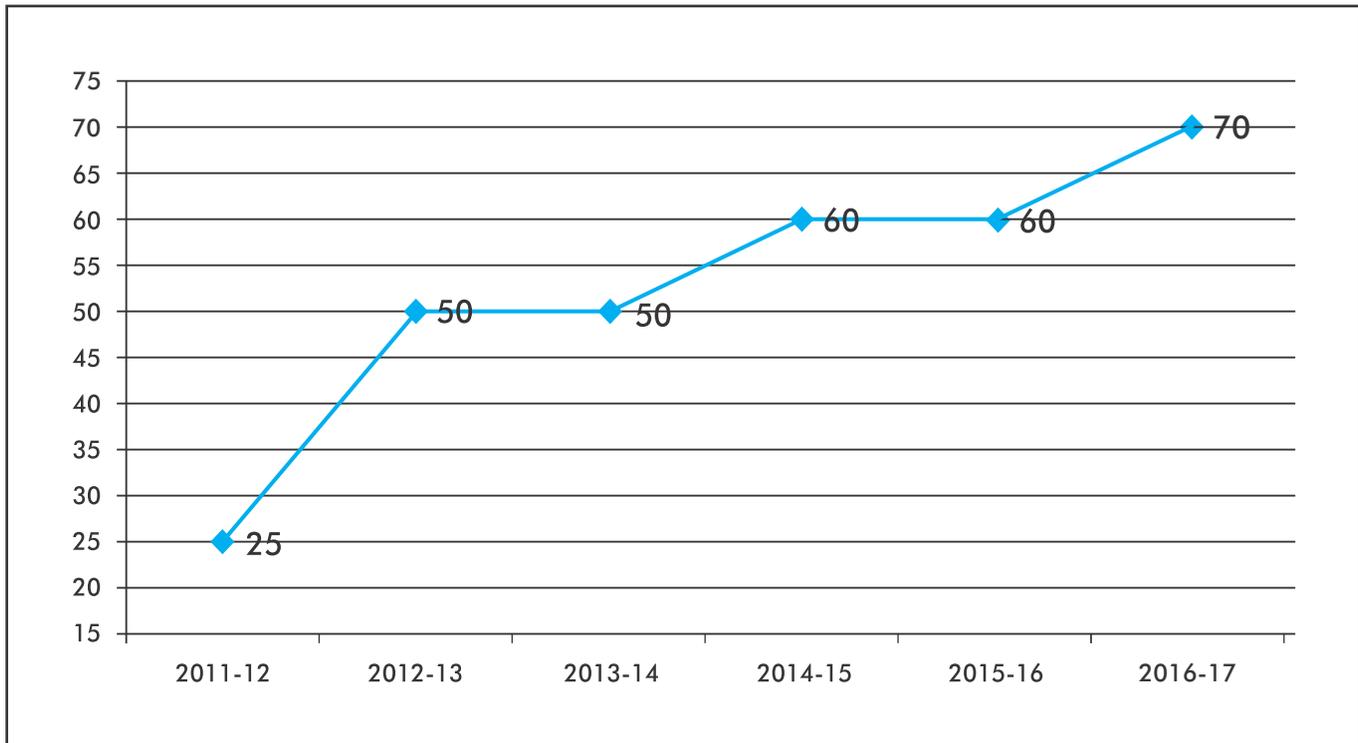
The decline in profit is due to the fact that the Company took a conscious decision to go slow in lending to Project finance, where company was charging higher interest rates @ 18% to 21%.

There were closures/repayment in earlier project loans. In addition, we had also reduced interest rates on our housing loans in order to achieve better growth rate than in the last year.

Provision for a builder’s NPA account, interest reversal, provision for leave encashment for employees, reduction in processing fees, introduction new schemes under fixed rate of interest, etc. are other reasons which had affected profitability.

DIVIDENDS:

To continue its Fair Dividend Policy, the Board of Directors have recommended a Dividend of 70% (Rs.7 per share) as against 60% declared last year (Rs.6 per share).



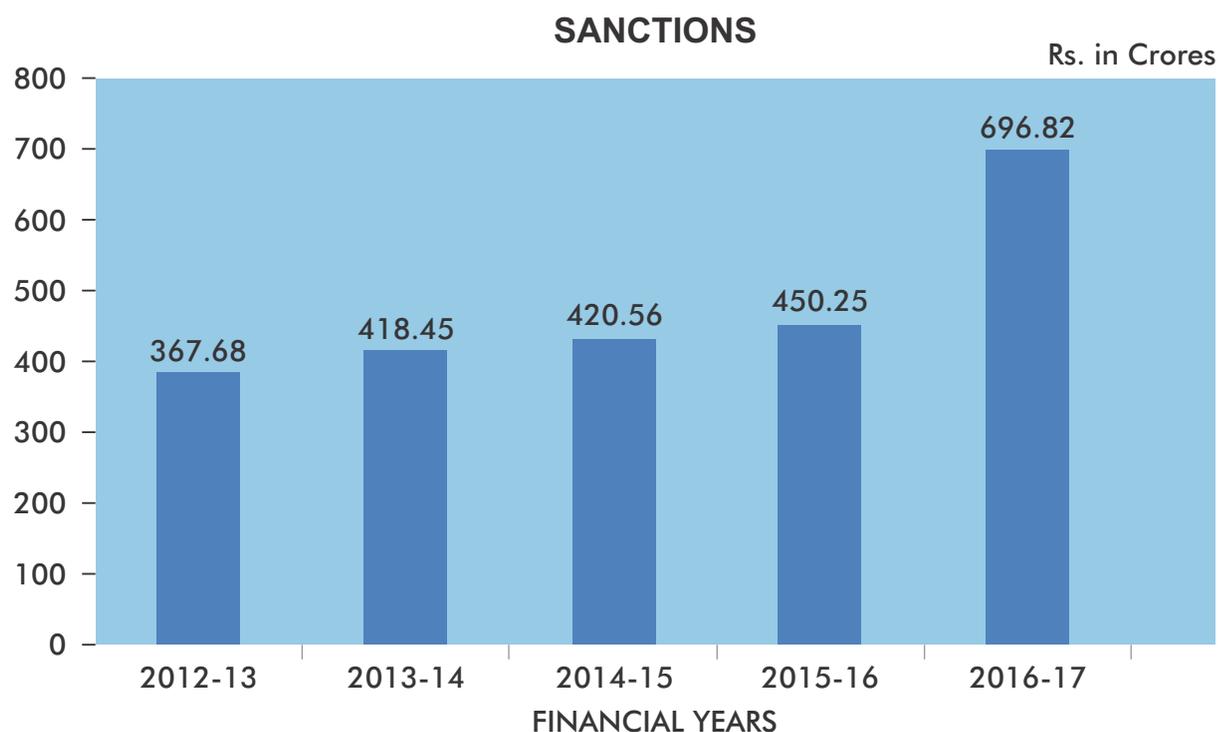
HOUSING FINANCE SECTOR SCENARIO AND FUTURE PROSPECTS

Continuation of the incentives by Central Government on housing loans and interest rebate on self occupied housing loans and its announcement as '**Housing-For All by 2022**' under Affordable Housing scheme is expected to give a boost to housing finance sector in the current year.. This move is expected to help HFCs with a major share and we will go all out to encash the situation and to improve our disbursements to a greater extent during the current year.

PERFORMANCE DURING THE YEAR

Sanctions and disbursements for the last five years are given below :

Disbursement amounted to Rs.645.65 crores during the year which was Rs.442.38 during the previous year thus there was a growth of 46%.



This has resulted in increase of total outstanding loans from Rs.1467.57 to Rs.1807.60crores as on 31-03-2017.

RECOVERY

The recovery mechanism and the Recovery Team's performance was under constant review of the Board of Directors which enabled the Recovery Team to make all efforts to contain the level of NPA duly ensuring timely follow up action. As a result, the Recovery Team succeeded to a greater extent to contain NPA and overdues during the year under report. The Recovery process was delayed/affected due to slow pace of disposals by the TIRBUNALS and due to absence of Presiding Officers for a long time.

DISBURSEMENTS



The Gross NPA at Rs.25.71 crores worked out to 1.42% of the outstanding portfolio and the Net NPA at Rs.17.53 crores which works out to 0.94%. The increase in NPA from Rs.16.87 crores as on 31-03-2016 to Rs.25.71 crores as on 31-03-2017 is mainly due to addition of two project loans in Bangalore amounting Rs.9.84 crores, who could not get bookings due to demonitisation and hence could not complete the project.

The company initiated action under SARFAESI Act against all the NPA Accounts. During the year, the company issued 186 notices under SARFAESI Act and was able to regularize 148 cases amounting to Rs.11.21 crores.

The Company also repossessed 8 assets under SARFAESI and disposed of 3 properties during the year. We are continuing our efforts to dispose of the remaining properties also. The Recovery process was delayed due to slow pace of disposals of our petitions with various District Collectors/CMM/CJM. There are about 80 cases amounting to Rs.5.66 crores which are pending with either DC or DRT.

RATIOS

	F.Y. 2016-17	F.Y. 2015-16
Earning per share	Rs. 20.94	Rs. 24.12
Dividend per share	70%	60%
Book value	138.75	132.51
Return on net worth	15.45%	19.19%

AMALGAMATION OF AADHAR HOUSING FINANCE LTD. WITH THE COMPANY

With a view to expanding business activities on all India basis and to reduce administrative cost apart from simplification of organizational structure and to achieve operational and management efficiency, your Board of Directors have decided to amalgamate M/s.Aadhar Housing Finance Limited another HFC in the group with the Company and in this regard both the Companies have filed separate Merger Petitions with the National Company Law Tribunal, Bengaluru Branch, on 19th March,2017 and National process in this regard is being followed up closely. We hope that the merger process will be completed by end of September 2017 from which time the merged entity will function as a single entity. The Company has received NCLT, Bengaluru Bench order on 31-05-2017 for calling meetings of Shareholders and Creditors, to approve the scheme of amalgamation.

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.345 crore. The National Housing Bank sanctioned a refinance assistance of Rs.250.00 crores for the year under report out of which we drew Rs.218.20 crores upto 31.03.2017. During the year under report, the Company received a sum of Rs.2.25 crores as subsidy under CLSS Scheme out of which, the company disbursed Rs.2.22 crores to the customers. The balance amount in the subsidy account has been refunded to NHB.

RURAL HOUSING UNDER GOLDEN JUBILEE RURAL HOUSING FINANCE SCHEME

For the year under report, under Golden Jubilee Rural Housing Scheme your Company achieved 4336 cases, disbursing Rs.464.30 crore under the said Scheme which works out to 72% of our total disbursal.

DEPOSITS

The total deposits outstanding as on 31st March, 2017 is Rs.67.53 crores, (3375 depositors) inclusive of accrued interest. The company has repaid matured deposits amounting to Rs.16.11 crores during the year under report and mobilised deposits to the extent of Rs.49.08 crores (including renewals).

UNCLAIMED DEPOSITS

For the financial year ending 31-03-2017, 92 deposits amounting to Rs.79.11 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 31-03-2017, (9 deposits) amounting to Rs.12.10 lakhs have since been paid/renewed as a result of follow up action as at 30-04-2017.

UNCLAIMED/ UNPAID DIVIDEND TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND:

During the year 2016-17, as per Section 125 (5) of the Companies Act 2013, the Company transferred a sum of Rs.54,700/- to Investor Education and Protection Fund, being the

Unclaimed / Unpaid Dividend which remained unclaimed for more than seven years. The specified return in this regard has been filed with Registrar of Companies.

ISSUE OF SECURED NON-CONVERTIBLE DEBENTURES :

During the year under review your Company had decided to issue Secured Non- Convertible Debentures (NCDs) on private placement basis to the extent of RS.100.00 crores and filed the Self-Prospectus with the Registrar of Companies and the B S E. Out of this, an amount of Rs.99.40 crores were issued and allotted in accordance with Section 42 of the Companies Act 2013 read with Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Housing Finance Companies Issurance of Non-Convertible Debentures on Private Placement Basis (NHB) Directions, 2014. All the NCDs are issued in demat format.

Also as per Rules 18(1) and (2) of the Companies (Share Capital and Debenture Rules), 2014 the Company appointed M/s.Catalyst Trusteeship Ltd., Pune, as Debenture Trustees.

During the year under report your Company did not issue any Sweat Equity Shares.

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI):

In respect of Secured Non-Convertible Debentures issued by the Company during the year under review your Company has complied with various provisions and guidelines prescribed by SEBI and also submitted various documents with Bombay Stock Exchange (B S E) for the Secured Non-convertible Debentures listed by the Company.

BUY-BACK OF THE COMPANY'S OWN SHARES:

During the year under report, the Company did not buy back any of its shares, hence the provisions of section 68 of the Companies Act, 2013, are not applicable.

CREDIT RATING

Regarding credit ratings. CARE and ICRA have awarded A1+ for short term borrowings. CARE has also awarded AA+(SO), CRISIL has awarded A+/Stable and ICRA has awarded A+ for Long Term Bank Borrowings. For Deposits, CRISIL has awarded FAA-/Stable. A new Agency BRICK WORKS has also awarded AA+(SO) for Long Term Borrowings.

FAIR PRACTICE CODE, KYC NORMS AND ANTI MONEY LAUNDERING STANDARDS

The company continued its focus on 'FAIR PRACTICE CODE, KYC NORMS AND ANTI MONEY LAUNDERING STANDARDS' as per the guidelines issued by the NHB from time to time. The Branch Concurrent Auditors have also been asked to verify adherence of these standards from time to time and report deficiencies if any in their Report and a consolidated report is also reported to the Audit Committee/Board periodically.

CAPITAL ADEQUACY AND PRUDENTIAL NORMS:

With regard to Capital Adequacy Ratio, your Company continued to ensure that the same is maintained much more than the level prescribed by N H B. At the end of the year your, Company has maintained a capital adequacy ratio of 19.37% as against the requirement of 12%.

Your Directors state that the company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate exposure to capital market and engagement of brokers and concentration of credit/investments as specified in the Housing Finance Companies (NHB) Directions, 2010.

INTERNAL AUDIT COMPLIANCE:

In terms of Rule 8 (5) (viii) of the Companies (Accounts) Rules, 2004, your Board of Directors report that during the year under review, the Company had adequate internal financial control systems in place with reference to the Financial Statements and the said system continues to operate effectively.

To ensure that the internal auditing system is reviewed on monthly basis, your Company appointed qualified Chartered Accountants as Concurrent Auditors of all branches to ensure that adequate and transparent internal control system is in place. The monthly Audit Reports furnished by the Branch Auditors is reviewed by the Audit Committee which makes suitable and valid suggestions from time to time.

FUTURE OUTLOOK & STRATEGIES:

General Assumptions:

The scenario in the real estate market has not changed much during last one year. This is likely to remain subdued during the current year due to increase in property prices in certain pockets. The construction material cost and labour charges have increased drastically due to inflationary trend. The housing finance market is expected to grow between 20% and 25% in this year, due to various affordable housing scheme namely, Prime Minister's Awaz Yojana and interest subsidy schemes announced by the Government under 'Housing for all by 2020 Scheme.'

1. Our Target for this financial year 2017-18 is Rs.1000 crs with a growth of 67% against previous year achievement of Rs.664 crs
2. Fifteen new branches opened during last Financial Year 2016-17 increasing the total number of branches as on 31.03.2017 to 50. We have 16 Service Centres attached to our branches as on 31.03.2017. We propose to open 17 more branches and 6 more micro branches and also 11 Service Centres in the year 2017-18.

COMPLIANCES UNDER COMPANIES ACT, 2013

Annual Return:

In terms of Sections 92(3) and 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return is annexed to this Report In Form MGT-9. The AGM of shareholders was held on 26th July, 2016.

Number of meetings of the Board – Section 134(3)(b):

During the year under review the Board of Directors met seven times to deliberate various important issues, policy matters, etc. The details of Board of Directors and Board Meetings and also various other Committees are furnished separately.

DIRECTORS RESPONSIBILITY STATEMENT

As required by Sec 134(3)© of the Companies Act, 2013, The Board of Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- © the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) – Though the company is an unlisted company, your directors ensured adequate internal financial controls.**
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

In terms of Section 134 (3) (d), your Directors state that the two independent directors, Shri. G.P. Kohli and Shri. Bikran Sen, who were appointed for a consecutive period of five years effective from the previous Annual General Meeting, have given the relevant declaration under Section 149(6) of the Companies Act 2013.

In terms of Section 134(3)(e) of the Companies Act, 2013, the Board of Directors have already constituted a Nomination and Remuneration Committee during the previous year.

EMPLOYEES STOCK OPTION PLAN

The Board of Directors have adopted Employees Stock Option Plan 2016, which was approved by the Board at its meeting held on 13-09-2016, as per the Memorandum and Articles of Association of the Company, Section 62(1)(b) and all other applicable provisions of the Companies Act, 2013, Rule 12 of Companies (Share Capital and Debentures) 2014, subject to approval of the shareholders to be obtained

for the said Plan. The Plan contemplates to create, offer and grant up to 67,300 (sixty seven thousand three hundred) Employees Stock Options to the permanent employees, both existing and future, including any Directors whether whole-time or not, of the Company, its Subsidiary Companies in one or more tranches.

As per Section 134(3)(f), your Directors state that during the year under report, there are no adverse comments by the Auditors of the Company; who have not made any qualifications during the course of their audit.

In terms of Section 134(3)(g) of the Companies Act 2013, your Directors state that the Company did not make investments under Section 186 of the said Act, in more than two layers during the year under report. Also, your Directors further state that during the year under review, your Company did not, either directly or indirectly, extend any loan or given any guarantee to any other body corporate or personnel.

Particulars of transactions with related parties – Section 134(3)(h)

During the year under report. in terms of Section 188(1) of the Companies Act, 2013, which came into effect from 1st April, 2014, the Directors report that your Company had entered into contract with Dewan Housing Finance Corporation Limited, Mumbai, a Related Party towards Loan Syndication arrangement and for System Support Services. The details of transactions with this Related Party have been separately shown in the Final Accounts for the year.

SECRETARIAL AUDIT

The Company's paid-up share capital being less than Rs.50 crore, no Secretarial Audit is mandatory. However, in terms of Section 92(2) of the Companies Act, 2013, the Annual Report of the Company will be got certified/counter signed by a Practicing Company Secretary through Form MGT.8

CORPORATE GOVERNANCE

The N H B vide its recent Circular dated 9th February 2017 have advised all HFCs to frame their internal guidelines on corporate governance enhancing the scope of the guidelines without sacrificing the spirit underlying the corporate guidelines and to be published on the company's web site. Accordingly, a detailed Internal Guidelines on Corporate Governance was considered by the Board of Directors and the same was approved at the meeting held on 28th April, 2017. The guidelines have also been published on the website of the Company.

The gist is narrated below.

The Company practices a trustworthy, transparent, moral and ethical conduct, both internally and externally, and is committed towards maintaining high standards of Corporate Governance practices in the best interest of all its stakeholders.

The Company believes that it has not only legal, contractual and social responsibilities, but also has obligations towards its non-shareholders such as Bankers, regulators, government agencies, employees, investors, creditors and customers, amongst others. The company strives to ensure that all its stakeholders have an access to clear, adequate and factual information relating to the company. The Company continues to promote accountability of the management. The Board of Directors acknowledge its responsibilities towards all the stakeholders of the company for creation and safeguarding their wealth.

Matters relating to governance of the Board, roles and responsibilities of the Directors, appointment and compensation to the Directors, conducting board meetings, minimum information to be placed before the Board, various committees of the Board, their frequency of meetings, terms of reference made to the committees, etc. are strictly adhered in accordance with the Policy on Internal Guidelines on Corporate Governance read with the relevant provisions of the Companies Act, 2013.

Also, Statutory Audit and appointment of Auditors, Secretarial Audit, certification by CEO, CFO, etc. are being followed in accordance with the above mentioned policy.

Further, Codes and Policies like Code of Conduct for the Board of Directors and Senior Management Personnel, Nomination (Including Board's Diversity), Remuneration and Evaluation Policy, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, Policy on Preservation of Documents and Records, Whistle Blower Policy, Fair Practice Code, Risk Management Policy, Policy on Fit and Proper Criteria for the Directors, Policy on Know Your Customer and Anti Money Laundering Measures, Related Parties Transactions, etc. are disclosed as per the Policy on Internal Guidelines on Corporate Governance read with the relevant Provisions of the Companies Act, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

As notified by National Housing Bank vide its Notification dated 9th February 2017, the Management Discussion and Analysis report is as under:

a) Industry structure and developments :

The company mainly competes in housing finance sector/ industry in India and keeping in view the developments in the industry from time to time. Government of India's policy on housing and regulation of interest structure by Reserve Bank of India will always play a decisive role in the lending policy and your Company's lending policies are flexible to accommodate these developments.

b) Opportunities and Threats:

Opportunities for the Company in its lending business is vast and wide all over the country. The trend of considerable section of Indian mass to migrate to developed cities provides greater opportunities to the company to achieve a reasonable growth year by year. However, your company faces major threats from Commercial Banks which not only compete with lower rates of interests but also take away sizeable loan accounts from the Company which leads to considerable quantum of pre-closures.

c) Segment-wise or product-wise performance

Disbursement of loans during the year under review are derived from various branches of the Company located mainly in Southern part of India apart from a few States in the North. While 45 branches are located in South India 5 branches function in North India. All the branches together have shown a growth of 46% over the performance relating to previous year.

d) Outlook:

'Housing-For All by 2022' under Affordable Housing scheme is expected to give a boost to housing finance sector which may attract many developers to create affordable houses to a larger extent in the current year and the company will explore possibilities to have major market share.

- e) **Risks and concerns:**
 Commercial Banks pose major risks and concerns as they take over major loans disbursed by the company with lower rates. However, the company taking into consideration the repayment culture and track record of the borrowers will try to match with reduction of interest to some extent.
- f) **Internal control system and adequacy:**
 The Company has adequate internal control system and in that direction, qualified Chartered Accountants/Firms are appointed to each branch as Internal Auditors whose job is to verify the functioning of the branches in relation to the disbursements and related compliances apart from legal and technical compliances. In addition to the external auditors the Company has internal audit team which inspects the branch affairs and also the properties funded by the branches, regularly.
- g) **Discussion on financial performance with respect to operational performance:**
 The overall performance of the company is appreciably high, the profitability has declined as the Company concentrated on more growth with reduced interest rates apart from unusual provisions in the labour-wages and NPA cases.
- h) **Material development in Human Resources / Industrial Relations front, including number of people employed:**
 To strengthen the marketing teams at Branch level, in-house training sessions have been conducted periodically which had also increased the morale of the employees to a greater extent. In industrial relations front, the company is conscious about the compensation paid to its employees match the industrial practice. The total strength of the employees is 360 out of which 300 are on regular basis and 60 are on contract basis.

State of affairs of the Company – Section 134(2)(I) and in terms of Internal Guidelines on Corporate Governance:

Your company is managed by the Board of Directors duly assisted by the Audit Committee, Assets & Liabilities Committee, Risk Management Committee, Treasury Committee and Investment Committee. A brief note about the Board and the Committees are furnished below:

The Board is headed by Shri. Kapil Wadhawan, 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.

The Board of Directors oversee the functioning of the company and that of its management and ensures that every decision taken is in the best interest of the stakeholders of the company.

Since during the previous Annual General Meeting, Shri. G.P. Kohli and Shri. Bikram Sen, were appointed as Independent Directors for a period of five years as per Section 149 of the Companies Act, 2013. No Director is due for retirement at this meeting. The Independent Directors have furnished relevant Declaration as per Section 149(7) of the Companies Act, 2013.

The two Independent Directors have held their meeting on 26th July,2016 and discussed issues as enumerated under Schedule IV to the Companies Act, 2013. The Independent Directors have also furnished declaration under Section 134 (3) read with Section 249 (6) of the Companies Act, 2013. The declaration made by them is furnished vide Annexure II to this Report.

On 20-01-2017, Shri.V. Sridar, was appointed as an Independent Director. As his term expires at his meeting , his reappointment has been recommended by the Directors for approval by the Members. Apart from being appointed as a Director, he is proposed to be appointed as an Independent Director for a consecutive term of five years. Mr.Sridar being an Additional Director appointed by the Board on 20-01-2017 wil retire at this AGM and he will be appointed as Independent Director.

During the year under report, the Board of Directors met seven times. The details are as follows:

NAME OF THE DIRECTOR MR.	DATE OF BOARD MEETING							NUMBER OF MEETINGS ATTENDED
	03/05/16	19/06/16	26/07/16	13/09/16	24/10/16	20/01/17	28/03/17	
Kapil Wadhawan	Yes	No	No	Yes	No	No	Yes	4
R Nambirajan	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7
Bikram Sen	Yes	Yes	Yes	No	Yes	Yes	Yes	5
G.P. Kohli	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7
V. Sridar (from 20-01-2017)	--	-	-	-	-	Yes	Yes	2

COMMITTEES OF THE BOARD:

Composition of Audit Committee:

Shri. G.P. Kohli, Director heads the Audit Committee as its Chairman, Shri.Bikrum Sen, Shri. R.Nambirajan and Shri.V. Sridar, are other members of the Committee. Shri. B.M. Chaturvedi, the company’s Statutory Auditor is the permanent invitee, who renders expert opinion to the Committee.

The Committee, after careful consideration of matters related to related party transactions, recovery, accounts, inspection, audit, etc., it makes suitable recommendation to the Board from time to time.

The Audit Committee also deals with the recommendations put forward by the internal Risk Management Committee.

During the year 2016-17, the Audit Committee met five times as detailed below:

NAME OF THE MEMBER MR.	DATE OF AUDIT MEETING					NUMBER OF MEETINGS ATTENDED
	03/05/2016	26/07/2016	24/10/2016	20/01/2017	28/03/2017	
G.P. Kohli	Yes	No	Yes	Yes	Yes	5
R Nambirajan	Yes	Yes	Yes	Yes	Yes	5
Bikram Sen	Yes	Yes	Yes	No	Yes	4

TRANSFERS TO SPECIAL RESERVE AND GENERAL RESERVE:

In terms of Section 134(3)(j) of the Companies Act 2013, your Directors state that a sum of Rs.500 lakhs has been recommended to be transferred to the General Reserves and a further Rs.800 lakhs to the Special Reserves under Section 29C of National Housing Bank Act, 1987 and Section 36(1(viii) of the Income Tax Act, 1961.

In terms of **Section 134(3)(k)**, we report that your Directors have recommended to the members in the next Annual General Meeting, a final dividend of 70% for the year under report against 60% paid during last year.

In terms of **Section 134(3)(l)** of the Companies Act, 2013, your Directors state that there were no material changes and commitments, affecting the financial position of the company, between the end of the financial year of the company to which the financial statement relate and the date of this report.

SECTION 134(3)(M) - CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

As the Company is not a Manufacturing Company, the requirement for disclosure of particulars regarding conservation of energy as required under Section 134(3)(m) and Rule 8 (3) A of the Companies (Accounts) Rules, 2014 is not applicable to the Company.

Rule 8 (3) B of the Companies (Accounts) Rules, 2014:

TECHNOLOGY ABSORPTION

Utmost preference is given by the Company to absorb latest Technology in system maintenance and during the year under report, your company is procuring the IT helpdesk application to track and resolve the IT issues across the branch and service center network. There will be time bound resolution for all the unknown issues.

We are using the Microsoft office 365 mailing solution from current financial year. This will enable all the mail users to access mail from all the devices like desktop, laptop, smartphone and Ipad.

In terms of Rule 8 (3) C of the Companies (Accounts) Rules 2014, your Directors state that there were neither foreign exchange earnings nor outflow during the year under review.

Section 134(3)(n) - Risk Management Policy:

In terms of Section 134(3) (n) of the Companies Act 2013, your Directors state that they do not foresee any element of risk, which in their opinion, may threaten the existence of the Company.

However, in terms of a directive issued by N H B to appoint a Risk Management Committee of Directors, the Board at its meeting held on 28th April 2017 constituted the said Committee comprising of Shri.G.P.Kohli, Director, Shri.V. Sridar, Director and Smt.Komala Nair, President. The Committee shall meet frequently to analyse the risk element.

Section 143(3)(o) - Corporate Social Responsibility :

In terms of Section 135 of the Companies Act 2013 at the Board meeting held on 28th March 2017, the Board approved a Corporate Social Responsibility Policy.

The proposal to merge Aadhar Housing Finance Ltd. with the company is expected to be completed in all respects by August 2017 from which time, funding various C S R activities both in the State of Karnataka and in the Country will be taken up extensively so as to ensure that major amount earmarked and being available under the Fund is spent during the current year.

The breakups and other details to be furnished under the Companies (Corporate Social Responsibility Policy) Rules 2014 is furnished in the Annexure to this Report vide Form Ao2.

Formal Annual Evaluation of the Board – Section 143(3)(p) and Rule 8(4) of the Companies (Accounts) Rules, 2014:

Since the paid up share capital of the company is less than Rs.25 crore, your Directors are not required to make a formal annual evaluation under the above mentioned Section and as per Rule 8 (4) and (5) of the Companies (Accounts) Rules, 2014.

Nomination and Remuneration Committee of the Board

At the Board Meeting held on 28th April, 2015 the Board of Directors constituted a Nomination and Remuneration Committee as per Section 178 of the Companies Act 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules 2014. The Committee comprises of all the existing Four Directors as its members.

The Committee has formulated its criteria to determine qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, Key managerial personnel and other employees.

Establishment of vigil mechanism:

In terms of Section 177 (9) of the Companies Act 2013 and Rule 7 Companies (Meetings of Board and its Powers) Rules 2014 the Board of Directors has already approved a Vigil Mechanism to provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee.

Investments made and/or loans and guarantees given by the Company:

Your directors further state that during the year under report, your Company did not make investment in the shares of other companies, bodies corporate, etc. more than the limit prescribed under Section 186(1)© of the Companies Act, 2013.

In terms of Section 177 (4) of the Companies Act 2013, your Directors state that during the year under report, Shri. R. Nambirajan, Managing Director (Key Managerial Personnel) did not receive any remuneration.etc. over and above the remuneration to which he is entitled to as Managing Director.

In terms of Section 197(14) of the Companies Act 2013, your Directors state that apart from the Remuneration he is entitled to, the Managing Director did not receive any commission either from the Company or from any other holding or subsidiary company.

In terms of Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 we state that Shri.R. Nambirajan was employed throughout the year 2016-17 as Managing Director, was in receipt of remuneration for that year in the aggregate, was more than sixty lakh rupees.

In terms of Ruls 5(3) of the said Rules, the details are furnished as under:

(i)	Designation of the employee	-	Managing Director
(ii)	Remuneation Received	-	Rs.87.12 lakhs (Rs.76.84 lakhs previous year)
(iii)	Nature of employment, whether contractual or otherwise	-	Contractual
(iv)	Qualification and experience of the employee	-	N.D.Com, CAIIB, ACIB (London) Experience – 45 years
(v)	Date of commencement of employment	-	02-07-2003
(vi)	The age of such employee	-	75 years
(vii)	The last employment held by the employee	-	Managing Director, PNB Housing Finance Ltd.
(viii)	The percentage of equity shares held by the employee	-	0.01% -
(ix)	Whether the employee is a relative of any director or manager of the company and if so, name of such deirector or manager	-	he is not a relative of any director or manager of the company.

OTHER COMMITTEES:

Asset & Liability Committee. (ALCO)

The ALCO Committee. comprises of the Managing Director, President, Executive Vice-President, Company Secretary, SR. V.P.(Accounts), V.P.(I.T.) and senior employees from Accounts and Computer Planning Department and it met four times during the year under review. The Committee's reports/suggestions were placed before the Audit Committee of the Board.

After making an analysis of the modalities to adhere to the norms of NHB, the Committee initiates measures to efficiently manage short term and long term liquidity.

Treasury Committee:

The Treasury Committee comprising of the Managing Director, President, and Sr. Vice President (Accounts), meets frequently to oversee sale and purchase of instruments and take suitable measures keeping in view the Investment Policy of the Company.

AUDITORS – Section 139(1) of Companies Act, 2013:

M/s. B.M Chaturvedi & Co, Chartered Accountants, Mumbai, have completed their tenure of 13 consecutive years and based on the decision of the Board, M/s.Chaturvedi SK & Fellows, Mumbai, Chartered Accountants are being proposed to be appointed as Statutory Auditors in the ensuing 27th Annual General Meeting for the next five consecutive years.

CHANGE IN SHAREHOLDING POSITION:

During the year under review, there was no major changes in the shareholding Pattern/position as compared to that relating to previous year. Out of the total shareholding, 99.52% shares are in demat format and the balance 0.48% are in physical format.

HUMAN RESOURCES:

Your Company continue to ensure fair working conditions to all its employees through its HR Policies. Also, employees at key posts are exposed to in-house training programmes conducted by the Company and also training programmes conducted by N H B and other professional institutions from time to time.

ACKNOWLEDGEMENT:

With great pleasure your Directors wish to place on record the continued patronization and unstinted support extended to your Company by the Promoters and Parent Organisation DHFL and also by the Managing Committee Members of the Holding Company, i.e. M/s. Wadhawan Global Capital Private Limited.

They further acknowledge and place on record their appreciation of the cooperation and support being received from N H B, customers, Depositors, Bankers, Shareholders, etc.

Your Directors wish to place on record their appreciation of the hard work and commitment of the employees at all levels who had contributed their might for improving the performance of the company year by year.

REGISTERED OFFICE:

No.3. JVT Towers, 8th A Main Road,
Sampangirama Nagar,
Bangalore-560027.

Place : Mumbai,

Date : 28th April, 2017

For and on behalf of the Board,

Kapil Wadhawan

CHAIRMAN

ANNEXURE TO DIRECTORS REPORT FOR THE YEAR 2015-16

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31-03-2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- **U66010KA1990PLC011409**
- ii) Registration Date: **26-11-1990**
- iii) Name of the Company: **DHFL VYSYA HOUSING FINANCE LIMITED**
- iv) Category / Sub-Category of the Company: **PUBLIC LIMITED COMPANY**
- v) Address of the Registered office and contact details
**No.3, 'JVT TOWERS', 8th A Main Road, Sampangirama Nagar,
 BANGALORE - 560 027.
 Phone: 080-22116510
 Fax : 080-22290668
 Contact Person : M.S.L. NATHAN, COMPANY SECRETARY.**
- vi) Whether listed company Yes / No - **No**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any
**TSR DHARASHAW PRIVATE LIMITED,
 6-10, Haji Moosa PRAWALA, Industrial House, 20 Dr. E. Moses Road,
 MUMBAI - 400 011.
 Contact Person : Ms. S.R. Billimoria
 Phone: 022-66568484**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Providing long term financial assistance to any person, individual, companies, corporations, firms, societies or associations for purpose of construction, purchase, acquisition of residential houses or flats.	65	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	WADHAWAN GLOBAL CAPITAL PRIVATE LIMITED, 4th Floor, HDIL Towers, Anant Kanekar Marg, Bandra East, Mumbai - 400 051.	U67110MH2010PTC204063	HOLDING	83.89	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual/HUF	1,60,000	Nil	1,60,000	1.44	1,60,000	Nil	1,60,000	1.44	Nil
h) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) State Govt (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
j) Bodies Corp.	1,03,44,830	Nil	1,03,44,830	93.35	1,03,44,830	Nil	1,03,44,830	93.35	Nil
k) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
l) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):-	1,05,04,940	Nil	1,05,04,940	94.79	1,05,04,940	Nil	1,05,04,940	94.79	Nil
(2) Foreign									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter									
(A) = (A)(1)+(A)(2)	1,05,04,940	Nil	1,05,04,940	94.79	1,05,04,940	Nil	1,05,04,940	94.79	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	4,65,000	Nil	4,65,000	4.20	4,65,000	Nil	4,65,000	4.20	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (1):-	4,65,000	Nil	4,65,000	4.20	4,65,000	Nil	4,65,000	4.20	Nil
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	30,200	7,000	37,200	0.34	30,200	7,000	37,200	0.34	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding normal share capital upto Rs. 1 lakh	Nil	68,575	68,575	0.62	Nil	68,575	68,575	0.62	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TRUST	5,000	Nil	5,000	0.05	5,000	Nil	5,000	0.05	Nil
Sub-total (B)(2):-	35,200	75,575	1,10,775	1.01	35,200	75,575	1,10,775	1.01	Nil
Total Public Shareholding (B) = (B)(1)+(B)(2)	5,00,200	75,575	5,75,775	5.21	5,00,200	75,575	5,75,775	5.21	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	1,10,05,130	75,575	1,10,80,705	100	1,10,05,130	75,575	1,10,80,705	100	Nil

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Kapil Wadhawan	50,000	0.45	Nil	50,000	0.45	Nil	Nil
2	Dheeraj Wadhawan	50,000	0.45	Nil	50,000	0.45	Nil	Nil
3	Aruna Wadhawan	60,000	0.54	Nil	60,000	0.54	Nil	Nil
4	DHFL	10,48,989	9.47	Nil	10,48,989	9.47	Nil	Nil
5	Wadhawan Global Capital Pvt. Ltd.	92,95,941	83.89	Nil	92,95,941	83.89	Nil	Nil
6	Total	1,05,04,940	94.79	Nil	1,05,04,930	94.79	Nil	Nil

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	No Change			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change			
	At the End of the year	No Change			

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year	5,26,900	4.78	5,26,900	4.78
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil			
	At the End of the year (or on the date of separation, if separated during the year)	Nil			

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	50,500	0.45	50,500	0.45
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	50,500	0.45	50,500	0.45

VI INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment
 (Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,368.94	-	32.33	1,401.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	2.28	2.28
Total (i+ii+iii)	1,368.94	-	35.61	1,403.55
Change in Indebtedness during the financial year				
• Addition	662.60	-	49.08	711.68
• Reduction	401.12	-	16.16	417.28
Net Change	261.48	-	32.92	294.40
Indebtedness at the end of the financial year				
i) Principal Amount	1,630.42	-	64.21	1,694.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	3.32	3.32
Total (i+ii+iii)	1,630.42	-	67.53	1,697.95

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/ R. Nambirajan				Total Amount
		---	---	---	---	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Rs.(lakhs) 50.40 --- ---				Rs.(lakhs) 50.40 ---- ----
2.	Stock Option	—				----
3.	Sweat Equity	—				----
4.	Commission - as % of profit - others, specify...	—				----
5.	Others, please specify Bonus, P.F. Contribution, Gratuity Provision, etc.	36.72				36.72
	Total (A)	87.12				87.12
	Ceiling as per the Act (Companies Act, 2013)	134.00				134.00

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		G.P. Kholi	Bikrm Sen		V. Sridar	
1.	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	5.00 2.00 ---	3.33 2.00 ---		1.11 - -	9.44 4.00 ---
	Total (1)	7.00	5.33		1.11	13.44
4.	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	1.39				1.39
	Total (2)	1.39	5.33		1.11	1.39
	Total (B)=(1+2)	8.39	5.33		1.11	14.83
	Total Managerial Remuneration	87.12				87.12
	Overall Ceiling as per the Act	164.00				164.00

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NA	12.00	12.23	24.23
		---	---	---	---
2.	Stock Option		Nil		Nil
3.	Sweat Equity		Nil		Nil
4.	Commission - as % of profit - others, specify...		Nil		Nil
5.	Others, please specify		Nil		Nil
	Total		12.00	12.23	24.23

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY NIL					
Penalty					
Punishment					
Compounding					
B. DIRECTORS NIL					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT NIL					
Penalty					
Punishment					
Compounding					

ANNEXURE - I
FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN
THE BOARD'S REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. The Company believes in engaging and giving back to the community in a good way and in line with the Company's commitment to philanthropy. It intends to undertake the C S R activities strategically, systematically and more thoroughly and to move from institutional building to community development through its various CRS programmes and projects.

2. The Composition of the CSR Committee.

The CSR Committee is comprised of
 Shri. Kapil Wadhawan, Chairman
 Shri. R. Nambirajan, Managing Director
 Shri. G.P. Kohli, Independent Director
 Shri. Bikaram Sen, Independent Director

3. Average net Profit of the company for last three financial years - Rs. 3,975.91 lakhs

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) Rs. 79.52 lakhs

5. Details of CSR spent during the financial year .

- (a) Total amount to be spent for the financial year; Rs. 79.52 lakhs
 (b) Amount unspent, if any; Rs. 35.00 lakhs
 (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	CSR Project or activity identified.	Sector in which the Project is covered.	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken.	Amount outlay (budget) project or programs wise Rs. in Lakhs	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Ovreheads:	Cumulative expenditure upto the reporting period Rs. in Lakhs	Amount spent: Direct or through implementing agency
1	Promotion of Education	Eradication of Education	Bengaluru, Karnataka State	20.00	Direct Expenditure	20.00	Direct
2	Promotion of Education	Eradication of Education	Chennai Tamil Nadu	15.00	Direct Expenditure	16.00	Direct
	TOTAL			35.00		35.00	

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

A proposal to merge another company in the group, with similar objectives, with the company is under active consideration of the Company. The amamgamation process is expected to be completed in all respects by August 2017 from which period, the balance amount in the CSR funds together with the addition made from the amamgamating company will be spent during the current year, i.e., 2017-18.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR

sd/- (Chief Executive Officer or Managing Director or Director)	sd/- (Chairman CSR Committee)	sd/- [Per specified under clause (d) of sub-section (1) of section 380 of the Act] (Wherever applicable)
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ANNEXURE - II
DECLARATION FROM THE TWO INDEPENDENT DIRECTORS:

We, Shri.G.P. Kohli and Shri.Bikran Sen, do hereby declare that we are not disqualified to act as Independent Directors of M/s.DHFL Vysya Housing Finance Limited and further declare that

- A) We are persons of integrity and possess relevant expertise and experience.
- B) We are not promoters of the company or its holding, subsidiary or associate Company.
- C) We have no pecuniary relationship with the company, its holding, subsidiary, or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- D) None of our relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower during the two immediately preceding financial years or during the current financial year;
- E) Neither ourselves nor any of our relatives:
 - i) hold or held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company if any of the three financial years immediately preceding the financial year in which we are appointed.
 - ii) is or has been employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which we are appointed, of –
 - (a) Firm or auditors or company secretaries in practice or cost auditor of the company or its holding, subsidiary or associate company; or
 - (b) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
 - (iii) We do not hold together with our relatives two percent or more of the total voting power of the company; or
 - iv) We are not Chief Executives or Directors, by whatever name called of any nonprofit organization that receives twenty five-percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; and
- F) We possess such other qualifications as may be prescribed.

Sd/-xxx
G.P. KOHLI
DIN:00230388
Independent Director

Sd/-xxx
BIKRAM SEN
DIN: 00230547
Independent Director

FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014. Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Sl. No.	Particulars	Detail
1.	Name (s) of the related party & nature of relationship	Dewan Housing Finance Corporation Limited
2.	Nature of contracts / arrangements / transaction	To avail system support services
3.	Duration of the contracts / arrangements / transaction	1st April 2016 to 31st March, 2017
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	IT applications / developments / modifications / amendments and all related services at a total cost not exceeding Rs.50 lakhs.
5.	Justification for entering into such contracts or arrangements or transactions'	The company cannot invest huge amounts to acquire the special technology and related equipments which will be more expensive than availing the services.
6.	Date of approval by the Board	3rd May, 2016
7.	Amount paid during the year	Rs.26,74,000/- No advances were paid.
8.	Date on which the special resolution was passed in General meeting as required under first proviso to Section 188	20th June, 2014.

Sd/-

Kapil Wadhawan
CHAIRMAN

DHFL VYSYA HOUSING FINANCE LIMITED

BALANCE SHEET AS AT 31st MARCH, 2017

(₹ Lacs)

	Note No.	As at 31.03.2017	As at 31.03.2016
EQUITY & LIABILITIES			
Shareholders' Fund			
Share Capital	3	1,108.07	1,108.07
Reserves & Surplus	4	14,264.88	13,573.89
Total Shareholders' Funds		15,372.95	14,681.96
Non Current Liabilities			
Long term Borrowings	5	139,388.38	111,240.83
Other Long term Liabilities	6	147.89	105.89
Deferred Tax Liability [Net]	7	1,721.10	939.62
Long Term Provisions	8	1,754.38	1,204.38
Total Non-Current Liabilities		143,011.75	113,490.72
Current Liabilities			
Trade Payables	9	258.63	40.26
Other Current Liabilities	10	31,301.83	29,438.87
Short Term Provisions	8	1,192.22	255.13
Total Current Liabilities		32,752.68	29,734.26
TOTAL		191,137.38	157,906.94
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	11	237.91	86.39
Intangible Assets	11	7.84	7.57
		245.75	93.96
Non Current Investments	12	1,063.45	581.66
Long Term Housing & Property Loans	13	170,095.98	135,854.58
Other Long Term Loans & Advances	14	305.83	217.40
Other Non Current Assets	15	280.00	80.00
Total Non-Current Assets		171,991.01	136,827.60
Current Assets			
Current Investments	16	1,017.00	129.58
Trade Receivables	15	490.34	408.38
Cash & Bank Balance	17	6,344.80	8,985.97
Short Term portion of Housing & Property Loans	13	10,903.37	11,064.76
Short Term Loans & Advances	18	340.48	327.42
Other Current Assets	15	50.38	163.23
Total Current Assets		19,146.37	21,079.34
TOTAL		191,137.38	157,906.94

Notes forming part of the Financial Statements

1 to 37

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

For B M CHATURVEDI & CO.,

 Chartered Accountants
ICAI FRN : 114317W

(B M Chaturvedi)

 Partner
ICAI M N : 17607

KAPIL WADHAWAN

 Chairman
DIN 0028528

G P KOHLI

 Director
DIN 00230388

V SRIDAR

 Director
DIN 02241339

R NAMBIRAJAN

 Managing Director
DIN 00241157

BIKRAM SEN

 Director
DIN 00230547

Place: MUMBAI

Dated: 28th April, 2017

M S L NATHAN

 Company Secretary
M.No.A7608

K V BALAJI

Chief Financial Officer

DHFL VYSYA HOUSING FINANCE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017

(₹ Lacs)

	Note No.	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
INCOME			
Revenue from operations	19	21,278.99	19,292.90
Total Revenue		21,278.99	19,292.90
Expenses			
Interest & Other Charges	20	14,535.24	13,133.38
Employees Remuneration & Benefits	21	1,728.39	1,147.89
Administrative & Other Expenses	22	958.86	755.91
Provision for Contingencies	8	425.46	216.20
Depreciation & Amortisation Expenses	11	54.86	38.33
Total Expenses		17,702.81	152,291.71
Profit Before Tax		3,576.18	4,001.19
Tax Expense:			
Current Tax		1,206.18	1,203.46
Deferred Tax	7	(186.65)	(136.35)
Deferred Tax liability on Special Reserve	7	235.84	261.79
Profit for the Year		2,320.82	2,672.29
Earnings per Equity Share			
Basic ₹	23	20.94	24.12
Diluted ₹		20.94	24.12

Notes forming part of the Financial Statements 1 to 37

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

For B M CHATURVEDI & CO.,Chartered Accountants
ICAI FRN : 114317W**(B M Chaturvedi)**Partner
ICAI M N : 17607**KAPIL WADHAWAN**Chairman
DIN 0028528**G P KOHLI**Director
DIN 00230388**V SRIDAR**Director
DIN 02241339**R NAMBIRAJAN**Managing Director
DIN 00241157**BIKRAM SEN**Director
DIN 00230547

Place: MUMBAI

Dated: 28th April, 2017

M S L NATHANCompany Secretary
M.No.A7608**K V BALAJI**

Chief Financial Officer

DHFL VYSYA HOUSING FINANCE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017

(₹ Lacs)

	Year ended 31.03.2017		Year ended 31.03.2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		3,576.18		4,001.18
Adjustments for:				
Depreciation	54.86		38.33	
Loss on sale of Fixed Assets sold (Net)	1.01		-	
Provision for Contingencies	425.46		216.20	
		481.33		254.53
Operating profit before working capital changes		4057.51		4,255.71
Adjustments for:				
Current Assets	(147.48)		(222.71)	
Current Liabilities	1,090.69		157.52	
		943.21		(65.19)
Cash generated from operations during the year		5,000.72		4,190.52
Tax paid		(1,206.18)		(1,203.46)
Net Cash for Operation				
Housing & Other Property Loans disbursed		(64,565.44)		(44,238.04)
Housing & Other Property Loans repayments		30,562.32		29,395.93
Net Cash Flow from Operating activities [A]		(30,208.57)		(11,855.04)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Addition / Deduction to investments	(1,567.42)		8.39	
Addition to fixed assets	(177.67)		(53.13)	
Reduction in fixed assets	6.03		-	
Net Cash used in investing activities [B]		(1,739.06)		(44.74)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Loans received from Banks/Institutions	56,320.00		54,000.00	
Commercial Paper Issued	-		-	
NCD Issued	9,940.00		-	
Fixed Deposits received	4,908.27	71,168.27	2,348.00	56,348.00
Loans repaid to Banks/Institutions	(40,112.49)		(37,865.69)	
Fixed Deposits repaid	(1,615.94)	(41,728.43)	(910.73)	(38,776.42)
Dividend paid		(110.81)		(1,218.88)
Tax paid on Dividend		(22.56)		(248.13)
Net Cash from financing activities [C]		29,306.47		16,104.57
Net increase / decrease (-) in cash & cash equivalents [A+B+C]		(2,641.16)		4,204.78
Cash & cash equivalents at the beginning of the year		8,985.97		4,781.18
Cash & cash equivalents at the close of the year		6,344.80		8,985.97

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

(B M Chaturvedi)

 Partner
ICAI M N : 17607

KAPIL WADHAWAN

 Chairman
DIN 0028528

G P KOHLI

 Director
DIN 00230388

V SRIDAR

 Director
DIN 02241339

R NAMBIKAJAN

 Managing Director
DIN 00241157

BIKRAM SEN

 Director
DIN 00230547

 Place: MUMBAI
Dated: 28th April, 2017

M S L NATHAN
Company Secretary
M.No.A7608

K V BALAJI
Chief Financial Officer

DHFL VYSYA HOUSING FINANCE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017.

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.

Company is subsidiary of Wadhawan Global Capital Private Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of Financial Statements

- a) The financial statements have been prepared under the historical cost convention on an accrual basis to comply in all material aspects with applicable accounting principles in India including accounting standards notified under Section 133 of the Companies Act, 2013 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) 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

Income from Housing & Property Loans :

- a) 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.
- b) Processing fee is recognised in the year in which the loan is sanctioned and accepted by the applicant.
- c) Prepayment, delayed payment interest and other income are recognized on receipt basis.
- d) Revenue in respect of dividend income is recognized when the right to receive is established. Income from services and interest bearing investment income is accounted on accrual basis.
- e) Commission on insurance policy sold is recognised upon issuance of the policy by the principal insurance company.

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

Company has changed its depreciation policy from WDV to SLM method. Company has recalculated depreciation under SLM method by considering estimated useful lives assessed by Management earlier as required under part C of Schedule II to the Companies Act 2013 .

2.6 Investments

- a) 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.
- b) 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 category of related investment basis.

2.7 Retirement Benefits

- a) Short term employee benefits like provident fund and ESIC are recognized as expenses at an undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- b) Gratuity Fund Scheme is considered as defined benefit plans. The Company liability is determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date. Actuarial Gains / Losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized in the statement of Profit & Loss as income or expenses, as applicable in the period in which they occur.
- c) Company were earlier accounting leave encashment on cash payment basis and has now changed the method so as to make full provision for all outstanding leave encashment entitlement based on actuary valuation at the year end using the projected unit credit method.

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

- a) Tax expense comprises of current tax and deferred taxes.
- b) Current tax is determined based on the liability computed in accordance with relevant tax rates and tax laws.
- c) 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.
- d) Deferred tax liability on Income Tax rebate under section 36(1)(viii) of the Income Tax Act, 1961 has been provided in terms of NHB Directions 2010 read with Note No. 4.3 herein after, though Company does not envisage any actual tax liability against above.

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 Installments (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, Project Loan for residential building and other borrowers. Property loans include mortgage against residential / commercial property and loan against the lease rental income from properties 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 original maturity of three months or less.

2.19 Assets Acquired under SARFAESI Act

Assets acquired under SARFAESI Act are part of NPA portfolio of loans for which necessary provisions are being made and such assets are to be disposed off at the earliest, subject to legal formalities. Losses if any, are being booked at the time of sales realisation of such assets.

2.20 Related Party Transactions

Related party relationship is as identified by the company and as per Accounting Standard (AS-18) under related party disclosure. The complete details and nature of transactions with identified related parties are given in separate notes. Transactions with related parties are disclosed till relationship exists.

2.21 Government Grant

The Company accounts for the Grant received from any Government, Government agencies or similar bodies on cash basis which are received to meet specific expense, against related costs incurred.

3. Share Capital

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Authorised Share Capital		
2,00,00,000 Nos. of (P.Y.2,00,00,000) Equity shares of ₹10 each	2,000.00	2,000.00
	2,000.00	2,000.00
Issued Share Capital		
1,10,80,705 Nos. of (P.Y.1,10,80,705) Equity shares of ₹10 each	1,108.07	1,108.07
	1,108.07	1,108.07
Subscribed and Paid up Capital		
1,10,80,705 Nos. of (P.Y.1,10,80,705) Equity shares of ₹10 each fully paid	1,108.07	1,108.07
	1,108.07	1,108.07

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of shares	Amount (Lacs)	No. of shares	Amount (Lacs)
Equity shares at the beginning of the year	1,10,80,705	1,108.07	1,10,80,705	1,108.07
Add: Issued during the year	-	-	-	-
Equity shares at the end of the year	1,10,80,705	1,108.07	1,10,80,705	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 For the year ended 31st March, 2017, the company has proposed dividend @ ₹7.00 per share (P.Y. Aggregate Dividend @ ₹6.00 per share) to the equity shareholders.

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of shares	% holding	No. of shares	% holding
Wadhawan Global Capital Pvt. Ltd (Holding Company)	92,95,941	83.89	92,95,941	83.89
Dewan Housing Finance Corporation Ltd	10,48,989	9.47	10,48,989	9.47

4. Reserves and Surplus

Particulars	As at 31.03.2017 (₹Lacs)		As at 31.03.2016 (₹Lacs)	
Securities Premium		1,304.04		1,304.04
Statutory Reserve (Special Reserve) [As per Section 29C of National Housing Bank Act, 1987 & Section 36(1)(viii) of the Income Tax Act, 1961]				
Balance as per Last Balance Sheet	6,295.16		5,495.16	
Add : Transferred from Statement of Profit & Loss	800.00	7,095.16	800.00	6,295.16
General Reserve				
Balance as per last Balance Sheet	2,463.40		2,029.55	
Add : Transferred from Statement of Profit & Loss	500.00		800.00	
Add : On account of Change in depreciation policy from WDV to SLM	36.02		-	
Less : Deferred Tax Liability on Opening Special Reserve U/s 36(1)(viii) of IT Act 1961	732.30	2,267.12	366.15	2,463.40
Surplus in Statement of Profit and Loss:				
As per last Balance Sheet	3,511.29		3,239.19	
Add : Profit for the year	2,320.82		2,672.29	
	5,832.11		5,911.48	
Less : Appropriations :				
Statutory Reserve	800.00		800.00	
General Reserve	500.00		800.00	
Interim Equity Dividend	-		554.04	
Proposed Equity Dividend *	775.65		110.81	
Dividend Distribution Tax	157.90		135.35	
	2,233.55		2,400.19	
Surplus closing balance		3,598.55		3,511.29
TOTAL RESERVES & SURPLUS		14,264.88		13,573.89

4.1 Details of Statutory Reserves	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Balance at the beginning of the year		
a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	424.11	365.92
b. Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	5,871.05	5,129.25
Total	6,295.16	5,495.16
Addition during the year		
Add: a. Amount transferred u/s 29C of the NHB Act, 1987	118.55	58.20
b. Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	681.45	741.80
Total	800.00	800.00
Less:		
a) Amount appropriated u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
Total	-	-
Balance at the end of the year		
a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	542.66	424.11
b. Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	6,552.50	5,871.05
Total Statutory Reserve	7,095.16	6,295.16

- 4.2 * The Board of Directors in his meeting held on 28.04.2017 has recommended a dividend of ₹ 7/- per equity share read with note no.3.3 above.
- 4.3 National Housing Bank vide circular No.NHB(ND)/DRS/Policy Circular 65/2014-15 dated 22.08.2014 has clarified that such contingent deferred tax liability in respect of opening balance under special reserve as at 01.04.2014 may be adjusted/ provided from free opening reserves of the Company over a period of 3 years in the ratio of 25:25:50 respectively. Accordingly, the Company has provided the final balance amount of required contingent deferred tax liability amounting to ₹ 732.30 lacs from the general reserves and has further provided the deferred tax liability on Special Reserve for the year out of Profit & Loss Account amounting to ₹ 235.84 lacs.

5. LONG TERM BORROWINGS

	Non Current Portion		Current Portion	
	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs
Secured				
Term Loan from Banks	81,648.10	78,627.03	20,181.86	21,041.18
Loan form Others				
From National Housing Bank	43,729.88	30,505.83	7,541.69	6,719.98
Non Convertible Debentures	9,940.00	-	-	-
Total Secured long term borrowings	1,35,317.99	1,09,132.87	27,723.56	27,761.17
Unsecured				
Deposits				
Fixed Deposit (including Cummulative)	4,070.39	2,107.96	2,281.90	1,044.97
Total Unsecured long term borrowings	4,070.39	2,107.96	2,281.90	1,044.97
TOTAL LONG TERM BORROWINGS	139,388.38	1,11,240.83	30,005.46	28,806.14
Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 10)	-	-	(30,005.46)	(28,806.14)
Net Amount	1,39,388.38	1,11,240.83	-	-

- 5.1 Secured term loan from National Housing Bank are repayable as per the contracted terms in one or more installments between April 2017 and September 2028. 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, other banks and NCD holders 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.29 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 2017 and March 2032. 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 and NCD holders, 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. Company has raised Non Convertible Debentures (NCDs) amounting to ₹ 9940 lacs during the year. NCDs are long term and are secured by way of jointly ranking pari passu inter-se first charge, along with NHB and other banks, on the Company's book debts, housing loans & on a specific immovable asset of the Company. NCDs are redeemable at par on various dates during the period as given in note no. 5.5.
- 5.4 Fixed Deposits, including short term fixed deposits are repayable as per individual contracted maturities ranging between 12 months to 120 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.

5.5 MATURITY PATTERN OF LONG TERM BORROWINGS:

Particulars	1-3 Years	3-5 Years	>5 Years	Grand Total
Secured				
Term Loans from Banks				
Floating Rate Loans - 9.20 - 11.05	54,986.10	22,101.23	24,742.63	101,829.96
	(55,462.80)	(24,098.22)	(20,107.18)	(99,668.20)
Loan from National Housing Bank				
5.75 - 9.00	17,032.12	8,263.64	19,270.12	44,565.88
	(9,493.30)	(2,627.27)	(5,000.00)	(17,120.57)
9.05 - 10.50	3,255.13	1,255.79	2,194.77	6,705.69
	(7,239.89)	(3,717.14)	(9,148.22)	(20,105.25)
Non-Convertible Debenture				
9.00 - 9.60	-	1,000.00	8,940.00	9,940.00
	-	-	-	-
Unsecured				
Fixed Deposits				
8.75-11.50	5,423.58	1,208.79	120.46	6,752.83
	(3,096.62)	(309.34)	(54.54)	(3,460.50)

6. OTHER LONG TERM LIABILITIES

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Interest Accrued but not due on Deposits	147.89	105.89
Total Other Long Term Liabilities	147.89	105.89

7. DEFERRED TAX LIABILITIES / (ASSETS) NET

	As at 31.03.2017 (₹Lacs)		As at 31.03.2016 (₹Lacs)	
Deferred Tax Liability Net				
On account of Provision for Contingency	462.33		315.09	
On account of Provision for Employee Benefits	55.96		-	
On difference between book balance and tax balance of assets	1.67	519.96	18.22	333.31
Deferred Tax Liability on Special Reserve		2,241.06		1,272.92
NET DEFERRED TAX LIABILITY / (ASSETS)		1721.10		939.62

8. PROVISIONS

	Long Term Provision		Short Term Provision	
	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs
Provision for Contingencies:				
on Standard Assets	793.30	647.43	-	-
on Non Performing Assets	817.93	544.99	-	-
on diminution in value of investment	0.40	2.19	-	-
Less: shown as diminution in value of investment separately [note no. 12]	0.40	2.19	-	-
	1,611.23	1,192.41	-	-
Provision for employee benefits	143.15	11.96	238.74	104.12
Provision for Proposed Dividend	-	-	775.65	110.81
Provision for Dividend Distribution Tax	-	-	157.90	22.56
Provision for Taxation(net of advance tax & TDS)	-	-	-	-
Other Provisions	-	-	19.91	17.64
TOTAL PROVISIONS	1,754.38	1,204.37	1,192.21	255.13

8.1 Provision for Non Performing Housing & Property Loans

Provision in respect of above standard, sub standard, doubtful and loss assets including recoverable expenses [read with note no.13] are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank and are as follows:

	31.03.2017		31.03.2016	
	Portfolio ₹ Lacs	Provisions ₹ Lacs	portfolio ₹ Lacs	Provisions ₹ Lacs
Standard Assets				
Housing Loans	162,027.61	677.43	1,34,170.85	573.73
Other Property Loans	16,161.22	115.87	10,898.66	73.69
	178,188.83	793.30	145,069.51	647.44
Sub Standard Assets				
Housing Loans	1,796.00	270.06	1,077.00	162.73
Other Property Loans	82.83	12.50	39.47	5.97
	1,878.82	282.56	1,116.48	168.70
Doubtful Assets				
Housing Loans	713.18	354.00	564.50	248.86
Other Property Loans	158.49	121.34	118.88	77.44
	871.67	475.34	683.38	326.31
Loss Assets				
Housing Loans	40.50	40.50	34.33	34.33
Other Property Loans	19.53	19.53	15.65	15.65
	60.03	60.03	49.99	49.99
Total	180,999.35	1,611.23	146,919.36	1,192.42
Summary:				
Housing Loans	164,577.29	1,341.99	135,846.68	1,019.65
Other Property Loans	16,422.06	269.24	11,072.67	172.76
Total	180,999.35	1,611.23	146,919.36	1,192.42

8.2 Property loans consists of non housing loans such as mortgage 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.

8.3 The Company has de-recognized total interest income on Non Performing Assets upto 31st March 2017 of ₹ 647.99 lacs (upto P.Y. ₹ 470.12 lacs) in terms of the requirement of the National Housing Bank.

8.4 Provisioning for Contingencies

[including provision for diminution in investment]

	As at 31.03.2017 (₹Lacs)		As at 31.03.2016 (₹Lacs)	
As per last Balance Sheet	1,194.60		978.40	
Add: Provision during the year	425.46	1,620.06	216.20	1,194.60
Less: Utilised during the year		8.43		-
		1,611.63		1,194.60
Less: shown as diminution in investment separately [Refer note no.12]		0.40		2.19
Net contingency provision against housing & property loans		1,611.23		1,192.41

8.5 Loans repayable on demand from banks are secured / to be secured by way of jointly ranking paripassu 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.

9 TRADE PAYABLES:

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Creditors for Expenses	258.63	40.26
Total	258.63	40.26

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

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Current maturities of long-term borrowing (Refer Note no. 5)	30,005.46	28,806.14
Interest accrued and due on deposits	101.17	49.05
Interest accrued but not due on Deposits	173.53	102.53
Interest accrued on Non Convertible Debentures	633.67	-
Unclaimed matured deposits and interest accrued thereon	79.11	99.14
Other payables		
Advance from customers	122.30	145.54
Unclaimed Dividend	5.22	6.09
Other current liabilities	181.37	230.39
TOTAL OTHER CURRENT LIABILITIES	31,301.83	29,438.87

10.1 During the year Company has transferred the required amount to Investor Education and Protection Fund under section 124 of the Companies Act, 2013 a sum of ₹0.55 lacs (₹0.26 lacs) being Unclaimed Dividend.

11 Fixed Assets

(₹ Lacs)

	Gross Block				Depreciation				Net Block	
	As on 01.04.2016	Additions	Disposal/ Adjustment	As on 31.03.2017	As on 01.04.2016	For the year	Deduction/ Adjustment	Upto 31.03.2017	As on 31.03.2017	As on 31.03.2016
Tangible Assets										
Land	20.00	-	-	20.00	-	-	-	-	20.00	20.00
Office Equipments	78.09	38.45	2.45	114.09	66.10	11.55	7.03	70.61	43.48	11.99
Vehicles	23.70	24.25	22.14	25.81	19.46	2.21	15.14	6.53	19.27	4.24
Furniture & Fixture	153.76	46.40	-	200.16	125.40	13.30	19.16	119.54	80.62	28.36
Computer	197.19	68.58	31.94	233.83	175.40	23.12	39.22	159.30	74.53	21.79
Sub Total	472.74	177.67	56.52	593.89	386.35	50.17	80.54	355.98	237.91	86.39
Intangible Assets										
Computer software	68.70	-	-	68.70	61.13	4.69	4.96	60.87	7.84	7.57
Total	68.70	-	-	68.70	61.13	4.69	4.96	60.87	7.84	7.57
Total	541.45	177.67	56.52	662.60	447.49	54.86	85.50	416.85	245.75	93.96
Previous Year	488.31	53.14	-	541.45	409.15	38.33	-	447.49	93.96	

Company has changed its depreciation policy from Written Down Value method to Straight Line Method for aligning the policy to be suitable for both proposed merged companies. If company have not changed its policy, the General Reserve and Net Assets would have been lower by ₹36.02 lacs.

12 NON CURRENT INVESTMENTS

	31.03.2017 (₹Lacs)		31.03.2016 (₹Lacs)	
	Nos	Amount	Nos	Amount
<i>Investment in quoted equity instruments (Face value of ₹ 10 each)</i>				
Reliance Power Ltd.	222	0.62	222	0.62
Capital First Ltd.	172	1.32	172	1.32
MRPL	3,000	3.11	3,000	3.11
(A)		5.05		5.05
<i>Investment in quoted Bonds (Face value of ₹ 100 each)</i>				
6.25% GOI Bonds 2018	1,00,000	95.80	1,00,000	95.80
6.05% GOI Bonds 2019	5,00,000	483.00	5,00,000	483.00
6.57% GOI Bonds 2033	5,00,000	480.00	-	-
(B)		1,058.80		578.80
(A+B)		1,063.85		583.85
Less: Provision for diminution in value of investments (read note no. 12.2)		0.40		2.19
TOTAL NON CURRENT INVESTMENTS		1,063.45		581.66
Aggregate amount of quoted investments		1,063.85		583.85
Market value of Quoted investments		1,063.45		581.66

12.1 Investment in Government Securities aggregating to ₹963.00 lacs (P.Y. ₹483.00 lacs) carry a floating charge in favour of depositors of Fixed Deposits read with note no.29.

12.2 Movement of provisions held towards depreciation on investments

	2016-17	2015-16
i) Opening Balance	2.19	13.19
ii) Add: Provision made during the year	-	-
iii) Less: Write off / write back of excess provisions during the year	1.79	11.00
iv) Closing Balance	0.40	2.19

13 HOUSING AND PROPERTY LOANS

	Non Current Portion		Current Portion	
	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs
Secured, considered good unless stated otherwise				
Housing Loans				
Standard Loans	152,818.42	124,510.48	9,209.19	9,660.36
Sub-Standard Loans	1,796.00	1,077.00	-	-
Doubtful Loans	713.18	564.50	-	-
Loss Assets	40.50	34.33	-	-
	155,368.10	126,186.32	9,209.19	9,660.36
Other property Loans				
Standard Loans	14,467.03	9,494.25	1,694.19	1,404.40
Sub-Standard Loans	82.83	39.47	-	-
Doubtful Loans	158.49	118.88	-	-
Loss Assets	19.53	15.65	-	-
	14,727.87	9,668.25	1,694.19	1,404.40
Total Housing & Other Property Loans	170,095.98	135,854.57	10,903.37	11,064.76

13.1 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.

13.2 Total Housing and Property Loans include ₹239.23 lacs [P.Y. ₹162.34 lacs] on account of EMI receivable / due for more than 90 days.

13.3 Other Property Loans outstanding includes loan portion amounting to ₹4,625.34 lacs (₹3,218.03 lacs) to cover the insurance premium to secure the borrower's life and thereby further secure by way of risk mitigating method, the Company's Housing Loan portfolio against any eventuality.

14 OTHER LONG TERM LOANS AND ADVANCES

	Non Current Portion		Current Portion	
	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs
Unsecured and considered good unless stated otherwise				
Secured Deposits	163.63	109.77	-	-
Loans to Employess	1.89	4.94	4.42	6.41
Others	140.31	102.69	336.05	321.01
TOTAL OTHER LONG TERM LOANS AND ADVANCES	305.83	217.40	340.48	327.42
Current Portion Disclosed under "short term loans and advances" (refer Note 18)	-	-	(340.48)	(327.42)
Net Amount	305.83	217.40	-	-

15 TRADE RECEIVABLES AND OTHER ASSETS

15.1 Trade Receivables

	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs
Secured and considered good		
EMI / PEMI Receivable due for less than 90 days	480.00	399.68
Others	10.34	8.49
TOTAL TRADE RECEIVABLES	490.34	408.38

15.2 OTHER ASSETS

	Non Current Portion		Current Portion	
	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs	31.03.2017 ₹ Lacs	31.03.2016 ₹ Lacs
Unsecured, considered good				
Non current portion of balance with banks in deposit account (refer note nos.17 & 29)	280.00	80.00	-	-
Interest accrued on Investments	-	-	44.41	29.77
Income Receivable	-	-	5.97	133.46
TOTAL OTHER LONG TERM LOANS AND ADVANCES	280.00	80.00	50.38	163.23

15.3 Non Current portion of balance with Banks in Deposit Accounts ₹ 280 lacs (P.Y. ₹ 80 lacs) carrying a floating charge in favour of depositors of Fixed Deposit [read with note no.29]

16 CURRENT INVESTMENTS

	31.03.2017 ₹Lacs	31.30.2016 ₹Lacs
Investment in Properties	1,017.00	129.58
Total	1,017.00	129.58

The Company has purchased properties auctioned under SARFAESI Act being non banking asset amounting to ₹ 1017 lacs (P.Y. ₹ 129.58 lacs) for sale and is holding it as investment with short term perspective.

17 CASH AND BANK BALANCES

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Cash and Cash Equivalents		
Balances with Banks		
in Current Accounts	2,994.54	7,954.46
in Deposits accounts with original maturity of less than 3 months	2,000.00	-
Cash on hand	23.57	31.50
Total Cash and Cash Equivalents	5,018.10	7,985.97
Other Bank Balances		
Fixed Deposits less than 12 months	1,326.70	1,000.00
Fixed Deposits more than 12 months	280.00	80.00
Less: Disclosed under Other Assets (refer Note no. 15)	280.00	80.00
Total Other Bank Balances	1,326.70	1,000.00
Total Cash and Bank Balances	6,344.80	8,985.97

Investment in Fixed Deposits aggregating to ₹ 280.00 lacs (P.Y. ₹ 80.00 lacs) carry a floating charge in favour of depositors of Fixed Deposits read with note no.29.

18 SHORT TERM LOANS & ADVANCES

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Unsecured, considered good		
Loans to employees	4.42	6.41
Others (refer note no.14)	336.05	321.01
TOTAL SHORT TERM LOANS AND ADVANCES	340.48	327.42

19 REVENUE FROM OPERATIONS

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Revenue from Interest		
Interest on Housing and Property Loans	19,482.16	17,864.49
Interest on Bonds & Deposits	455.19	224.69
Other interest	3.84	1.81
	19,941.20	18,090.99
Revenue from other financial services		
Loan processing fee	812.15	749.23
Other operating income	525.64	452.68
	1,337.79	1,201.90
Total Revenue from operations	21,278.99	19,292.90

20 INTEREST AND FINANCE COST

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Interest on Loans	13,256.17	12,797.59
Interest on Deposits	560.90	268.13
Interest on Others	642.06	0.27
Finance Charges	76.12	67.38
Total Interest & Finance Charges	14,535.24	13,133.38

21 EMPLOYEES REMUNERATION AND BENEFITS

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Salaries and Bonus	1,443.84	1,045.76
Contribution to Provident Fund & Other Funds	112.96	82.68
Staff Welfare Expenses	171.58	19.45
Total Employees Remuneration and benefits	1,728.39	1,147.89

22 ADMINISTRATIVE AND OTHER EXPENSES

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Rent	184.23	147.83
Rates & Taxes	21.07	0.98
Conveyance & Motor Car Expenses	30.73	23.88
Travelling Expenses	43.76	39.07
Printing & Stationery	39.95	31.74
Advertisement & Business Promotion	32.52	71.16
Insurance	15.72	9.30
Legal & Professional Charges	105.54	121.52
Auditors Remuneration	33.66	27.61
Postage, Telephone & Telegram	109.60	101.61
General Repairs & Maintenance	18.49	17.47
Bad Debts Written Off	21.05	-
Electricity Charges	26.05	20.62
Directors sitting fees	14.83	14.28
Brokerage	25.89	10.51
Credit Rating Charges	71.08	50.88
CSR Expenses*	35.00	13.00
Other Expenses	129.71	54.43
Total Administrative and Other expenses	958.86	755.91

22.1 * Company is required to spend money on Corporate Social Responsibility [CSR] activity as per CSR Rules under Companies Act 2013. The amount to be spent under this head for 2016-17 works out to ₹79.52 lacs. Unspent portion of CSR activity for earlier years was ₹ 99.98 lacs, out of which the Company has spent so far ₹35 lacs, leaving a balance of ₹64.98 lacs. With the current year's addition of ₹79.52 lacs, the balance amount to be spent will be ₹144.50 lacs.

23 EARNING PER SHARE

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

	31.03.2017	31.03.2016
a) Net Profit after Taxation attributable to Equity Shareholders (₹ lacs)	2,320.82	2,672.29
b) Number of equity shares outstanding (Nos.)	1,10,80,705	1,10,80,705
c) Basic & Diluted Earnings in Shares of ₹ 10 each (a/b)*	20.94	24.12

*there are no dilutive potential shares

OTHER INFORMATION:

24 REMUNERATION TO MANAGING DIRECTOR (COST TO COMPANY BASIS)

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Basic Pay	42.00	36.00
Reimbursement of Rent	8.40	8.40
Perquisites & Other Allowances	36.72	32.44
	87.12	76.84

Remuneration to Managing Director is within the limits prescribed under section 197 of Companies Act 2013.

25 AUDITORS REMUNERATION

	31.03.2017 (₹Lacs)	31.03.2016 (₹Lacs)
Audit Fees	25.00	22.50
Tax Audit Fees	5.00	2.50
Audit Fees of Branch Auditors	3.66	2.61
	33.66	27.61

26 EMPLOYEE BENEFITS

- i. The company makes contributions to provident fund for qualifying employees to Regional Provident Fund Commissioner under defined benefit plan under the Provident Fund Act.
- ii. As required under Accounting Standard 15 (AS -15 Revised, 2005) the Company has made full provisions for future gratuity liability and leave encashment liability of employees payable at the time of retirement as on March 31, 2017. On the basis of gratuity and leave encashment report under Accounting Standard 15 (AS - 15) provided by Independent Actuary, the Company has made necessary full contribution to Kotak Mahindra for gratuity fund.

- iii. The information relating to defined benefit gratuity plan (funded) and leave encashment of post retirement benefits for on roll employees 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 is given below:

	Leave Encashment		
	(Un Funded)	Gratuity (Funded)	
	2016-2017	2016-2017	2015-2016
	(₹Lacs)	(₹Lacs)	(₹Lacs)
Changes in the present value of the defined benefit obligation			
Opening defined benefit obligation	11.96	78.93	71.42
Interest Cost	0.94	6.20	5.71
Past service cost (vested benefit)	122.13	-	-
Current service cost	29.71	12.25	8.14
Benefits paid	(2.08)	-	(2.77)
Actuarial (gains)/losses on obligation		6.59	(3.57)
Closing defined benefit obligation	162.66	103.97	78.93
Changes in the Fair Value of Plan Assets :			
Opening fair value of plan assets	-	96.96	92.98
Expected return	-	7.64	7.43
Contributions	-	-	-
Benefits paid	-	-	(2.77)
Actuarial gains/(losses)	-	0.34	(0.68)
Closing fair value of plan assets	-	104.94	96.96
Actuarial (Gains)/Losses on Obligation for the period	162.66	6.59	(3.57)
Actuarial (Gains)/Losses on Asset for the period	-	(0.34)	0.69
Actuarial (Gains) / Losses Recognized in Income & Exp Statement	162.66	6.25	(2.88)
Liability recognized in Balance Sheet			
Defined Benefit Obligation	162.66	103.97	(78.93)
Fair Value of plan assets	-	104.95	96.97
Asset/(Liability) recognized	162.66	0.98	18.04
Expense Recognised in Profit and Loss			
Current service cost	29.71	12.25	8.14
Interest cost on benefit obligation	0.94	6.20	5.71
Expected return on plan assets	-	(7.64)	(7.43)
Past service cost (vested benefit recognized)	122.13	-	-
Net actuarial (gain)/loss recognized in the year	-	6.25	(2.88)
Net (benefit)/expense	152.78	17.06	3.54

	2016-2017 (₹Lacs)	2016-2017 (₹Lacs)	2015-2016 (₹Lacs)
Actual Return on Plan Assets			
Expected return on plan assets	-	7.64	7.43
Actuarial gain / (loss) on plan assets	-	0.34	(0.68)
Actual return on plan assets	-	7.98	6.75
Reconciliation of the liability recognized in the Balance sheet			
Opening net liability	9.88	(18.04)	(21.57)
Expense recognized	152.78	17.06	3.53
Employer's contribution	-	-	-
Amount recognized in the balance sheet	162.66	(0.98)	(18.04)
Actuarial Assumptions			
Mortality Table Indian Assured Lives (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (P.A.)	7.10%	7.10%	7.85%
Rate of escalation in salary (P.A.)	5.00%	5.00%	4.31%
Rate of Return on plan assets	-	7.85%	7.85%
Attrition Rate	8.00%	8.00%	8.04%

27 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 133 of Companies Act, 2013 are not applicable to the Company.

28 RELATED PARTY TRANSACTIONS

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

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

Holding Company	:	Wadhawan Global Capital Private Limited
Associate Companies	:	Dewan Housing Finance Corporation Limited Aadhar Housing Finance Limited DHFL Pramerica Life Insurance Company Limited
KEY MANAGEMENT PERSONNEL	:	Shri. R Nambirajan, Managing Director Shri. M S L Nathan, Company Secretary Shri. K V Balaji, Chief Financial Officer

₹ Lacs

Nature of Transaction [Exclusive of Service Tax]	Holding Company	Associate Company	Key Managerial Person
INCOME:			
Rental Income	-	0.96 [0.53]	-
Commission on sale of Retail Insurance Product	-	35.90[11.04]	-
EXPENDITURE:			
Services	-	26.74 [29.14]	-
Remuneration	-	-	111.35(98.58)
Insurance Premium	-	3.54 [3.15]	-
Dividend Paid:	92.96[1,022.55]	10.49 [115.39]	-
Details of Transaction	Holding Company	Associate Company	Key Managerial Person
Rental Income:			
Aadhar Housing Finance Limited	-	0.96[0.53]	-
Commission on sale of Retail Insurance Product			
DHFL Pramerica Life Insurance Company	-	35.90[11.04]	-
Expenditure:			
Services:			
Dewan Housing Finance Corporation Limited	-	26.74[29.14]	-
Insurance Premium			
DHFL Pramerica Life Insurance Company Limited	-	3.54[3.15]	-
DividendPaid:			
Wadhawan Global Capital Private Limited	92.96[1,022.55]	-	-
Dewan Housing Finance Corporation Limited	-	10.49 [115.39]	-
Remuneration:			
Shri. R Nambirajan	-	-	87.12 [76.84]
Shri. M S L Nathan	-	-	12.00 [10.94]
Shri. K V Balaji	-	-	12.23 [10.80]

- 28.2 During the year, the company has not participated in joint syndication of loans with the DHFL. The outstanding syndication loans in the books of the company as at 31st March, 2017 amounted to Nil (P.Y. ₹360.40 lacs).
- 29 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. Catalyst Trusteeship Ltd. as a Trustee for the above by executing a trust deed on 19.04.2010.
- 30 The company's income tax assessment has been completed upto assessment year 2014-15.

31 COMMITMENTS AND CONTINGENCIES

Contingent liability in respect of income tax demand of earlier years amounting to ₹ 149.04 lacs (P.Y. ₹ 136.01 lacs) although deposited but not provided for in view of the legal advice that the tax claim is untenable. The details are as under:

- i) An Appeal is filed before ITAT regarding Assessment Year 2004-05 against levy of additional tax demand of ₹ 21.92 lacs (P.Y. ₹ 21.92 lacs) as per order U/s 263 of the IT Act 1961 and won the case in Tribunal. Income Tax Department has further appealed in the High Court against the order and the same is dismissed by Hon'ble High Court as the tax effect in this appeal being less than ₹ 20 lacs. The Order is awaited from the Department.
- ii) An appeal for the Assessment Year 2005-06 against I T demand of ₹ 90.42 lacs (P.Y. ₹ 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.
- iii) An Appeal is pending before CIT (A) regarding Assessment Year 2010-11 against levy of additional tax demand of ₹ 5.02 lacs (P.Y. ₹ 5.02 lacs) as per order U/s 143 (3) of 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.
- iv) An Appeal is pending before CIT (A) regarding Assessment Year 2012-13 against levy of additional tax demand of ₹ 11.89 lacs as per order U/s 143 (3) of 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.
- v) An Appeal has been filed before CIT (A) regarding Assessment Year 2013-14 against levy of additional tax demand of ₹ 6.77 lacs as per order U/s 143 (3) of IT Act 1961. The Company has paid the above demand under protest. The Company has been legally advised that the tax claim is untenable, hence no provision has been made for contingent liability on that account.
- vi) An Appeal has been filed before CIT (A) regarding Assessment Year 2014-15 against levy of additional tax demand of ₹ 13.03 lacs as per order U/s 143 (3) of IT Act 1961. The Company has paid the above demand under protest. The Company has been legally advised that the tax claim is untenable, hence no provision has been made for contingent liability on that account.

32 DHFL VYSYA – MERGER PROPOSAL APPROVAL

"The Board of Directors of the Company has approved and adopted the Scheme of Amalgamation of Aadhar Housing Finance Limited with the Company at its meeting held on 9th June 2016. Subsequently, the Board of Directors of the Company approved the revised Scheme of Amalgamation at its meeting held on 13th September 2016. Further, the Amalgamation Committee as constituted by the Board approved the Revised Scheme of Amalgamation at its meeting dated 12th October 2016 and dated 13th March 2017.

The Scheme as approved, contemplates a swap ratio of 1:11.9, i.e. for every 119 equity shares of Rs.10/- each fully paid up of Aadhar Housing Finance Ltd., the company will allot 10 equity shares of Rs.10/- each fully paid up at fair value premium as per Valuation Report of M/s.N.S. Kumar & Co., Chartered Accountants dated 2nd May, 2016.

Similarly, the Board of Directors of Aadhar Housing Finance Ltd. have also approved the Scheme of Amalgamation.

Both the Companies have filed a Merger Petition with the National Company Law Tribunal, Bangalore, on 20th March, 2017 and hearing of the NCLT is under progress."

33 DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Company at its 9 branches only out of 47 branches had specified bank notes and other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 31, 2016, the denomination wise SBNS and other notes as per the notification is given below:

[₹]

Particulars	SBNs *	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	363,500	86,578	450,078
(+) Permitted receipts	-	13,141,396	13,141,396
(-) Permitted payments	-	12,074,099	12,074,099
(-) Amount deposited in Banks	363,500	-	363,500
Closing cash in hand as on December 30, 2016	-	1,153,876	1,153,876

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 3th November, 2016.

34 As required under NHB regulations additional disclosures are given below:
34.1 Capital to Risk Asset Ratio (CRAR)

	31.03.2017	31.03.2016
CRAR	19.37%	23.12%
CRAR-Tier I Capital	18.41%	22.13%
CRAR- Tier II Capital	0.96%	0.99%

34.2 Reserve fund u/s 29C of NHB Act,1987 - Refer note no 4.1
34.3 Investments - Refer note no 12
34.4 Derivatives

34.2.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)	Nil	Nil
34.2.2 Exchange Traded Interest Rate (IR) Derivative	Nil	Nil
34.2.3 Disclosure on Risk Exposure in Derivatives	Nil	Nil

34.5 Securitisation

Nil Nil

34.6 Maturity pattern of certain items of assets and liabilities as per Asset Liability Management system of the company as of 31st March, 2017 is as under:

(₹lacs)

Particulars	Liabilities		Assets		
	Deposits	Borrowings from Bank	Market Borrowings	Housing and Other Loans	Investments
1 day to 30 / 31 days	307.28	293.45	-	1,109.77	-
Over 1 month & upto 2 Months	77.99	890.87	-	1,017.06	-
Over 2 months & upto 3 Months	121.99	6,056.85	-	1,023.78	-
Over 3 months & upto 6 Months	732.25	7,160.10	-	3,110.84	-
Over 6 Months & upto 1 Year	1,295.03	13,923.77	-	6,408.04	1,112.80
Over 1 year & upto 3 Years	2,889.04	46,948.31	-	28,272.94	487.65
Over 3 years & upto 5 Years	1,208.79	31,620.67	1,000.00	31,380.22	-
Over 5 years & upto 7 Years	52.65	19,041.11	6,300.00	30,607.15	-
Over 7 years & upto 10 Years	67.81	18,984.96	2,640.00	38,428.60	-
Over 10 Years	-	8,181.45	-	39,640.95	480.00
Total	6,752.83	153,101.54	9,940.00	180,999.35	2,080.45

[refer note no.5,6,10,12,13,17]

Foreign Currency Liabilities	Nil
Foreign Currency Assets	Nil

34.7 EXPOSURE TO REAL ESTATE SECTOR**(₹ lacs)**

	31.03.2017	31.03.2016
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.	121,887.85	102,192.78
· Individual housing loans up to ₹15 lakh	46,954.54	36,683.19
· Others		
(ii) Commercial Real Estate		
· Lending secured by mortgages on commercial real estates		
· Funds Based	688.69	662.24
· Non fund Based	-	-
· Others	11,229.04	7,218.78
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
· Residential	-	-
· Commercial Real Estate	-	-
B. INDIRECT EXPOSURE		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

34.8 EXPOSURE TO CAPITAL MARKET**(₹ lacs)**

	31.03.2017	31.03.2016
i) Direct investment in equity shares	5.05	5.05
34.9 Details of financing parent company products	Nil	Nil
34.10 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC	Nil	Nil
34.11 Unsecured Advances	Nil	Nil

34.12 Registration obtained from other financial sector regulators

IRDA Registration as Corporate Agent(Composite)
 AMFI Registered Mutual Fund Advisor

Registration Code :- CA0012
 AMFI Registration No.:- ARN - 102681

34.13 Disclosure of penalties imposed by NHB and other regulators

Nil

Nil

34.14 Rating assigned by Credit Rating Agencies and migration of rating during the year.

Name of the Rating Agency	Type	Rating
CARE	Long Term Borrowings	AA+ (SO)
CARE	Short Term Borrowings	A1+ (SO)
BRICKWORKS	Long Term Borrowings	AA+/Stable (SO)
CRISIL	Fixed Deposits	FAA - / Stable
CRISIL *	Long Term Borrowings	A+ / Stable
ICRA *	Long Term Borrowings	A+ / Stable
ICRA	Short Term Borrowings	A1+

* Company have received long term rating from ICRA and CRISIL in the year 2008 and 2011 for Rs.150 cr. each. The current outstanding for above ratings are Rs.30.96 cr. (ICRA) and Rs. 47.24 cr. (CRISIL).

34.15 Remuneration of Non Executive Directors

Name of the Director	(₹ lacs)		
	Sitting Fees	Commission	Total
Shri. Kapil Wadhawan	1.39	-	1.39
Shri. G P Kohli	5.00	2.00	7.00
Shri. Bikram Sen	3.33	2.00	5.33
Shri. V Sridar	1.11	-	1.11
Total	10.83	4.00	14.83

34.16 Net profit or Loss for the period, prior period items and changes in accounting policies:-

Refer note no 11

	2016-17	2015-16
34.17 Overseas Assets	Nil	Nil

34.18 Off- Balance Sheet SPV's sponsored (which are required to be consolidated as per accounting norms)

Domestic	- Nil
Overseas	- Nil

34.19 Provisions and Contingencies

Break up of provisions and contingencies shown under the head Expenditure in Profit & Loss Account	(₹ lacs)	
	2016-17	2015-16
1. Provisions for depreciation on Investment	(1.79)	(11.00)
2. Provision made towards Income Tax	1,255.36	1,328.90
3. Provision towards NPA	281.38	180.72
4. Provision for Standard Assets	145.87	46.48
5. Other Provision (Expenses) and Contingencies		
(a) Provision for Expenses	258.66	121.76
(b) Provision for Dividend & Dividend Distribution Tax	933.55	133.36

34.20 Break up of Loan & Advances and Provisions thereon

(₹ lacs)

	Housing		Non Housing	
	2016-17	2015-16	2016-17	2015-16
Standard Assets				
a) Total Outstanding Amount	162,027.61	134,170.85	16,161.22	10,898.66
b) Provisions made	677.43	573.73	115.87	73.69
Sub-Standard Assets				
a) Total Outstanding Amount	1,796.00	1,077.00	82.83	39.47
b) Provisions made	270.06	162.73	12.50	5.97
Doubtful Assets - Category - I				
a) Total Outstanding Amount	212.19	316.66	25.87	17.73
b) Provisions made	53.88	88.15	6.56	4.47
Doubtful Assets - Category - II				
a) Total Outstanding Amount	346.58	152.25	35.54	47.72
b) Provisions made	140.43	62.43	14.48	19.26
Doubtful Assets - Category - III				
a) Total Outstanding Amount	154.41	95.59	97.07	53.43
b) Provisions made *	159.69	98.28	100.30	53.71
Loss Assets				
a) Total Outstanding Amount	40.50	34.33	19.53	15.65
b) Provisions made	40.50	34.33	19.53	15.65
TOTAL				
a) Total Outstanding Amount	164,577.29	135,846.68	16,422.06	11,072.66
b) Provisions made	1,341.99	1,019.66	269.24	172.76

* The provision amount include SARFAESI Expenses.

34.21 Concentration of Public Deposits

(₹ lacs)

Particulars	2016-17	2015-16
Total Deposits of twenty largest depositors	1,496.08	586.82
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	22.15%	16.96%

34.22 Concentration of Loans & Advances

(₹ lacs)

Particulars	2016-17	2015-16
Total Loans & Advances to twenty largest borrowers	8,438.96	9,580.55
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	4.66%	6.52%

34.23 Concentration of all Exposure (including off-balance sheet exposure) (₹ lacs)

Particulars	2016-17	2015-16
Total Loans & Advances to twenty largest borrowers	9,303.02	10,293.88
Percentage of Loans & Advances to twenty largest borrowers / customers to		
Total exposure of the HFC on borrowers / customers.	4.95%	6.80%

34.24 Concentration of NPAs (₹ lacs)

Particulars	2016-17	2015-16
Total Exposure to top ten NPA accounts	1,430.56	1,137.19

34.25 Sector-wise NPAs (₹ lacs)

No.	Particulars	%age of NPAs to Total Advances in that Sector
A	Housing Loans:	
1.	Individuals	0.95%
2.	Builders / Project Loans	10.99%
3.	Corporate	-
4.	Others	-
B	Non Housing Loans:	
1.	Individuals	2.17%
2.	Builders / Project Loans	-
3.	Corporate	-
4.	Others	-

34.26 Movement of NPAs (₹ lacs)

Particulars	2016-17	2015-16
i) Net NPAs to Net Advances (%)	1.11%	0.89%
ii) Movement of NPAs (Gross)		
a) Opening Balance	1,849.83	1,099.11
b) Additions during the year	1,895.11	1,106.65
c) Reductions during the year	934.43	355.93
d) Closing Balance	2,810.51	1,849.83
iii) Movement of Net NPAs		
a) Opening Balance	1,304.85	734.85
b) Additions during the year	1,461.68	924.97
c) Reductions during the year	773.95	354.97
d) Closing Balance	1,992.58	1,304.85

iv) Movement of provisions for NPAs (excluding provision on standard assets)		
a) Opening Balance	544.98	364.26
b) Additions during the year	433.43	181.68
c) Reductions during the year	160.48	0.96
d) Closing Balance	<u>817.93</u>	<u>544.98</u>

34.27 Disclosure of Complaints

Consumers Complaints

Particulars	2016-17 Nos.	2015-16 Nos.
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	30.00	20.00
c) No. of complaints redressed during the year	30.00	20.00
d) No. of complaints pending at the end of the year	-	-

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

36 Previous year's figures have been regrouped/re-classified wherever necessary to confirm 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.

37 Figures in brackets represent previous year [P.Y.] figures.

Interms of our report of even date.

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

KAPIL WADHAWAN
Chairman
DIN 0028528

R NAMBIKAJAN
Managing Director
DIN 00241157

(B M Chaturvedi)
Partner
ICAI M N : 17607

G P KOHLI
Director
DIN 00230388

V. SRIDAR
Director
DIN 02241339

BIKRAM SEN
Director
DIN 00230547

Place: MUMBAI
Dated: 28th April, 2017

M S L NATHAN
Company Secretary
M.No.A7608

K V BALAJI
Chief Financial Officer