

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

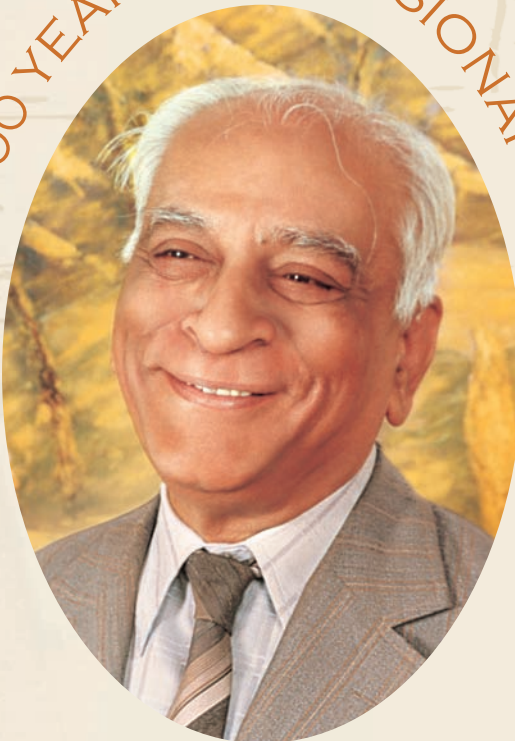


# BEYOND TIME



THIRTY FOURTH ANNUAL REPORT 2010-11

100 YEARS OF A VISIONARY



H. T. PAREKH  
1911-2011



*He had a dream  
to make a difference*

*He had a passion  
to change lives.*

On his birth centenary, we pay our respectful homage to our founder chairman and one of the tallest leaders of Indian business.





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## Annual General Meeting (AGM)

Day/Date : Friday, July 8, 2011

Time : 3.00 p.m.

Venue : Birla Matushri Sabhagar,  
19, Marine Lines,  
Mumbai 400 020.

## Operational Highlights

(₹ in crores)

|   | 2001-02   | 2002-03    | 2003-04    | 2004-05    | 2005-06    | 2006-07    | 2007-08    | 2008-09    | 2009-10    | 2010-11    | Cumulative |
|---|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Approvals   | 9,041.25  | 11,731.57  | 15,215.56  | 19,715.33  | 25,633.67  | 33,331.93  | 42,520.00  | 49,166.00  | 60,611.00  | 75,185.00  | 373,246.00 |
| Disbursements   | 7,616.56  | 9,950.87   | 12,696.82  | 16,206.75  | 20,679.20  | 26,177.99  | 32,874.99  | 39,650.00  | 50,413.00  | 60,314.00  | 302,533.00 |
| Cumulative Investment made possible in the housing sector | 82,584.61 | 103,734.78 | 134,165.90 | 173,595.90 | 224,863.24 | 291,527.10 | 376,568.00 | 474,900.00 | 596,122.00 | 746,492.00 |            |

1 Crore = 10 Million

1 Lac = 100,000

## Financial Highlights

(₹ in crores)

|                             | 2001-02   | 2002-03             | 2003-04   | 2004-05   | 2005-06   | 2006-07   | 2007-08         | 2008-09   | 2009-10   | 2010-11    |
|-----------------------------|-----------|---------------------|-----------|-----------|-----------|-----------|-----------------|-----------|-----------|------------|
| Gross Income                | 2,700.15  | 2,975.62            | 3,077.85  | 3,410.44  | 4,278.39  | 5,896.26  | 8,196.05        | 11,017.66 | 11,360.83 | 12,878.07  |
| Profit After Tax            | 580.01    | 690.29              | 851.78    | 1,036.59  | 1,257.30  | 1,570.38  | 2,436.25        | 2,282.54  | 2,826.49  | 3,534.96   |
| Shareholders' Funds         | 2,702.84  | 3,043.86            | 3,393.79  | 3,883.10  | 4,468.33  | 5,551.40  | 11,947.34       | 13,137.39 | 15,197.66 | 17,316.52  |
| Share Capital - Equity      | 121.71    | 244.41 <sup>@</sup> | 246.61    | 249.12    | 249.56    | 253.01    | 284.03          | 284.45    | 287.11    | 293.38     |
| Reserves and Surplus        | 2,581.13  | 2,799.45            | 3,147.18  | 3,633.98  | 4,218.77  | 5,298.39  | 11,663.31       | 12,852.94 | 14,910.55 | 17,023.14  |
| Term Borrowings             | 10,264.67 | 14,130.73           | 19,346.39 | 28,807.31 | 37,979.93 | 46,808.61 | 57,854.97       | 64,481.41 | 73,484.17 | 90,785.38  |
| Deposits                    | 8,491.02  | 9,121.55            | 9,337.65  | 7,840.09  | 8,741.42  | 10,384.42 | 11,296.25       | 19,374.67 | 23,081.14 | 24,625.10  |
| Loans Outstanding           | 17,207.68 | 21,749.91           | 27,974.27 | 36,011.50 | 44,990.12 | 56,512.36 | 73,327.78       | 85,198.11 | 97,966.99 | 117,126.62 |
| Dividend (%)                | 250*      | 110 <sup>@</sup>    | 135       | 170       | 200       | 220       | 250             | 300       | 360       | 450        |
| Book Value per Share (₹)# ^ | 22        | 25                  | 28        | 31        | 36        | 44        | 84              | 92        | 106       | 118        |
| Earnings per Share (₹)# ^   | 5         | 6                   | 7         | 8         | 10        | 13        | 13 <sup>†</sup> | 16        | 20        | 24         |

# Adjusted for bonus.

^ The face value of equity shares of the Corporation was sub-divided ₹ 2 per equity share from ₹ 10 per equity share. Previous year figures have been adjusted to reflect the revised value.

\* Includes one time special Silver Jubilee dividend of 100%.

@ The Corporation allotted bonus shares in ratio of 1:1 in December, 2002. Dividend is for the full year on the enhanced capital post the issue of bonus shares.

† Excluding exceptional income.





### Changing world, unchanging values.

Time changes and so does everything. Yet some values manage to escape the constraints of time and create lasting stirrings in the heart. Transparency, integrity, professionalism and a spirit of service are not mere words. They continue to inspire the best of people through different eras and moments.

For HDFC, we took these defining words as our sacred mantra for winning the hearts of people who mean most to us: our customers. As we celebrate our founder Chairman H T Parekh's birth centenary, we reemphasize to ourselves and reiterate to our well-wishers the need to live up to our own high standards and commitment.

As markets develop and customers' expectations change, we look at the business environment to rise to the challenge of evolving solutions to meet these new requirements. We continue to march ahead with the values that have served us well over the years - Values that will stay with us *Beyond Time*.



## Increasing variety, enduring offerings.

Responsiveness has been intrinsic to our service philosophy. That's where bettering existing practices, constant team motivation and empowering decision-making abilities among our employees have helped us to be among the chosen service providers. With speedy processing and a range of hassle-free, convenient products, we are committed to our belief, 'Serving one and all.'

We bring our three decades of experience in the business to make property buying easier and more affordable. At work are a variety of interactive events held across the country and in offices abroad for customer convenience. Also, our online presence helps in offering the latest available choices in realty at the customer's doorstep.

Our aim is to constantly anticipate customer requirements and help them make informed decisions.



## Shifting market dynamics, single-minded focus.

The markets are constantly in a state of flux thanks to ever-improving standards and increasing competition. The urban and rural landscapes are both experiencing changes at regular intervals. Technology too has raced ahead to delight customers and assist organizations in tracking customer likes and dislikes.

As smaller cities grow in prominence, the demands of their population too have grown on par with the developed cities. The growth of national retail chains, broadband connectivity and cable television is leading to unprecedented changes in shorter time-frames.

To meet this need, our new initiative, an online real estate portal, [www.hdfcred.com](http://www.hdfcred.com) caters to home buyers and developers in India by providing useful information on new homes for sale across several cities in the country. Our recent launch of web-based applications for cell-phone users nationwide is yet another example of reaching out to customers in simple ways.





## Consistent learning, improved services.

Leading organizations are usually good listeners. At HDFC, we never forget this fundamental fact and this has helped us to improve our processes and set high standards while understanding the nuances of customer perceptions and their changing needs.

We wholeheartedly encourage our customers for their insights and use these inputs as part of our training guide for our employees. This is an ongoing process in our value-chain offerings that customers often look forward to.

As H T Parekh, our founder Chairman once said, “We should never give the impression to others of possessing the ultimate wisdom and should always be willing to look at our customers' problems with understanding and sympathy. We should try to put ourselves in their position and ask ourselves how we would like to be regarded. This is a never ending process.”



## Affordable housing, long-term shelter.

There is perhaps no greater joy or fulfillment for a human being than that of owning a home. A developing nation's primary concern is to encourage and achieve this goal. As William Shakespeare once said, "People usually are the happiest at home". We at HDFC strongly believe that affordable housing is a subject that needs to be tackled with utmost priority.

Today, a home with basic amenities and a facilitating environment such as infrastructure, sanitation, education and healthcare among others, is imperative to lead a life of everyday comfort. HDFC has been constantly encouraging developers to pursue projects offering all round facilities for the large middle-class, all over the country.

As we progress on the long road ahead, our success will depend on the number of happy home-owners we make possible. HDFC remains unwavering in its commitment to help Indians experience a better quality of life, and it's a promise which goes *Beyond Time*.



## Board of Directors

**Mr. Deepak S. Parekh**  
Chairman

**Mr. Keshub Mahindra**  
Vice Chairman

**Mr. Shirish B. Patel**

**Mr. B. S. Mehta**

**Mr. D. M. Sukthankar**

**Mr. D. N. Ghosh**

**Dr. S. A. Dave**

**Dr. Ram S. Tarneja**

**Mr. N. M. Munjee**

**Dr. Bimal Jalan**

**Mr. D. M. Satwalekar**  
(Resigned w.e.f. November 13, 2010)

**Dr. J. J. Irani**

**Mr. V. Srinivasa Rangan**  
Executive Director

**Ms. Renu Sud Karnad**  
Managing Director

**Mr. Keki M. Mistry**  
Vice Chairman & Chief Executive Officer



## Brief Profile of the Directors of the Corporation

**Mr. Deepak S. Parekh** is the Chairman of the Corporation. He is a Fellow of the Institute of Chartered Accountants (England & Wales). Mr. Parekh joined the Corporation in a senior management position in 1978. He was inducted as a whole-time director of the Corporation in 1985, appointed as the Managing Director of the Corporation (designated as 'Chairman') in 1993 and continued to be appointed as such from time to time. He retired as the Managing Director (designated as 'Chairman') with effect from the close of business hours on December 31, 2009. Mr. Parekh was appointed as an Additional Director of the Corporation with effect from January 1, 2010. The shareholders of the Corporation at the 33rd Annual General Meeting held on Wednesday, July 14, 2010, appointed Mr. Deepak S. Parekh as a Director liable to retire by rotation.

**Mr. Keshub Mahindra** is the vice Chairman of the Corporation. He is a graduate of the Wharton School of the University of Pennsylvania, U.S.A. He is a renowned industrialist and is the chairman of the Mahindra & Mahindra Group of companies. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since its inception. He is also the Chairman of the Compensation Committee of Directors.

**Mr. Shirish B. Patel** holds a MA degree from the University of Cambridge, where he studied engineering. He founded and is now the Chairman-Emeritus of a firm of consulting civil engineers with expertise in prefabrication, mass housing, tall buildings, factories, bridges and marine works. He was one of the three original authors of the idea of Navi Mumbai and currently devotes his time to urban affairs. He has been a director of the Corporation since its inception and is also a member of the Compensation Committee of Directors.

**Mr. B. S. Mehta** is a graduate in commerce and a Fellow of the Institute of Chartered Accountants of India. Mr. Mehta is an accountant in practice dealing with taxation, accountancy and valuation of mergers

and acquisitions. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1988. He is also a member of the Compensation Committee of Directors and Audit Committee of Directors.

**Mr. D. M. Sukthankar** was an officer of the Indian Administrative Services and was Secretary, Ministry of Urban Development, Government of India and later Chief Secretary to the Government of Maharashtra. Mr. Sukthankar is recognised as an expert on issues related to urban development and management and has been associated with the housing sector for a number of years. He has been a director of the Corporation since 1989.

**Mr. D. N. Ghosh** holds a Master's degree in economics. He was the former Chairman of the State Bank of India. Mr. Ghosh is currently the Chairman of ICRA Limited and a director of many prominent companies in India. He has been a director of the Corporation since 1989. He is also a member of the Audit Committee of Directors.

**Dr. S. A. Dave** is a Doctorate of economics and holds a Master's degree in economics from the University of Rochester. Dr. Dave was the former Chairman of the Securities and Exchange Board of India and the Unit Trust of India. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1990. He is also the Chairman of the Audit Committee of Directors and was inducted as a member of Investor Relations & Grievance Committee of Directors with effect from December 23, 2010.

**Dr. Ram S. Tarneja** holds a Doctorate in human resources from Cornell University. He also has a MA both from the University of Delhi and University of Virginia and a BA Honours from University of Delhi. He was the former managing director of Bennett, Coleman & Company Limited. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1994. He is also the Chairman of the Investor Relations & Grievance Committee of Directors.



**Mr. N. M. Munjee** holds a Master's degree in economics from the London School of Economics. He is currently the Chairman of Development Credit Bank Limited. He is also a director on the boards of several prominent companies in India and is deeply interested in development and infrastructure issues. He was earlier the executive director of the Corporation and had been working with the Corporation from 1978 to 1998.

**Dr. Bimal Jalan** is a former Governor of the Reserve Bank and a nominated Member of Parliament (Rajya Sabha). He has previously held several positions in the Government including those of Finance Secretary and Chairman of the Economic Advisory Council to Prime Minister. He has also been associated with a number of public institutions and is at present Chairman of the Public Interest Foundation, New Delhi. He has been a director of the Corporation since 2008.

**Dr. J. J. Irani** holds a Doctorate from University of Sheffield, U.K. He also holds a Master's degree in science from Nagpur University and M. Met from University of Sheffield, U.K. Queen Elizabeth II conferred on him honorary Knighthood (KBE) for his contribution to Indo-British Trade & Co-operation. The President of India conferred on him the award of Padma Bhushan in 2007 for his services to trade and industry in India. He is a director on the boards of several prominent companies in India. He has been appointed as a special director of the Corporation with effect from January 18, 2008.

**Mr. V. Srinivasa Rangan**, Executive Director of the Corporation holds a Bachelor's degree in Commerce and is an associate member of the Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. Mr. Rangan joined the Corporation in 1986 and has served in Delhi and was the Senior General Manager – Corporate Planning & Finance function at head office since 2000. He has been appointed as the Executive Director of the Corporation for a period of 5 years with effect from January 1, 2010. He is responsible for the Treasury, Resources and Accounts functions of the Corporation.

He was inducted as a member of the Investor Relations & Grievance Committee of Directors with effect from May 4, 2010.

**Ms. Renu Sud Karnad**, Managing Director of the Corporation, is a graduate in law from the University of Mumbai and holds a Master's degree in economics from the University of Delhi. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. Ms. Renu Sud Karnad has been employed with the Corporation since 1978 and was appointed as the Executive Director of the Corporation in 2000 and was re-designated as the Joint Managing Director of the Corporation in October 2007. She has been appointed as the Managing Director of the Corporation for a period of 5 years, with effect from January 1, 2010.

**Mr. Keki M. Mistry**, Vice Chairman and Chief Executive Officer of the Corporation, is a Fellow of the Institute of Chartered Accountants of India. Mr Mistry has been employed with the Corporation since 1981. He was appointed as the Executive Director of the Corporation in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman and Managing Director of the Corporation in October 2007. He was re-designated as the Vice Chairman & Chief Executive Officer with effect from January 1, 2010. He has been re-appointed as the Managing Director (designated as the 'Vice Chairman & Chief Executive Officer') of the Corporation for a period of 5 years, with effect from November 14, 2010, subject to the approval of the shareholders at the ensuing Annual General Meeting.

**Senior Executives****SENIOR GENERAL MANAGERS**

Mr R Anand  
 Mr R Arivazhagan  
 Mr Gautam Bhagat  
 Mr Conrad D'Souza  
 Ms Madhumita Ganguli  
 Mr Mathew Joseph  
 Mr Irfan A Koreishi  
 Mr Suresh Menon  
 Mr Pradeep K Mukherjee  
 Mr S N Nagendra  
 Mr M Ramabhadran  
 Mr Rajeev Sardana

**GENERAL MANAGERS**

Mr Dilip Apte  
 Mr P S Barman  
 Mr Praveen Kumar Bhalla  
 Mr B M Bhasin  
 Mr Girish Bhatia  
 Ms Mala I Bhojwani  
 Mr Thomas Cherian  
 Mr Nikhil Dwivedi  
 Mr Dipta Bhanu Gupta  
 Mr Prosenjit Gupta  
 Mr C V Ignatius  
 Mr Sudhir Kumar Jha  
 Mr Pradip V Kakad  
 Mr K Suresh Kumar  
 Ms Sonal Modi  
 Mr Prabhat Rao  
 Mr Subodh Salunke  
 Mr R Sankaranarayanan  
 Mr S V Shaligram  
 Mr H S Shamasundara  
 Mr Dilip Shetty  
 Mr S K Vasant

**AUDITORS**

Deloitte Haskins & Sells  
 Chartered Accountants

**BRANCH AUDITORS - DUBAI**

PKF  
 Chartered Accountants

**INVESTOR SERVICES  
DEPARTMENT**

Tel Rasayan Bhavan,  
 Ground Floor,  
 Tilak Road Extn.,  
 Opp. BEST Workshop Gate No. 4,  
 Dadar T.T., Mumbai 400 014.  
 Tel. Nos.:22-2414 6267/68/61413900  
 Fax Nos.:22-2414 7301  
 E-mail:investorcare@hdfc.com

**REGISTERED OFFICE**

Ramon House,  
 H. T. Parekh Marg,  
 169, Backbay Reclamation,  
 Churchgate, Mumbai 400 020.  
 Tel. Nos.:22-2283 6255, 2282 0282  
 Fax Nos.:22-2204 6758, 2204 6834  
 Website:www.hdfc.com

**DEBENTURE TRUSTEES**

IDBI Trusteeship Services Ltd.  
 Asian Building, Ground Floor,  
 17, R. Kamani Marg,  
 Ballard Estate,  
 Mumbai 400 001.

Central Bank of India  
 Debenture Trustee Section  
 Central Bank – MMO Bldg.,  
 6th Floor, 55, M. G. Road,  
 Fort, Mumbai 400 023.

**PRINCIPAL BANKERS**

Central Bank of India  
 HDFC Bank Ltd.  
 State Bank of India  
 Bank of India  
 Canara Bank  
 Bank of Baroda  
 Axis Bank Ltd.  
 Indian Overseas Bank  
 Union Bank of India

**COMPANY SECRETARY**

Mr Girish V Koliyote

**SOLICITORS AND  
ADVOCATES**

Amarchand & Mangaldas & Suresh  
 A. Shroff & Company, Mumbai  
 Wadia Ghandy & Company, Mumbai  
 AZB & Partners, Mumbai



## Chairman's Statement

### HDFC - The Journey Through Time

2011 marks an important milestone for HDFC as we commemorate the birth centenary of our Founder Chairman, H. T. Parekh. Thirty-four years ago, H. T. Parekh asked the question, “*Why can't Indians have a home of their own with housing finance in the early years of their lives?*” HDFC was conceived as an answer to his question.

Creating HDFC was not just about having a new idea for India. For H. T. Parekh, it was equally important to build an organisation on the principles of efficiency, effectiveness, integrity and transparency. He also demonstrated that enhancing shareholder value and fulfilling social objectives were not conflicting goals.

*This is the era of 'frugal innovation' – which is the ability to drastically reduce the cost of products, but retain its superior quality through redesigning and use of technology. India has seen success in frugal innovation across various sectors - automobile, consumer products and telecom. So the question is, why not in housing?*

Over the years, HDFC has continued to abide by the principles and objectives set out at inception. Though the economic environment and competitive landscape has changed at an unprecedented pace, the work culture and value system within HDFC has remained steadfast. Credit for this goes to an entire team of extraordinary individuals who have spent many long years working at HDFC. For a leader who passes on the baton, there is nothing more gratifying than knowing that there is an extremely talented and trustworthy team who have a deep sense of commitment and belonging to the organisation.

It is important for an organisation to continuously introspect and benchmark its performance. HDFC was the only Indian company to be included in the fifth annual list of ‘*2011 World's Most Ethical Companies*’ by Ethisphere Institute, USA. In *Finance Asia's* latest annual poll of Asia's top companies, HDFC was voted as the best Indian company for investor relations and ranked amongst India's best managed companies. These accolades and recognitions give us our moments of pride. More importantly, it reassures us that we are doing things right by being a principles-based organisation with a strong commitment to consistently enhance shareholder value.

As part of the organisation's strategic positioning, over the last decade HDFC has devoted large resources and management time in sowing the seeds to diversify into various financial services – banking, life and general insurance, asset management, property funds and education loans. The objective has been two fold – capitalising on HDFC as a trusted brand name and creating value for our shareholders.

### Housing: The Larger Agenda

Housing finance, however, will continue to remain HDFC's core focus area. That India faces a huge shortage of dwelling units is well known, but the gravity of the situation is fast reaching a critical tipping point. Housing continues to remain out of the reach of the common man. Growing urbanisation is inevitable – by 2030 it is estimated that 600 million of India's population will be living in India's cities.

Urbanisation will increasingly be at the centre of India's growth trajectory. How will cities absorb a further influx of people? Where will new cities emerge? How will cities be financed? The challenges in managing India's urban transformation call for large financial resources, a strong urban governance framework and political will to push for these changes to happen.

World over, housing the poor has been particularly challenging for all governments. It is no wonder that the Harvard Business Review blog deservedly received so much attention when Prof. Vijay Govindarajan and Christian Sarkar, an independent consultant invited the world's best business thinkers to apply their minds on creating a USD 300 house (approximately ₹ 13,500). The objective they said, is to *"start something big, by thinking small."* Despite the low price point, the key criteria is to design homes built of mass-produced materials which are durable to sustain all weather conditions, have access to running water, be energy efficient and the model must be scalable.

This is the era of 'frugal innovation' – which is the ability to drastically reduce the cost of products, but retain its superior quality through redesigning and use of technology. India has seen success in frugal innovation across various sectors - automobile, consumer products and telecom. So the question is, why not in housing?

The challenges of providing affordable or low cost housing solutions are unique. There are a number of tangible and intangible inputs needed – ranging from slum dweller empowerment, capacity building, local governance, urban planning and design, finance, infrastructure, property rights and government policies. The need to find solutions is becoming increasingly compelling because housing is one of the most effective anti-poverty tools. In India, 'shelter poverty' remains considerably larger than income poverty. All slum dwellers are not poor, but land market distortions have resulted in pushing them away from accessing formal housing.

While a USD 300 house in metropolitan cities in India may well be a pipe dream, what is more important at this juncture is to recognise that affordable or low cost



housing is commercially viable, provided the enabling environment is conducive. It is encouraging to note that there are a handful of new and existing developers who have demonstrated this and they must be incentivised to continue participating in this segment.

### Five Point Doable Housing Agenda

The government's housing agenda is huge and daunting. There is a need for a complete overhaul in archaic land laws. The longer we drag our feet on the passing of the Land Acquisition Bill, the more detrimental it will be in slowing down overall economic development. Urban local bodies must be empowered in terms of financial autonomy and they need to have the political and administrative will to collect taxes and impose user charges. Densification policies for Indian cities have to be transparent and consistent. Constant flip-flops on FSI policies have resulted in instances where the state government has lost out on huge revenues which otherwise could have been collected and redeployed in developing city infrastructure. Indian universities need to churn a significantly larger number of qualified urban planners and specialists. There is also a need to have policies that encourage mass-production techniques for housing and adoption of modern construction technologies.

To my mind, there are some solutions that can readily be put in place and some that may admittedly take a longer time to effectively implement. Clearly, a 'no action' stance cannot do.

Listed below is a five point immediately 'doable agenda' for housing:

1. *Single Ministry to deal with Urbanisation and Housing:* The Report on Indian Urban Infrastructure and Services rightly calls for a merger of the Ministry of Urban Development with the Ministry of Housing and Urban Poverty Alleviation. A holistic framework of urban planning cannot happen by segregating housing. Similar merger of departments should be done at the state level as well.
2. *Streamline all existing Government Housing Finance Programmes:* Currently there are far too many fragmented government housing finance schemes. The amounts budgeted for these schemes are miniscule and the actual utilisations are even lower. These programmes have little impact in terms of the scale of the housing problem. Many of these schemes are flawed in design and embedded with too many restrictions. This calls for a one-time thorough re-assessment of all existing government housing finance programmes.

3. *Special 'Settlement Commission' for ULCRA cases:* After over a decade of the repeal of the Urban Land Ceiling & Regulation Act (ULCRA), there are many properties still in litigation under this Act. Court hearings are not happening under the guise of the Act being repealed, while the properties still remain locked up in dispute under this Act. This situation may well drag on for years. A special 'Settlement Commission' should be constituted to resolve disputed land cases under this Act. This will free up properties that have otherwise been kept out of the supply of developable urban space.
4. *Incentives for Affordable Housing Projects:* If an affordable housing project has to go through the same rigours as other development projects with multiple approvals from various authorities and face the same delays and cost overruns, what incentive is there for a developer to participate in this segment? It makes imminent sense to have a single window approval mechanism for affordable housing projects where the per unit cost is under ₹ 10 to 15 lakhs. A time bound, fast-track approval process is clearly a preferable option over lobbying for tax sops.
5. *Compulsory implementation of E-Auction for Land Transactions:* In the absence of a transparent mechanism to sell land, several government entities such as the railways, defence and public sector units are hesitant to dispose land. An e-auction mechanism will leave no space for discretion and arbitrary dealings. This will allow entities to unlock value from land as well as pave the way for a more transparent system of acquiring land.

These baby steps will go a long way in alleviating the housing problems in India. More homes translate into healthier and better educated individuals and communities with greater security and well being. We all have our small roles to play and HDFC continues to stand fully committed to the cause of housing more Indians.





## Your Inspiration, our recognition

Some of the major awards and recognitions conferred on HDFC are:

- ★ Winner of the Finance Asia Award for 'Best Investor Relations in India' and also amongst the 'Top 2 Best Managed Companies in India'.
- ★ Sole Indian Company to be enlisted among the World's Most Ethical Companies by New York's Ethisphere Institute.
- ★ Amity Corporate Excellence Award for 'Best Financial Services Firm' from Amity University, Noida.
- ★ Winner of the Wockhardt India Shining Star CSR Award for 'Outstanding CSR in the Banking & Finance Sector'.
- ★ 'Best Governed Company Award – 2010' by the Asian Centre for Corporate Governance & Sustainability.
- ★ 'AAA' rating for HDFC Deposits by CRISIL & ICRA for the 16<sup>th</sup> consecutive year.
- ★ Among 'India's Top 10 Most Admired Corporations' in the Wall Street Journal's Asia 200 Survey.
- ★ Among 'India's 50 Biggest Financial Companies', in the BW Real 500 Ranking by Businessworld.
- ★ Among The Economic Times' ranking of 'Top 50 Valuable Corporate Brands 2010'.



## Directors' Report

### TO THE MEMBERS

Your directors are pleased to present the Thirty-fourth Annual Report of your Corporation with the audited accounts for the year ended March 31, 2011.

| FINANCIAL RESULTS  | For the<br>year ended<br>March 31, 2011<br>(₹ in crores) | For the<br>year ended<br>March 31, 2010<br>(₹ in crores) |
|--|--|--|
| Profit before Tax  | 4,866.96   | 3,915.99   |
| Provision for Tax  | 1,332.00   | 1,089.50   |
| Profit after Tax   | 3,534.96   | 2,826.49   |
| Appropriations have been made as under:  |  |  |
| Special Reserve No. II   | 625.00   | 500.00   |
| General Reserve  | 816.40   | 695.01   |
| Additional Reserve (under Section 29C<br>of the National Housing Bank Act, 1987) | 530.00   | 432.00   |
| Shelter Assistance Reserve   | 12.00  | 9.00   |
| Proposed Dividend<br>(₹ 9 per share of face value of ₹ 2 each)                   | 1,320.20   | 1,033.60   |
| Additional Tax on Proposed Dividend  | 214.17   | 171.67   |
| Additional Tax on Dividend   | 1.07   | (15.16)  |
| Dividend pertaining to Previous Year paid<br>during the year                     | 16.12  | 0.37   |
|  | 3,534.96   | 2,826.49   |

### Dividend

Your directors recommend payment of dividend for the year ended March 31, 2011 of ₹ 9 per equity share of face value of ₹ 2 each. In the previous year, a dividend of ₹ 36 per equity share of face value of ₹ 10 each was paid (₹ 7.2 per equity share of face value of ₹ 2 each).

The dividend payout ratio for the current year, inclusive of additional tax on dividend will be 43.4% as compared to 42.7% for the previous year.

### Sub-division of Shares

Pursuant to your approval at the 33<sup>rd</sup> Annual General Meeting (AGM) of the

Corporation held on July 14, 2010, the nominal face value of the equity shares of the Corporation was sub-divided from ₹ 10 per equity share to ₹ 2 per equity share, with effect from August 21, 2010.

To facilitate this sub-division, shareholders were issued 5 equity shares of ₹ 2 each in lieu of one equity share of ₹ 10 each held by them as on the record date i.e. August 20, 2010, fixed for this purpose.

The total number of retail shareholders has increased to over 2,03,000 representing an increase of 52% post the sub-division of shares.

### Warrants

Consequent to the sub-division of the nominal face value of the equity shares of the Corporation from ₹ 10 per share to ₹ 2 per share, the Warrant Exercise Price was adjusted from ₹ 3,000 per equity share of ₹ 10 each to ₹ 600 per equity share of ₹ 2 each, to be paid by the Warrant holder at the time of exchange of each Warrant at any time on or before August 24, 2012. As of date, no Warrants have been lodged with the Corporation for exchange into equity shares of the Corporation.

### Lending Operations

Loan approvals during the year were ₹ 75,185 crores as compared to ₹ 60,611 crores in the previous year, representing a growth of 24%. Loan disbursements during the year were ₹ 60,314 crores as against ₹ 50,413 crores in the previous year, representing a growth of 20%.

Cumulative loan approvals and disbursements as at March 31, 2011 were ₹ 3,73,246 crores and ₹ 3,02,533 crores respectively. This is in respect of approximately 3.8 million housing units.

The demand for individual home loans continued to be robust, despite rising interest rates. Other enabling factors included rising disposable incomes and continued fiscal incentives on housing loans. During the year, individual approvals grew at 25% and disbursements grew by 27% as compared to the previous year. The average size of individual loans stood at ₹ 18.6 lakhs.

### Sale of Loans

During the year, the Corporation, under the loan assignment route sold individual loans of ₹ 4,379 crores to HDFC Bank pursuant to the buyback option embedded in the home loan



arrangement between the Corporation and HDFC Bank. Out of the total loans assigned during the year, ₹ 4,053 crores qualify as priority sector advances for the bank.

As at March 31, 2011, total loans outstanding in respect of loans sold stood at ₹ 12,147 crores. HDFC continues to service the loans sold under these transactions and is entitled to the residual interest on the loans sold. The residual interest on the individual loans sold is 1.57% per annum.

The residual income on the loans sold is being recognised over the life of the underlying loans and not on an upfront basis. Issues through which loans have been sold have been rated by external agencies and carry a rating indicating the highest degree of safety.

#### Repayments

During the year under review, ₹ 36,756 crores were received by way of scheduled repayment of principal through monthly instalments as well as redemptions ahead of schedule, as compared to ₹ 31,872 crores received last year.

#### Loan Book

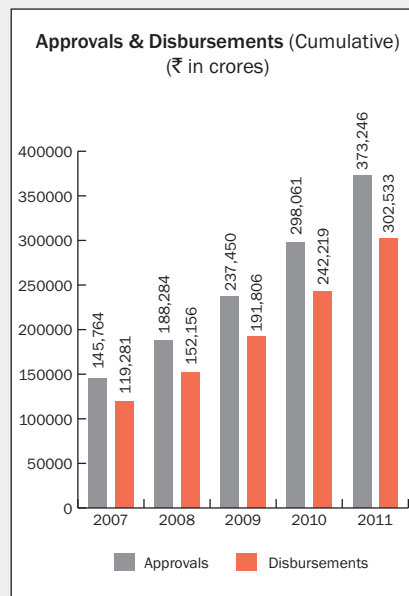
As at March 31, 2011, the loan book stood at ₹ 1,17,127 crores as against ₹ 97,967 crores in the previous year – an increase of 20%. The growth in the loan book would have been higher at 24% if the loans sold were included in the loan book.

#### Foreign Currency Convertible Bonds (FCCB)

In September 2005, the Corporation concluded the issue of USD 500 million zero coupon FCCB. The bonds were convertible into equity shares of the Corporation of the face value of ₹ 10 each up to the close of business hours on July 29, 2010 at the option of the holders, at ₹ 1,399 per equity share,

representing a conversion premium of 50% over the initial reference share price.

All the bonds were lodged with the Corporation for conversion into equity



shares on or prior to the last date for conversion. In aggregate, the Corporation allotted 1,56,23,732 equity shares of ₹ 10 each pursuant to the conversion of the FCCB. Hence, there are no outstanding FCCB. The increase in net worth as a result of the FCCB over the life was ₹ 2,186 crores.

During the year an amount of ₹ 2.83 crores has been credited to the Share Capital Account and an amount of ₹ 407.89 crores has been credited to the Securities Premium Account.

#### Resource Mobilisation

##### Subordinated Debt

During the year, the Corporation raised ₹ 1,000 crores through the issue of long-term Unsecured Redeemable Non-Convertible Subordinated Debentures. The subordinated debt was assigned a 'AAA' rating from both, CRISIL Limited (CRISIL) and ICRA Limited (ICRA).

As at March 31, 2011, the Corporation's outstanding subordinated debt stood at ₹ 2,875 crores. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating by CRISIL and ICRA. Based on the balance term to maturity, as at March 31, 2011, ₹ 2,375 crores of the book value of subordinated debt is considered as Tier II under the guidelines issued by the National Housing Bank (NHB) for the purpose of capital adequacy computation.

#### Non-Convertible Debentures (NCD)

During the year, the Corporation issued NCD amounting to ₹ 13,865 crores on a private placement basis. The Corporation's NCD issues have been listed on the Wholesale Debt Market segment of the NSE and have been assigned the highest rating of 'AAA' by both, CRISIL and ICRA. As at March 31, 2011, NCD outstanding stood at ₹ 41,624 crores.

#### Loans from Banks

During the year, the Corporation raised loans amounting to ₹ 29,538 crores from commercial banks, of which ₹ 2,610 crores were under the priority sector category of commercial banks. The Corporation further raised ₹ 2,528 crores from the banking sector as FCNR (B) loans.

HDFC's long-term and short-term bank loan facilities have been assigned the highest rating of 'AAA' and 'PRI+' respectively by CARE Limited, signifying highest safety for timely servicing of debt obligations.

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

NHB has an internal rating mechanism for housing finance companies (HFCs) and the Corporation has been assigned the highest rating for its refinance schemes by NHB. During the year, the

Corporation has drawn refinance amounting to ₹ 687 crores under NHB's Refinance Scheme to Housing Finance Companies, 2003.

### Deposits

Deposits continued to grow during the financial year under review despite strong competition from banks. As at March 31, 2011, outstanding deposits stood at ₹ 24,625 crores. The depositor base stood at approximately 9.67 lakh depositors.

CRISIL and ICRA have for the sixteenth consecutive year, reaffirmed their 'AAA' rating for HDFC's deposits. This rating represents 'highest safety, attractive returns and impeccable service standards' as regards timely repayment of principal and interest.

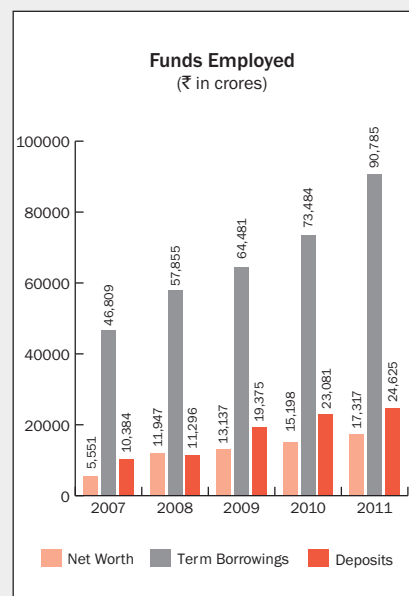
The support of the agents and their commitment to the Corporation has been instrumental in HDFC's deposit products continuing to be a preferred investment for households and trusts.

### Unclaimed Deposits

As of March 31, 2011, public deposits amounting to ₹ 250 crores had not been claimed by 35,898 depositors. Since then, 8,595 depositors have claimed or renewed deposits of ₹ 68 crores. Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits. Where the deposit remains unclaimed, reminder letters are sent to depositors periodically and follow up action is initiated through the concerned distributor/branch.

As per the provisions of Section 205C of the Companies Act, 1956, deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, during the year, despite repeated reminders being

sent to depositors, an amount of ₹ 31.76 lakhs has been transferred to



the IEPF. In terms of the said section, no claims would lie against the Corporation or the IEPF after the transfer.

### Non-Performing Loans

Gross non-performing loans as at March 31, 2011 amounted to ₹ 903.85 crores. This is equivalent to 0.77% of the portfolio (as against 0.79% in the previous year). This is the twenty-fifth consecutive quarter end at which the percentage of non-performing loans have been lower than the corresponding quarter in the previous year.

Based on a six months overdue basis, the non-performing loans as at March 31, 2011 stood at 0.46% of the loan portfolio as against 0.53% in the previous year.

In terms of the prudential norms as stipulated by NHB, the Corporation is required to carry a provision in respect of non-performing assets and a general provision on outstanding standard non-housing loans. In addition, during the year, NHB further stipulated a

general provision of 0.40% on standard assets under housing loans to non-individuals and a 2% provision on standard assets in respect of housing loans granted under the Dual Rate Home Loan scheme. This requirement has been partly met by utilisation of ₹ 298.59 crores (net) from Additional Reserve under Section 29 C of the National Housing Bank Act, 1987. Based on the aforesaid as per NHB norms, the Corporation is required to carry a total provision of ₹ 813.53 crores.

The balance in the provision for contingencies account as at March 31, 2011 stood at ₹ 1,124.37 crores, which is equivalent to 0.95% of the portfolio. Thus as at March 31, 2011, the Corporation's net non-performing loans was nil.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) has proved to be a useful recovery tool and the Corporation has been able to successfully initiate recovery action under this Act in the case of wilful individual and corporate defaulters.

### Regulatory Guidelines/Amendments

HDFC has complied with the Housing Finance Companies (NHB) Directions, 2010 prescribed by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy and credit rating. The Corporation is in compliance with the concentration of investments and capital market exposure norms other than on its investments in HDFC Bank and GRUH Finance Limited. NHB has granted the Corporation time for such compliance.

During the year, NHB stipulated that the loan to value ratio (LTV) for individual housing loans up to ₹ 20 lakhs should not exceed 90% and for loans above ₹ 20 lakhs, the LTV should not exceed 80%.

NHB also amended the risk weights for individual housing loans. Thus risk weights on individual housing loans range from 50% to 125%, depending on the loan amount and LTV.

HDFC's capital adequacy ratio stood at 14% of the risk weighted assets, as against the minimum requirement of 12%. Tier I capital was 12.2% against a minimum requirement of 6%.

### Codes and Standards

NHB has issued comprehensive Know Your Customer (KYC) Guidelines and Anti Money Laundering Standards in the context of recommendations made by the Financial Action Task Force on Anti Money Laundering Standards and on Combating Financing of Terrorism Standards. During the year, the board reviewed and approved the amendments to the Corporation's KYC and Prevention of Money Laundering Policy as stipulated by NHB. The Corporation has adhered to the compliance requirements in terms of the said policy relating to monitoring and reporting of cash/suspicious transactions.

The Fair Practices Code framed by NHB seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the housing finance company and foster confidence in the housing finance system. During the year, the board reviewed and approved the amendments to the Corporation's Fair Practices Code as notified by NHB. The Corporation has put in place a mechanism to monitor and review adherence to the Fair Practices Code as approved by the Board of Directors.

The Corporation has adopted the Model Code of Conduct for Direct Selling Agents and Guidelines for Recovery Agents engaged by HFCs as stipulated by NHB and duly approved by the Board of Directors.

### Risk Management Framework

The Corporation has a Risk Management Framework, which provides the mechanism for risk assessment and mitigation. The Risk Management Committee (RMC) of the Corporation comprises the Managing Director as the chairperson, the Executive Director and some members of senior management.

The RMC reviewed the risks associated with the business of the Corporation, its root causes and the efficacy of the measures taken to mitigate the same, twice during the year. Thereafter, the Board of Directors also reviewed the key risks associated with the business of the Corporation, the procedures adopted to assess the risks and efficacy of the mitigation measures.

### Marketing and Distribution

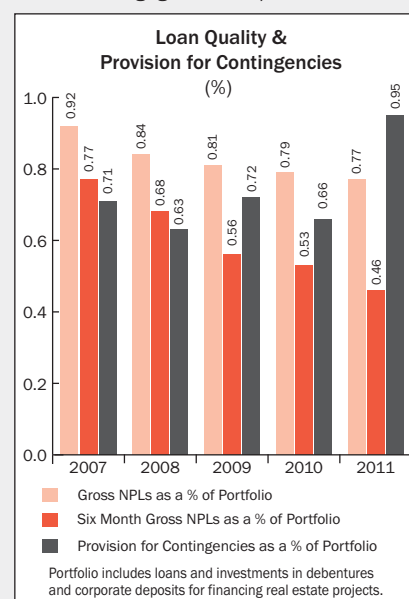
To reach out effectively to customers, the Corporation's distribution network now spans 289 outlets, which include 71 offices of the HDFC's wholly owned distribution company, HDFC Sales Private Limited (HSPL). To further augment this network, HDFC covers over 90 additional locations through its outreach programmes. HDFC has international offices in London, Singapore and Dubai. The Dubai office reaches out to its customers across West Asia through its service associates based in Kuwait, Qatar, Oman, Sharjah, Abu Dhabi and Saudi Arabia – Al Khobar, Jeddah and Riyadh.

HDFC's reach and presence is also enhanced by its distribution channels, which include HSPL, HDFC Bank and a third party direct selling associates (DSAs). During the year, efforts were

focused on empanelling financial consultants with a pan-India presence as business sourcing associates for HDFC. All distribution channels only source loans, while HDFC continues to retain control over the credit, legal and technical appraisal, thereby ensuring that the quality of loans disbursed is not compromised in any way and is consistent across all distribution channels.

HDFC organises property fairs across major cities in the country. The aim of these fairs is to provide a wide spectrum of approved projects under a single roof. These fairs in turn help customers in making their decision to buy a home. Under '*India Homes Fair*', HDFC brings together eminent builders who showcase their properties for the Indian Diaspora. During the year, HDFC organised '*India Homes Fair*' in London, Singapore, Kuwait, Saudi Arabia and Qatar.

Besides running various product-based campaigns during the year, the Corporation also ran a brand campaign highlighting its leadership position in the Indian mortgage industry.





### Cross Selling and Distribution of Financial Products and Services

HDFC's subsidiary companies have strong synergies with HDFC and hence efforts are channelled into cross selling so as to offer customers a wide range of financial products and services under the 'HDFC' brand.

HDFC is a Composite Corporate Agent for HDFC Standard Life Insurance Company Limited (HDFC Life) and HDFC ERGO General Insurance Company Limited (HDFC-ERGO). In addition, the distribution networks of HDFC and HSPL are used by Credila Financial Services Private Limited, which offers education loans.

### International Housing Finance Initiatives

HDFC's expertise in housing finance is well regarded and therefore a number of existing and new housing finance companies in various parts of the world are keen to tap HDFC for training, strategic input and technical assistance in housing finance.

During the year, the Corporation under its Technical Services Agreement with Housing Development Finance Corporation Plc., Maldives, provided technical and consultancy services in key mortgage functions.

Senior executives of the Corporation were invited to Indonesia, Maldives, Mauritius and Ghana for seminars, consultancy or training assignments in housing finance.

In July 2010, the Frankfurt School of Finance & Management and HDFC jointly organised the third '*Housing Finance Summer Academy*' in Germany, which is a course that aims to provide housing finance solutions for emerging markets through a combination of academic knowledge and practical experience.

In November 2010, HDFC conducted its own international training programme '*Housing Finance Management*' at its training centre, Centre for Housing Finance, located at Lonavla, India. Participants from different countries across Asia and Africa attended a weeklong residential training programme.

Delegates from Bangladesh, Indonesia and Kenya visited the Corporation to understand key mortgage finance operations.

### Shelter Assistance Reserve (SAR)

HDFC continued to partner and support worthwhile projects undertaken by non-government organisations, foundations and local bodies through the SAR. During the year, the Corporation disbursed ₹ 11.48 crores from the SAR towards a wide spectrum of development programmes and activities.

Corpus contributions were made out of the SAR to the Indian Council for Research on International Economic Relations (ICRIER) – New Delhi, Armed Forces Flag Day Fund – Mumbai, M. S. Swaminathan Research Foundation – Chennai and Folk Arts – Rajasthan, amongst others. Support was also extended towards running a centre for rehabilitation of adults affected by cerebral palsy in Pune, partnering The Energy and Resources Institute (TERI) in undertaking an integrated development scheme for sustainable livelihood across remote villages in Uttarakhand, providing scholarships to children from impoverished backgrounds through an organisation working with the rural poor in West Bengal and supporting the construction of a centre catering to the rehabilitation of hearing impaired individuals in New Delhi. The Corporation supported the Indian Cancer Society towards meeting the treatment expenses of patients. HDFC continued partnering municipal

schools to showcase high-performing schools through public-private partnerships, through initiatives such as the Akanksha School Project, Bhavishya Yaan and Teach for India. The SAR was also utilised towards providing relief assistance to victims of the Leh cloudburst in August 2010.

During the year, the Corporation disbursed ₹ 2 crores to the Indian Institute of Human Settlements (IIHS) – Bengaluru, taking the Corporation's total contribution to IIHS to ₹ 4 crores. IIHS is a privately funded education institution focusing on various aspects of urban practice.

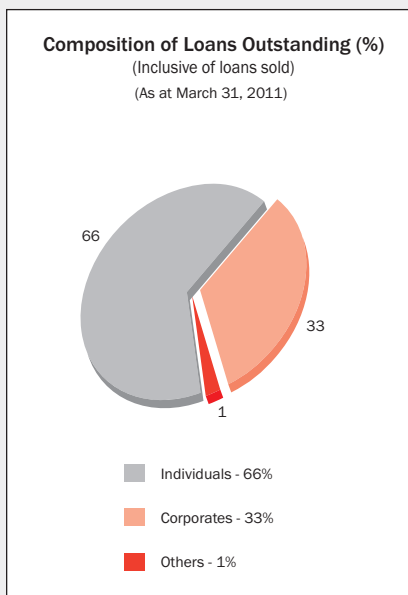
### Training and Human Resource Management

The Corporation believes that the ability to keep learning is a key sustainable advantage and hence strong emphasis is placed on constantly upgrading the skills of its employees.

During the year, all new recruits underwent an induction training programme. In addition, employees who were promoted across various grades attended Executive Development and Managerial Skills programmes. During the year, a leadership programme was designed and conducted by the Indian Institute of Management, Ahmedabad, for a select group of employees identified on the basis of their performance and future potential.

Amongst many others, internal training programmes were conducted in the areas of rural housing finance, corporate risk management, negotiative selling skills, credit risk management and six sigma.

The Corporation also nominated staff members for a variety of external programmes including real estate and housing, education, treasury and risk management, information technology, taxation and International Financial Reporting Standards.



## New Initiatives

### HDFC RED

During the year, HDFC Real Estate Destination (HDFC RED), an on-line real estate portal was launched with the key objective of providing a single destination to potential home buyers to search and short-list desired properties that suit their requirements. HDFC RED functions as a centralised digital platform to bridge the gap between home buyers and developers across India. Developers are charged a subscription fee to list their projects on HDFC RED and in turn are able to attract potential buyers. HDFC RED is currently operational in six cities in India – Bengaluru, Chennai, Hyderabad, Mumbai, New Delhi and Pune.

### Awards and Recognitions

During the year, some of the awards and recognitions received by the Corporation include:

- HDFC is the only Indian company to be included in the fifth annual list of the '2011 World's Most Ethical Companies' by Ethisphere Institute, USA.
- Best Governed Company Award,

2010 – Asian Centre for Corporate Governance & Sustainability.

- 'India Shining Star CSR Award' – for outstanding CSR in the Banking and Financial Sector.
- HDFC one of India's 'Best Managed Companies' – Finance Asia's 10<sup>th</sup> Annual Poll.
- 'HDFC the most admired company in the Financial Sector in India' – Wall Street Journal's Asia 200 survey.

### Subsidiary Companies

In terms of Section 212(8) of the Companies Act, 1956, the Central Government has granted its approval, exempting the Corporation from the requirement of attaching to its annual report, the balance sheet, profit and loss account and the report of the directors and auditors thereon, in respect of all its sixteen subsidiary companies. Accordingly, a copy of the balance sheet, profit and loss account, report of the Board of Directors and Report of the Auditors of the following subsidiary companies of the Corporation – HDFC Developers Limited, HDFC Investments Limited, HDFC Holdings Limited, HDFC Asset Management Company Limited, HDFC Trustee Company Limited, HDFC Realty Limited, HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, GRUH Finance Limited, HDFC Sales Private Limited, HDFC Ventures Trustee Company Limited, HDFC Venture Capital Limited, HDFC Property Ventures Limited and Credila Financial Services Private Limited and the following step-down subsidiary companies - HDFC Asset Management Company (Singapore) Pte. Limited and Griha Investments have not been attached to the balance sheet of the Corporation for the financial year ended March 31, 2011.

The Annual Report of the Corporation, the annual accounts and the related documents of the Corporation's subsidiary companies are posted on the website of the Corporation, [www.hdfc.com](http://www.hdfc.com). Shareholders who wish to have a copy of the annual accounts and detailed information on any subsidiary company can download the same from the website or may write to the Corporation for the same. Further, the said documents shall be available for inspection by the shareholders at the registered office of the Corporation.

The Corporation has not made any loans or advances in the nature of loans to any of its subsidiary or associate company or companies in which its directors are deemed to be interested, other than in the ordinary course of business.

### Review of Key Subsidiary and Associate Companies

#### HDFC Bank Limited (HDFC Bank)

HDFC and HDFC Bank continue to maintain an arm's length relationship in accordance with the regulatory framework. Both organisations, however, capitalise on the strong synergies through a system of referrals, special arrangements and cross selling in order to effectively provide a wide range of products and services under the HDFC brand name.

As at March 31, 2011, net advances of HDFC Bank stood at ₹1,59,983 crores - an increase of 27% over the previous year. As at March 31, 2011, HDFC Bank's distribution network included 1,986 branches and 5,471 ATMs in 996 cities as against 1,725 branches and 4,232 ATMs in 779 cities as of March 31, 2010. The bank has a customer base of 21.9 million as at March 31, 2011.

For the year ended March 31, 2011, HDFC Bank reported a profit after tax of ₹ 3,926 crores as against ₹ 2,949 crores in the previous year, representing

an increase of 33%. HDFC Bank recommended a dividend of ₹ 16.50 per share as against ₹ 12 per share in the previous year.

HDFC together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited holds 23.4% of the equity share capital of HDFC Bank.

#### **HDFC Standard Life Insurance Company Limited (HDFC Life)**

Gross premium income of HDFC Life for the year ended March 31, 2011 stood at ₹ 9,004 crores as compared to ₹ 7,005 crores in the previous year – a growth of 29%. The sum assured in force for the current year was ₹ 98,917 crores as compared to ₹ 72,610 crores in the previous year.

The company has a portfolio of 27 retail products and 6 group products covering saving, investment, protection and retirement needs of the customers, along with 9 optional rider benefits.

HDFC Life covers approximately 495 cities and towns in India through its 780 distribution points in the country with approximately 1.36 lakh financial consultants appointed by the company. HDFC Life also has a strong association with its bancassurance partners, which has contributed significantly to the growth of the company during the year.

HDFC Life has reported a loss of ₹ 99 crores for the year ended March 31, 2011. Like most life insurance companies in the initial phase, HDFC Life has reported losses. This is essentially due to the accounting norms applicable to insurance companies wherein the commission expenses are charged upfront in the year in which they are incurred while the corresponding income is recognised over the entire life of the policies issued. The mismatch between expenses and income has the effect of magnifying the initial losses of HDFC Life.

HDFC holds 72.4% of the equity share capital in HDFC Life.

#### **HDFC Asset Management Company Limited (HDFC-AMC)**

HDFC and Standard Life Investment Limited are the co-sponsors of HDFC Mutual Fund.

As at March 31, 2011, HDFC-AMC managed 36 debt, equity and exchange traded fund schemes of HDFC Mutual Fund. During the year, the average assets under management stood at ₹ 95,950 crores (which is inclusive of average assets under discretionary portfolio management/advisory services). The number of investor accounts increased to over 46 lakhs as at March 31, 2011 as compared to 39 lakhs in the previous year.

As at March 31, 2011, HDFC-AMC has points of acceptances in 114 locations across the country.

For the year ended March 31, 2011, HDFC-AMC reported a profit after tax of ₹ 242.18 crores as against ₹ 208.37 crores in the previous year. HDFC-AMC paid an interim dividend of ₹ 29 per share for the financial year ended March 31, 2011.

HDFC holds 60% of the equity share capital of HDFC-AMC.

#### **HDFC ERGO General Insurance Company Limited (HDFC-ERGO)**

For the year ended March 31, 2011, HDFC-ERGO retained the ranking as the fifth largest private sector player in the general insurance industry. Continuing its multi-product and multi-channel strategy, HDFC-ERGO leverages on its distribution infrastructure developed over the years.

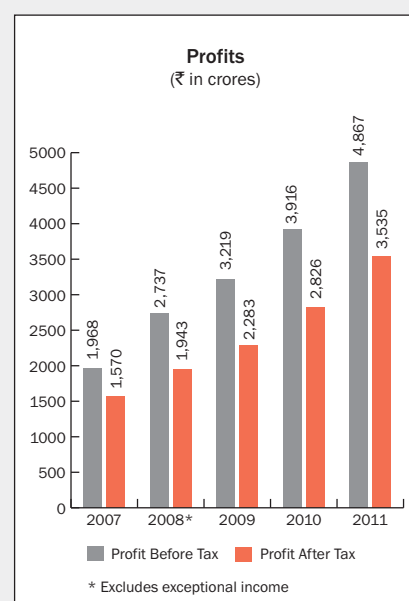
The company offers a complete range of insurance products like motor, health, travel, home and personal accident in the retail segment and customised products like property, marine, aviation

and liability insurance in the corporate segment. The company continues to leverage on the HDFC group's distribution capability to drive its growth and relies on the technical capability of ERGO in the field of general insurance. The company has a balanced portfolio mix with the retail segment accounting for 57% of the business.

The general insurance industry registered a growth of 23% in FY 2010-11 as compared to 13% in the previous year. In comparison, during the year, HDFC-ERGO recorded a growth of 40%, with a Gross Written Premium (including cessions from the motor pool) of ₹ 1,408 crores as against ₹ 1,005 crores in the previous year.

After providing for the higher losses from the Indian Motor Third Party Insurance Pool (IMTPIP), during the year, the company made a loss of ₹ 36.4 crores as against a loss of ₹ 94.3 crores in the previous year. Loss from IMTPIP was ₹ 69 crores as against loss of ₹ 15 crores in the previous year.

HDFC holds 74% of the equity share capital of HDFC-ERGO.





### **HDFC Property Funds**

HDFC Venture Capital Limited (HVCL) is the investment manager to HDFC Property Fund, a registered venture capital fund with the Securities and Exchange Board of India (SEBI).

HDFC Property Fund currently has two schemes. The first scheme is HDFC India Real Estate Fund (HI-REF), with a corpus of ₹ 1,000 crores, which has been fully invested. During the year, the scheme fully exited from one investment and made partial exits from two other investments.

The second scheme, HDFC IT Corridor Fund has a corpus of ₹ 446.40 crores. This scheme has disbursed the entire corpus in rental income yielding commercial properties in major cities in India and exits are being explored for some investments of the scheme.

During the year, HVCL made a profit after tax of ₹ 12.21 crores. The directors of HVCL approved the payment of two interim dividends aggregating ₹ 200 per equity share.

HDFC holds 80.5% of the equity share capital of HVCL.

HDFC Property Ventures Limited (HPVL) provides investment advisory services to Indian and overseas asset management companies (AMCs). Such AMCs in turn manage and advise Indian and offshore private equity funds.

During the year, HPVL made a profit after tax of ₹ 3.39 crores. The directors of HPVL approved the payment of two interim dividends aggregating ₹ 20 per equity share.

HDFC holds 100% of the equity share capital of HPVL.

### **GRUH Finance Limited (GRUH)**

GRUH is a housing finance company with operations primarily in the states of Gujarat and Maharashtra and has now expanded its network to other states

like Karnataka, Madhya Pradesh, Rajasthan, Chhattisgarh and Tamil Nadu. During the year, GRUH disbursed loans amounting to ₹ 1,211 crores as compared to ₹ 780 crores in the previous year – an increase of 55%.

For the year ended March 31, 2011, GRUH reported a profit after tax of ₹ 91.51 crores as compared to ₹ 68.96 crores in the previous year – an increase of 33%. The company recommended a dividend of ₹ 8.50 per share and in addition also recommended a special dividend of ₹ 2.50 per share to commemorate the Silver Jubilee of the company, taking the total recommended dividend to ₹ 11 per share as compared to ₹ 6.50 per share in the previous year.

HDFC's holding in GRUH currently stands at 60.6%.

### **HDFC Sales Private Limited (HSPL)**

HDFC Sales Private Limited (HSPL) continues to strengthen the Corporation's marketing and sales efforts by providing a dedicated sales force to sell home loans and other financial products.

HSPL has a presence in 71 locations. During the period under review, HSPL sourced loans accounting for 46% of individual loans disbursed by HDFC.

HSPL is a wholly owned subsidiary of HDFC.

### **Credila Financial Services Private Limited (Credila)**

Credila is India's first dedicated education loan company, providing loans to students pursuing higher education in India and abroad. Credila has funded students studying in over 500 educational institutes, pursuing higher studies in more than 20 countries.

As at March 31, 2011, Credila had cumulatively disbursed ₹ 190 crores in respect of 2,741 loans. The average loan amount disbursed is ₹ 7 lakhs.

In addition to having its own offices and sourcing applications through the web, Credila capitalises on HDFC's distribution network to source and market education loans.

The Reserve Bank of India has categorised education loans as 'priority sector' lending. Credila's borrowers are entitled to income tax exemption under Section 80E of the Income Tax Act, 1961.

HDFC holds 62.3% of the equity share capital of Credila.

### **Particulars of Employees**

HDFC had 1,607 employees as of March 31, 2011. During the year, 8 employees employed throughout the year were in receipt of remuneration of ₹ 60 lakhs or more per annum.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the annex to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Corporation excluding the annex. Any shareholder interested in obtaining a copy of the said annex may write to the Corporation.

### **Employees Stock Option Scheme (ESOS)**

The Corporation had not granted any stock options during the year. The options were last granted in November 2008. Unexercised options as at April 1, 2010 relates to ESOS-05, ESOS-07 and ESOS-08.

During the year, options vested aggregated to 1,54,668 and options exercised aggregated to 34,36,095. Pursuant to the said exercise, the Corporation received from the employees ₹ 473.54 crores as exercise

consideration (excluding tax), of which ₹ 3.44 crores was towards share capital and ₹ 470.10 crores towards securities premium. During the year, pursuant to the exercise of options, 1,71,80,475 equity shares of ₹ 2 each have been allotted to the concerned employees.

During the year, 9,736 options lapsed. Options in force as at March 31, 2011 stood at 83,22,488. Pursuant to the sub-division of the face value of the equity shares of the Corporation from ₹ 10 to ₹ 2, upon exercise, each option is entitled to 5 equity shares of ₹ 2 each as against one equity share of ₹ 10 each prior to the sub-division.

There has been no variation in the terms of the options granted.

The Corporation had granted the stock options at the market price and hence the intrinsic value of the option was nil. Consequently, the compensation cost was nil. As no options were granted during the year, the compensation cost under the fair value method was also nil.

The diluted EPS is ₹ 23.66 against a basic EPS of ₹ 24.18.

#### Unclaimed Dividend

As at March 31, 2011, dividend amounting to ₹ 8.60 crores has not been claimed by shareholders of the Corporation. The Corporation has been periodically intimating the concerned shareholders requesting them to encash their dividend before it becomes due for transfer to the IEPF. The Corporation continues to take various initiatives to reduce the quantum of unclaimed dividend. These *inter alia* include periodic reminders to shareholders requesting them to claim their dividend, including final reminders to those shareholders who have not claimed their dividend before the same is due for transfer to the IEPF. The Corporation also provides direct credit of unclaimed dividend to the shareholders having a

bank account with HDFC Bank or whose 9 digit MICR code is made available to the Corporation by the Depositories and dispatches duplicate dividend warrants directly to the concerned banks wherever the details are made available by the Depositories.

As per the provisions of Section 205C of the Companies Act, 1956, unclaimed dividend amounting to ₹ 33.96 lakhs for the financial year 2002-03 was transferred to the IEPF on September 8, 2010. Further, the unclaimed dividend amounting to ₹ 47.84 lakhs in respect of the financial year 2003-04 must be claimed by August 24, 2011, failing which it is required to be transferred to the IEPF within a period of 30 days from the said date. In terms of said section, no claim would lie against the Corporation or the IEPF after the transfer.

#### Unclaimed Shares

Pursuant to an amendment to Clause 5A of the Listing Agreements, the Corporation has identified share certificates issued by it in physical form to its shareholders which are lying unclaimed.

The Corporation has sent reminders to the concerned shareholders requesting them to contact the Investor Services Department of the Corporation to claim their shares, subject to submission and verification of requisite documents and compliance with procedures as prescribed in the said clause.

#### Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars regarding foreign exchange earnings and expenditure appear as Item No. 13 in the Notes to the Accounts. Since HDFC does not own any manufacturing facility the other particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure

of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

#### Directors

Mr. D. M. Satwalekar resigned as a director of the Corporation with effect from November 13, 2010. Mr. Satwalekar had joined the Corporation in 1979. He was the Managing Director of the Corporation from 1993 up to 2000. He was thereafter appointed as the Managing Director & Chief Executive Officer of HDFC Standard Life Insurance Company Limited (HDFC Life) and was appointed as a non-executive director of the Corporation in 2000.

The Board of Directors wish to place on record its sincere appreciation and gratitude for the dedicated service and invaluable contribution made by Mr. Satwalekar during his tenure with the Corporation and HDFC Life.

The Board of Directors, at its meeting held on October 18, 2010, re-appointed Mr. Keki M. Mistry as the Managing Director of the Corporation (designated as the 'Vice Chairman & Chief Executive Officer') for a period of 5 years, with effect from November 14, 2010, subject to the approval of the members at the ensuing AGM.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Corporation, Mr. D. N. Ghosh, Dr. Ram S. Tarneja and Dr. Bimal Jalan are liable to retire by rotation at the ensuing AGM. They are eligible for re-appointment.

Necessary resolutions for the re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM.

All the directors of the Corporation have confirmed that they are not disqualified from being appointed as directors in terms of Section 274(1)(g) of the Companies Act, 1956.

### Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, having registration number 117366W, statutory auditors of the Corporation and branch auditors to audit the accounts at the Corporation's branches in India and offices in London and Singapore hold office until the conclusion of the ensuing AGM and are eligible for re-appointment.

The Corporation has received a confirmation from Messrs Deloitte Haskins & Sells to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Messrs PKF, Chartered Accountants, having registration number 10 issued by the Ministry of Economy, U.A.E. was appointed as the branch auditors to audit the accounts of the Corporation's branch office in Dubai. Their term expires at the end of the ensuing AGM and they are eligible for re-appointment.

### Directors' Responsibility Statement

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

- i. In the preparation of annual accounts, the applicable accounting standards have been followed;
- ii. Accounting policies selected were

applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Corporation as at the end of March 31, 2011 and of the profit of the Corporation for the year ended on that date;

- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities;
- iv. The annual accounts of the Corporation have been prepared on a going concern basis.

### Management Discussion and Analysis Report and Report of the Directors on Corporate Governance

In accordance with Clause 49 of the listing agreements, the Management Discussion and Analysis Report and the Report of the Directors on Corporate Governance form part of this report.

### Corporate Governance – Voluntary Guidelines

The Board of Directors have taken cognisance of the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs (MCA) in December 2009. While

the guidelines are recommendatory in nature, the board recognises the importance and need to constantly assess governance practices thereby ensuring a sustainable business environment that generates long-term value to all key stakeholders. The board has adopted several provisions of the said guidelines.

### Acknowledgements

The Corporation would like to acknowledge the role of all its stakeholders - shareholders, borrowers, depositors, key partners and lenders for their continuing support to the Corporation.

The directors appreciate the guidance received from various regulatory authorities including NHB, RBI, SEBI, MCA, Registrar of Companies, Financial Intelligence Unit (India), Foreign Investment Promotion Board, the Stock Exchanges and the Depositories.

Your directors value the professionalism of all the employees of the Corporation who have relentlessly worked in a challenging environment and whose efforts have stood the Corporation in good stead.

On behalf of the Board of Directors

MUMBAI  
May 10, 2011

DEEPAK S. PAREKH  
Chairman



## Report of the Directors on Corporate Governance

The drive for good governance has led many countries to adopt globally recognised governance practices. More importantly, the convergence of governance practices has been given a universal push by the recent global financial crisis, resulting in a steady stream of new regulations and legislations. The financial crisis also brought to the fore the critical role played by a board and consequently led to a rethinking on the attributes required for an effective board.

Given the increasingly complex business environment, investors and other stakeholders are demanding a far higher level of transparency and majority of the boards are making conscious and comprehensive efforts to reassess their corporate governance practices. There is now a well established correlation between boards that constantly review their governance practices and enhanced corporate performance.

Indian companies have scored well on corporate governance, especially those organisations that have voluntarily opted for increased transparency and disclosures. A growing number of Indian companies are aware that if they are to remain competitive players in the domestic and global arena, expectations of governance standards will rise yet further. Many companies are increasingly realising the importance of extracting the true potential of their boards to enhance their competitiveness. Boards are introducing better internal controls and focusing on risk appetite and mitigation mechanisms. Moreover, the stress on increasing board independence, heightened emphasis on directors with sector specific expertise and greater director accountability are factors raising the bar for better governance practices.

### Corporate Governance at HDFC

HDFC has always maintained that effective corporate governance has a positive impact on a company's reputation, employees, shareholders, lenders, customers and society at large. True governance mechanisms can only be achieved when there is intent to implement them within the organisation. The Corporation does not look at corporate governance in isolation of its business, but ingrains values, ethics, integrity and transparency into every aspect of doing business. These efforts have been recognised by the Ethisphere Institute, USA, wherein HDFC was the only Indian company to be included in the fifth annual list of the '2011 World's Most Ethical Companies'.

The board is deeply committed to good governance practices and recognises its vital role in guiding the Corporation in line with the changing times and external environment.

The Board of Directors fully supports and endorses corporate governance practices in accordance with the provisions of Clause 49 of the listing agreements, as amended. The Corporation has complied with all the mandatory requirements of the said Clause and listed below is the status with regard to the same.

### Board of Directors

#### Composition

The Board of Directors comprises fourteen members. There are eleven non-executive directors including the Chairman of the Corporation. The three executive directors include the Vice Chairman & Chief Executive Officer (CEO), the Managing Director and the Executive Director. Of the eleven non-executive directors, nine are independent directors. The independent directors have confirmed that they satisfy the criteria prescribed for an independent director as stipulated in Clause 49 (I) (A) (iii) of the listing agreements. None of the directors of the Corporation are related to each other.

The directors bring to the board a wide range of experience and skills. Brief profiles of the directors are set out elsewhere in the annual report. The composition of the board is in conformity with Clause 49 I (A) of the listing agreements. Details

of the Board of Directors in terms of their directorships / memberships in committees of public companies (excluding HDFC) are as under:

| Sr. No. | Directors                                    | Number of Directorships | Number of Committees |             |
|---------|--|-------------------------|----------------------|-------------|
|         |  |                         | Member               | Chairperson |
| 1       | Mr. Deepak S. Parekh (Chairman)              | 11                      | 7                    | 5           |
| 2       | Mr. Keshub Mahindra (Vice Chairman)          | 5                       | 1                    | 1           |
| 3       | Mr. Shirish B. Patel                         | 1                       | —                    | —           |
| 4       | Mr. B. S. Mehta                              | 14                      | 9                    | 5           |
| 5       | Mr. D. M. Sukthankar                         | 3                       | 1                    | 1           |
| 6       | Mr. D. N. Ghosh                              | 5                       | 1                    | 1           |
| 7       | Dr. S. A. Dave                               | 7                       | 6                    | —           |
| 8       | Dr. Ram S. Tarneja                           | 11                      | 6                    | 1           |
| 9       | Mr. N. M. Munjee                             | 14                      | 9                    | 4           |
| 10      | Dr. Bimal Jalan                              | —                       | —                    | —           |
| 11      | Dr. J. J. Irani                              | 10                      | 2                    | —           |
| 12      | Mr. V. Srinivasa Rangan (Executive Director) | 9                       | 5                    | —           |
| 13      | Ms. Renu Sud Karnad (Managing Director)      | 12                      | 5                    | 3           |
| 14      | Mr. Keki M. Mistry (Vice Chairman & CEO) ^   | 12                      | 10                   | 3           |

*Sr. Nos. 2 to 10 are independent directors.*

*Sr. No. 11 - Dr. J. J. Irani is a special director under Articles 125 and 126 of the Articles of Association of the Corporation.*

*Sr. Nos. 12 to 14 are whole-time directors. In the case of whole-time directors, the number of directorships includes directorships in HDFC group companies.*

*^ The Board of Directors of the Corporation at its meeting held on October 18, 2010, re-appointed Mr. Keki M. Mistry as the Managing Director of the Corporation (designated as the 'Vice Chairman & CEO') for a period of 5 years, with effect from November 14, 2010, subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM).*

*Excluding the directorships mentioned above, Mr. Deepak S. Parekh is an alternate director in 4 companies.*

## Tenure

The non-executive directors of the Corporation, as eligible, are liable to retire by rotation. One-third of the said directors are liable to retire every year and if eligible, offer themselves for re-appointment.

## Responsibilities

The Board of Directors represent the interests of the Corporation's stakeholders in optimising long-term value by providing the management with guidance and strategic direction on their behalf. The board's mandate is to oversee the Corporation's strategic direction, review corporate performance, assess the adequacy of risk management and mitigation measures, authorise and monitor strategic investments, ensure regulatory compliance and safeguard interests of all stakeholders.

## Role of Independent Directors

Independent directors play a key role in the decision-making process of the board as they approve the overall strategy of the Corporation and oversee the performance of management. The independent directors are committed to acting in what they believe is in the best interest of the Corporation and its stakeholders.

The independent directors bring to the Corporation a wide range of experience, knowledge and judgement as they draw on their varied proficiencies in economics, finance, housing, management, accountancy, law, public policy, engineering and corporate strategy. This wide knowledge of both, their field of expertise and boardroom practices helps foster varied, unbiased, independent and experienced perspectives. The Corporation benefits immensely from their inputs in achieving its strategic direction.

The Audit Committee and Compensation Committee consist entirely of independent directors. The Investor Relations & Grievance Committee has a majority of independent directors. These committees function within their defined terms of reference in accordance with the Companies Act, 1956, the listing agreements and as approved by the Board of Directors.

Board members ensure that their work in other capacities do not impinge on their responsibilities as directors of HDFC.

### Board Meetings

The meetings of the Board of Directors are normally held at the Corporation's registered office in Mumbai. Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each director. The board meets at least once a quarter to review the quarterly performance and financial results of the Corporation.

The company secretary in consultation with the Chairman and the whole-time directors prepares a detailed agenda for the meetings. The board is provided with the relevant information as stipulated in Clause 49 of the listing agreements. The members of the board have access to all information of the Corporation. The board papers, agenda and other explanatory notes are circulated to the directors in advance. The members of the board are also free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the board meetings so as to provide additional inputs to the items being discussed by the board. The minutes of each board / committee meeting are recorded in the Minutes Book. The minutes of the board meetings of unlisted subsidiary companies of the Corporation are tabled at the board meetings. A summary of the key decisions taken by the Board of Directors of the unlisted Indian subsidiary companies of the Corporation is tabled at the board meetings on a half-yearly basis. The unlisted subsidiary companies of the Corporation have confirmed that they have not entered into any significant transactions or arrangements during the year under review.

During the year under review, the board met six times. The meetings were held on May 3, 2010, July 14, 2010, October 18, 2010, December 23, 2010, January 14, 2011 and March 25, 2011. The attendance of directors at the last AGM and the above-mentioned board meetings, along with the sitting fees paid to them are listed below:

| Directors                                    | Board Meetings           |                       | Attendance at the 33rd Annual General Meeting held on July 14, 2010 |
|--|--------------------------|-----------------------|---|
|  | No. of Meetings Attended | Sitting Fees Paid (₹) |   |
| Mr. Deepak S. Parekh (Chairman)              | 6                        | 90,000                | Yes   |
| Mr. Keshub Mahindra (Vice Chairman)          | 6                        | 90,000                | Yes   |
| Mr. Shirish B. Patel                         | 5                        | 75,000                | Yes   |
| Mr. B. S. Mehta                              | 6                        | 90,000                | Yes   |
| Mr. D. M. Sukthankar                         | 6                        | 90,000                | Yes   |
| Mr. D. N. Ghosh                              | 5                        | 75,000                | Yes   |
| Dr. S. A. Dave                               | 6                        | 90,000                | Yes   |
| Dr. Ram S. Tarneja                           | 6                        | 90,000                | Yes   |
| Mr. N. M. Munjee                             | 5                        | 75,000                | Yes   |
| Dr. Bimal Jalan                              | 5                        | 75,000                | Yes   |
| Mr. D. M. Satwalekar*                        | 3                        | 45,000                | Yes   |
| Dr. J. J. Irani                              | 6                        | 90,000                | Yes   |
| Mr. V. Srinivasa Rangan (Executive Director) | 6                        | -                     | Yes   |
| Ms. Renu Sud Karnad (Managing Director)      | 5                        | -                     | Yes   |
| Mr. Keki M. Mistry (Vice Chairman & CEO)     | 6                        | -                     | Yes   |

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

\* Resigned as a director of the Corporation with effect from November 13, 2010.



The board met on May 10, 2011, to approve the audited financial results of the Corporation for the year ended March 31, 2011.

### **Board Committees**

To enable better and more focused attention on the affairs of the Corporation, the board delegates particular matters to committees of the board set up for the purpose. These committees prepare the groundwork for decision-making and report at the subsequent board meeting.

### **Audit Committee**

The Audit Committee solely comprises independent directors. The members of the committee are Dr. S. A. Dave (Chairman), Mr. B. S. Mehta and Mr. D. N. Ghosh. All the members of the committee have accounting and financial management expertise. The quorum for the meeting of the committee is two members. The company secretary is the secretary to the committee.

The terms of reference of the Audit Committee *inter alia* include overseeing the Corporation's financial reporting process and disclosures of financial information. The prime responsibility of the Audit Committee is to review with the management, the quarterly/annual financial statements prior to recommending the same to the board for approval.

The committee recommends to the board, the appointment or re-appointment of the statutory auditors including branch auditors and their remuneration. The Audit Committee and statutory auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post audit. In addition, the committee approves payment of fees for other services rendered by the statutory auditors. The committee approves the appointment or re-appointment of internal auditors of the Corporation and their remuneration.

The Audit Committee's functions include reviewing the adequacy of the internal audit function, its structure, reporting process, audit coverage and frequency of internal audits. The responsibility of the committee is to also review the findings of any internal investigation by the internal auditors in matters relating to suspected fraud or irregularity or failure of internal control systems of material nature and report the same to the board.

The committee reviews the reports of the internal and statutory auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the respective auditors. In addition, the committee annually reviews the performance of the internal and statutory auditors to ensure that an objective, professional and cost effective relationship is being maintained.

During the year, the committee *inter alia* reviewed the statement of uses / application of funds raised by issuance of debt securities on a private placement basis, management of assets and liabilities of the Corporation, foreign currency and derivative positions, performance of the loan portfolio, statement of related party transactions, the management discussion and analysis report and the management letter issued by the statutory auditors. The committee periodically reviews the investments made by the unlisted subsidiary companies of the Corporation and also reviews their annual financial statements. The committee also reviews other matters as mandated under Section 292A of the Companies Act, 1956 and Clause 49 II of the listing agreements as and when applicable.

It is the Audit Committee's prerogative to invite senior executives of the Corporation whom it considers appropriate to be present at the meetings. Senior management and auditors are invited to participate in the meetings of the committee as and when necessary. The Corporation affirms that no employee has been denied access to the Audit Committee.

During the year under review, the committee met five times. The meetings were held on May 3, 2010, July 14, 2010, October 18, 2010, December 23, 2010 and January 14, 2011. The Chairman of the Audit Committee was present at the 33rd Annual General Meeting.

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

| Members                   | Number of Meetings Attended | Sitting Fees Paid (₹) |
|---------------------------|-----------------------------|-----------------------|
| Dr. S. A. Dave (Chairman) | 5                           | 75,000                |
| Mr. B. S. Mehta           | 5                           | 75,000                |
| Mr. D. N. Ghosh*          | 4                           | 60,000                |

*\*Leave of absence was granted to Mr. D. N. Ghosh who could not attend the meeting on October 18, 2010.*

The committee met on May 10, 2011 to review the audited financial results of the Corporation for the year ended March 31, 2011 and recommended the same to the board for its approval.

### Compensation Committee

The Compensation Committee solely comprises independent directors. The members of the committee are Mr. Keshub Mahindra (Chairman), Mr. Shirish B. Patel and Mr. B. S. Mehta.

The terms of reference of the committee are to review and recommend compensation payable to the executive directors and to formulate and administer the employee stock option schemes, including reviewing and granting of options to eligible employees under these schemes. The committee also ensures that the compensation policy of the Corporation provides performance-oriented incentives for senior management.

The annual compensation of executive directors has been approved by the committee and is within the overall limits as approved by the shareholders. The committee met twice during the year under review. The meetings were held on October 18, 2010 and March 25, 2011.

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

| Members                        | Number of Meetings Attended | Sitting Fees Paid (₹) |
|--------------------------------|-----------------------------|-----------------------|
| Mr. Keshub Mahindra (Chairman) | 2                           | 30,000                |
| Mr. Shirish B. Patel           | 2                           | 30,000                |
| Mr. B. S. Mehta                | 2                           | 30,000                |

### Investor Relations & Grievance Committee

During the year, the Investors' Grievance Committee was renamed as the Investor Relations & Grievance Committee.

The Investor Relations & Grievance Committee consists of a majority of independent directors. The members of the committee are Dr. Ram S. Tarneja (Chairman), Dr. S. A. Dave and Mr. V. Srinivasa Rangan. Mr. Girish Koliyote, the company secretary of the Corporation, in his capacity as 'compliance officer' is responsible for expediting the share transfer formalities.

The Board of Directors of the Corporation at its meeting held on December 23, 2010 approved the revised terms of reference of the Investor Relations & Grievance Committee. The terms of reference of the committee *inter alia* include reviewing mechanisms adopted by the Corporation to redress shareholder and depositor complaints, the status of litigations filed by / against shareholders of the Corporation and initiatives taken to reduce the quantum of unclaimed dividends. The committee oversees adherence to service standards and standard operating procedures pertaining to investor services. The committee also reviews adherence of compliances with corporate and securities laws. During the year under review, the committee met three times. The meetings were held on October 5, 2010, January 20, 2011 and March 4, 2011.

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

| Members                              | Number of Meetings Attended | Sitting Fees Paid (₹) |
|--------------------------------------|-----------------------------|-----------------------|
| Dr. Ram S. Tarneja (Chairman)        | 3                           | 45,000                |
| Mr. D. M. Satwalekar <sup>1</sup>    | 1                           | 15,000                |
| Mr. V. Srinivasa Rangan <sup>2</sup> | 3                           | -                     |
| Dr. S. A. Dave <sup>3</sup>          | 2                           | 30,000                |

<sup>1</sup> Upon the resignation as a director of the Corporation, ceased to be a member w.e.f. November 13, 2010.

<sup>2</sup> Appointed as a member w.e.f. May 4, 2010 pursuant to the resignation of Mr. Keki M. Mistry as member of the committee.

<sup>3</sup> Appointed as a member w.e.f. December 23, 2010 pursuant to the resignation of Mr. D. M. Satwalekar.

The Corporation has a designated e-mail address, [investorcare@hdfc.com](mailto:investorcare@hdfc.com) to enable the investors to post their grievances and monitor its redressal. During the year, the Corporation received a total of 14,170 correspondence from shareholders including e-mails relating *inter alia* to change in bank account particulars, dematerialisation of shares, change of address, non-receipt of dividend warrants / sub-divided share certificates / annual reports / bonus shares.

At the beginning of the financial year under review, there was one investor complaint that was unresolved. During the year, the Corporation received 21 complaints. All the said complaints were resolved. As at March 31, 2011, there were no unresolved investor complaints.

Presently, the Corporation has been made party in respect of suits / litigations filed by 6 shareholders relating to disputes over title to shares. The Corporation is not in agreement with the claims made by the said shareholders. The said suits / litigations are not material in nature.

No penalties or strictures have been imposed on the Corporation by any stock exchange, SEBI or other statutory authority on any matter relating to the capital markets.

### Employees Stock Option Scheme (ESOS)

During the year, no new options have been granted under the ESOS. The disclosures in respect of each ESOS as required under Clause 12.1 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, have been made in the Directors' Report.

### Code of Conduct

The Corporation has framed and adopted a Code of Conduct, which is approved by the Board of Directors. The code is applicable to all directors and senior management of the Corporation. This code has been posted on the Corporation's website, [www.hdfc.com](http://www.hdfc.com). For the year under review, all directors and senior management have confirmed their adherence to the provisions of the said code.

### Share Dealing Code

The Corporation has formulated and adopted a Share Dealing Code in accordance with the model code of conduct as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended.

The code is applicable to all directors, employees and their dependents. The said persons are restricted from dealing in the securities of the Corporation during the 'restricted trading periods' notified by the Corporation, from time to time.

Further, other than exercise of stock options, directors and designated employees who buy and sell any number of shares or warrants of the Corporation are prohibited from entering into an opposite transaction i.e. sell or buy any number of shares or warrants during the next six months following the prior transaction and from taking positions in derivative transactions in the equity shares of the Corporation.



In compliance with the provisions of the code, the directors and designated employees of the Corporation and their dependents have disclosed their dealings in the shares of the Corporation and have obtained prior approval for dealing in shares of the Corporation in excess of the prescribed limits under the code. The disclosures include their dealings in shares of the Corporation, changes in their shareholding during the financial year and the position as at the end of the financial year. All directors and designated employees have confirmed that they have not taken positions in derivative transactions in the shares of the Corporation.

### **Disclosures**

#### **Transactions with Non-Executive Directors**

As at March 31, 2011, deposits held by the non-executive directors of the Corporation amounted to ₹ 6.37 crores. The rate of interest on these deposits is the same as applicable to public deposits. The non-executive directors of the Corporation do not have any other material pecuniary relationships or transactions with the Corporation or its directors, senior management, subsidiary or associate companies, other than in the normal course of business.

#### **Related Party Transactions**

There were no materially significant related party transactions with the directors, the management, subsidiaries or relatives of the directors that have a potential conflict with the interests of the Corporation at large. Transactions with related parties entered into by the Corporation in the normal course of business were placed before the Audit Committee. There were no material individual transactions with related parties, which were not in the normal course of business nor were there any material transactions with related parties or others, which were not on an arm's length basis. Details of related party transactions entered into by the Corporation in the normal course of business are included in the Notes to the Accounts.

#### **Accounting Standards**

The Corporation has complied with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, as amended.

#### **Secretarial Standards**

The Corporation has complied with the applicable Secretarial Standards notified by the Institute of Company Secretaries of India.

#### **Risk Management**

The Corporation has formulated a Risk Management Framework, which lays the procedures for risk assessment and mitigation. The Risk Management Committee (RMC) appraises the board of key risks associated with the business of the Corporation and measures taken to mitigate the same. The RMC of the Corporation comprises the Managing Director as the chairperson, the Executive Director and some members of senior management.

The RMC reviewed the risks associated with the business of the Corporation, its root causes and the efficacy of the measures taken to mitigate the same, twice during the year. Thereafter, the Board of Directors also reviewed the key risks associated with the business of the Corporation, the procedures adopted to assess the risks and their mitigation mechanisms.

#### **Proceeds from Private Placement Issues**

During the year under review, the Corporation issued non-convertible debentures on a private placement basis, in various tranches. As specified in the respective offer documents, the funds were utilised for the purpose of on lending for housing finance. Details of these issues and the end use were provided to the Audit Committee and the Board of Directors.

## Remuneration of Directors

### Non-Executive Directors

The remuneration package for non-executive directors consists of sitting fees and commission. The payment of the annual commission to non-executive directors is based on the performance of the Corporation and is paid on a uniform basis to all the non-executive directors, except for Mr. Deepak S. Parekh who is the Chairman of the Corporation. The commission payable to the non-executive directors is approved by the board and is within the overall limits as approved by the shareholders of the Corporation.

For the year ended March 31, 2011, the non-executive directors will be paid an amount of ₹ 7,00,000 each as commission. Mr. D. M. Satwalekar will be paid an amount of ₹ 4,31,347 as commission, being the proportionate amount up to the date of his resignation.

Mr. Deepak S. Parekh, Chairman will be paid an amount of ₹ 1,25,10,000 as commission. In addition, Mr. Deepak S. Parekh was paid an amount of ₹ 1,95,000 as sitting fees for meetings of the board/committees of directors attended by him.

### Executive Directors

The executive directors of the Corporation have been appointed on a contractual basis in terms of the resolutions passed by the shareholders at the AGMs, for tenors of up to five years. The elements of the remuneration package of executive directors comprise salary, perquisites (equivalent to their respective annual salary), other benefits and allowances which include use of the Corporation's car with a driver, telephones for the Corporation's business (expenses whereof would be borne and paid by the Corporation), house maintenance allowance, house rent allowance, leave travel allowance, contributions to provident funds, superannuation funds and provision towards post retirement pension schemes of the Corporation, other post-retirement benefits in the form of medical benefits and use of the Corporation's car as per the schemes framed and / or to be framed by the Corporation and as approved by the Board / Compensation Committee, from time to time and all other benefits as are provided to whole-time directors or senior employees of the Corporation and commission which is decided by the Compensation Committee within the overall limits as approved by the shareholders at the AGM.

The annual increments of the executive directors are linked to their performance and are decided by the Compensation Committee. Service contracts and the notice period are as per the terms of agreement entered into by each executive director with the Corporation.

The details of remuneration paid/payable to the executive directors for the year under review are detailed as under:

| Name                    | Salary<br>(₹) | Perquisites,<br>other<br>allowances<br>& retirement<br>benefits<br>(₹) | Commission<br>payable<br>2010-11<br>(₹) | Total<br>(₹) | Present<br>term<br>expires on  |
|-------------------------|---------------|--|---|--------------|--------------------------------|
| Mr. Keki M. Mistry      | 93,90,000     | 1,00,32,959  | 2,68,50,000                             | 4,62,72,959  | November 13, 2015 <sup>#</sup> |
| Ms. Renu Sud Karnad     | 86,25,000     | 98,92,127  | 2,46,00,000                             | 4,31,17,127  | December 31, 2014              |
| Mr. V. Srinivasa Rangan | 41,85,000     | 60,17,809  | 1,11,60,000                             | 2,13,62,809  | December 31, 2014              |

<sup>#</sup> Subject to approval of the shareholders at the ensuing AGM.

### Shareholding of Non-Executive Directors

Given below are the details of the shareholding in the Corporation of the non-executive directors as on May 6, 2011:

| Name                                | Shareholding<br>as on May 6, 2011<br>(Number of shares) |
|-------------------------------------|---|
| Mr. Deepak S. Parekh (Chairman)     | 9,50,000  |
| Mr. Keshub Mahindra (Vice Chairman) | 3,60,000  |
| Mr. Shirish B. Patel                | 2,07,500  |
| Mr. B. S. Mehta                     | 3,50,000  |
| Mr. D. M. Sukthankar                | 2,08,250  |
| Mr. D. N. Ghosh                     | 1,63,435  |
| Dr. S. A. Dave                      | 2,98,415  |
| Dr. Ram S. Tarneja                  | 3,57,500  |
| Mr. N. M. Munjee                    | 42,650  |
| Dr. Bimal Jalan                     | -   |
| Dr. J. J. Irani                     | 50,000  |

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors' Report.

### Shareholders

The Corporation has over 2,03,000 shareholders. The main channel of communication to the shareholders is through the annual report which *inter alia* includes the Chairman's Statement, the Directors' Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report, the Consolidated Group Accounts with the Auditors' Report, Social Initiatives and Shareholders' Information.

The AGM is the principal forum for interaction with shareholders, where the board answers specific queries raised by shareholders. The board acknowledges its responsibility towards its shareholders and therefore encourages open and active dialogue with all its shareholders – be it individuals, domestic institutional investors or foreign investors.

The Corporation communicates with its institutional shareholders through meetings with analysts and discussions between fund managers and management. The Corporation also participates at investor conferences, from time to time. The presentation made to analysts and fund managers is uploaded on the Corporation's website, [www.hdfc.com](http://www.hdfc.com). The 'Investors' section on the Corporation's website contains an array of information including the performance of the Corporation, share ownership details, disclosure made to stock exchanges, information on Warrants and frequently asked questions on dematerialisation, transfer of shares, sub-division of shares, issue of duplicate share certificates, nomination, deletion of names, transmission of shares, details on the electronic clearing service (ECS) / national electronic clearing service (NECS), transposition of names and other related information required by shareholders.

Regular communication with shareholders ensures that the Corporation's strategy is being clearly understood. Details relating to quarterly performance and financial results are disseminated to the shareholders through press releases on the Corporation's website. The financial results are published in leading publications such as Business Standard, The Mint and Navshakti. The Corporation also communicates the quarterly financial results by e-mail to those shareholders who have registered their e-mail address with their Depository Participants.

To expedite the process of share transfers, the board has delegated the power of share transfer to the Investors Services Committee comprising the company secretary and senior officers of the Secretarial Department. The said committee attends to the share transfer formalities on a weekly basis.

A brief profile of the directors to be re-appointed at the thirty-fourth AGM is provided as an annex to the notice convening the said AGM. The annual report also contains a section on 'Shareholders' Information' which *inter alia* provides information relating to the AGM date, time and venue, shareholding pattern, distribution of shareholding, top shareholders, voting rights, the monthly high and low price of the equity shares, volume of shares traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, Warrant holding pattern and other information as required under Clause 49 (VI) of the listing agreements.

The management statement on the integrity and fair presentation of the financial statements is provided as a part of the annual report in the Management Discussion and Analysis Report.

### Annual General Meetings (AGM)

The details of the last three AGM are given below. All the AGM were held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020. No special resolution has been passed through postal ballot.

| Financial Year | Meeting  | Date          | Time      | No. of Special Resolutions passed |
|----------------|----------|---------------|-----------|-----------------------------------|
| 2007-08        | 31st AGM | July 16, 2008 | 3.00 p.m. | 1                                 |
| 2008-09        | 32nd AGM | July 22, 2009 | 3.00 p.m. | 2                                 |
| 2009-10        | 33rd AGM | July 14, 2010 | 3.00 p.m. | 1                                 |

At the last AGM, shareholders of the Corporation holding in the aggregate 54.18% of the equity share capital had attended either in person or by proxy or through corporate representations as provided under Section 187 of the Companies Act, 1956.

### Compliance

The Corporation has complied with the mandatory requirements as stipulated under Clause 49 of the listing agreements. The Corporation has submitted the quarterly compliance status report to the stock exchanges within the prescribed time limit.

Messrs N. L. Bhatia & Associates, practising company secretaries, have certified that the Corporation has complied with the mandatory requirements as stipulated under Clause 49 of the listing agreements. The said certificate is annexed to the Directors' Report and will be submitted to the stock exchanges and the Ministry of Corporate Affairs along with the Annual Report.

### Non-Mandatory Requirements

The Corporation maintains the office of the Chairman and reimburses expenses incurred in performance of his duties.

The Board has constituted a Compensation Committee of Directors, details of which form part of this report.

The quarterly financial results of the Corporation are extensively published in leading financial newspapers, uploaded on the Corporation's website and sent to those shareholders who have registered their e-mail addresses with their Depository Participants.

The Corporation has always had a regime of unqualified financial statements.

The board of directors are well versed with the business of the Corporation and are also updated on current information required to discharge their fiduciary responsibilities.

The Corporation has joined the 'Corporate Whistleblower Initiative', a third party web-based reporting initiative which provides employees with a platform to communicate in a secure and confidential manner to the Corporation.



As regards the other non-mandatory requirements, the board has taken cognisance of the same and may consider adopting them as and when deemed appropriate.

**Certification of Financial Reporting and Internal Controls**

In accordance with Clause 49 V of the listing agreements, a certificate confirming the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee was taken on record at the board meeting convened for approval of the audited financial results of the Corporation for the year under review.

**Going Concern**

The board is satisfied that the Corporation has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing the financial statements.

On behalf of the Board of Directors

MUMBAI  
May 10, 2011

DEEPAK S. PAREKH  
Chairman

I confirm that for the year under review, all directors and senior management have affirmed their adherence to the provisions of the Code of Conduct.

KEKI M. MISTRY  
Vice Chairman & CEO

## Compliance Certificate on Corporate Governance

TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

We have examined the compliance of conditions of corporate governance by HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED ("the Corporation") for the year ended 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Corporation with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Corporation for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Corporation.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Corporation has complied with the conditions of corporate governance as stipulated in the clause 49 of the Listing Agreement.

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

For N L Bhatia & Associates  
Company Secretaries

N. L. Bhatia

MUMBAI  
May 10, 2011

FCS - 1176  
CP - 422

### Review of the Chairman of the Audit Committee of Directors

The Audit Committee of Directors comprises three independent directors. All the members of the committee have requisite management expertise in the fields of finance and accounts. The constitution and the terms of reference of the committee are in accordance with the relevant provisions of the Companies Act, 1956 and Clause 49 of the listing agreements. During the year under review, the committee met five times viz. May 3, 2010, July 14, 2010, October 18, 2010, December 23, 2010 and January 14, 2011.

The committee has reviewed with the management, the un-audited financial results of the Corporation for the quarters ended June 30, 2010, September 30, 2010 and December 31, 2010, which were subject to limited review by the statutory auditors of the Corporation and also the audited financial statements of the Corporation for the financial year 2010-11, before recommending the same to the board for its approval.

The committee reviewed the Corporation's financial reporting process and disclosures of its financial information to ensure that the financial statements were correct, sufficient and credible and reviewed with the management, *inter alia* the annual financial statements before submission to the board for approval with specific reference to matters required to be included in the directors responsibility statements in terms of Section 217 (2AA) of the Companies Act, 1956, compliance with listing and other legal requirements relating to financial statements and disclosure in respect of related party transactions. The committee also noted that there were no changes in the accounting policies and practices or any adjustments were made in the financial year arising out of audit findings.

The committee at each of its meeting reviewed the reports submitted by the internal / statutory auditors of the Corporation in relation to all areas of operations as well as adequacy of systems and procedures of internal control and ensured that adequate follow-up action was taken by the management on observations and recommendations made by the said auditors.

The committee reviewed the structure of the Policy Implementation and Process Monitoring Department, the adequacy of the internal audit function, the reporting structure, coverage and frequency of internal audit, the implementation of audit procedures and techniques, the financial reporting systems, management discussion and analysis report, statement of related party transactions, statement of uses/application of funds raised by issuance of debt securities on a private placement basis, management letter issued by the statutory auditors, financial statements and investments made by the unlisted subsidiary companies of the Corporation, foreign currency and derivatives position of the Corporation, management of assets and liabilities by the Corporation and the performance of the loan portfolio.

The committee has noted that there was no instance of internal investigation by the internal auditors into matters where there was a suspected fraud or irregularity or failure of internal control system of a material nature or any instance of default in payments to depositors, debenture holders, shareholders or creditors.

The committee discussed and reviewed with the statutory auditors of the Corporation, the scope of their audit for the financial year 2010-11, before the commencement of the said audit. The committee also had a discussion with the said auditors to ascertain any area of concern after the said audit.

The committee also approved / ratified the payments made to the statutory auditors of the Corporation for other services rendered by them during the financial year 2010-11.

The committee also noted the performance of the internal auditors and the status of internal audit assignments undertaken by each firm for the financial year 2010-11.

The committee reviewed the performance of Messrs Deloitte Haskins & Sells, Chartered Accountants and Messrs PKF, Chartered Accountants and recommended to the board their re-appointment as statutory auditors of the Corporation for the purpose of audit of the Corporation's accounts at the head office, its branches in India and overseas branches at London, United Kingdom and Singapore and as branch auditors of the Dubai branch of the Corporation for the financial year 2011-12, respectively, as also their remuneration towards the same.

**Dr. S. A. Dave**

MUMBAI  
May 9, 2011

Chairman  
Audit Committee of Directors

### Review of the Chairman of the Investor Relations & Grievance Committee of Directors

The Investor Relations & Grievance Committee of Directors comprises three directors, majority of them being independent directors. During the year, the committee met thrice viz. October 5, 2010, January 20, 2011 and March 4, 2011.

Mr. Keki M. Mistry, Vice Chairman & Chief Executive Officer resigned as a member of the committee w.e.f. May 3, 2010. Mr. Deepak M. Satwalekar ceased to be a member of the committee pursuant to his resignation as a director of the Corporation w.e.f. November 13, 2010. Consequently, the Board of Directors of the Corporation inducted Mr. V. Srinivasa Rangan, Executive Director and Dr. S. A. Dave, Independent Director as members of the committee.

At the meeting of the Board of Directors of the Corporation held on December 23, 2010, the terms of reference of the committee was enhanced and consequently, the nomenclature of the Committee was changed to "Investor Relations & Grievance Committee".

During the year, the committee *inter alia* reviewed the mechanism adopted for redressal of investors and depositors grievances and the status thereof. It approved the amended Standard Operating Procedures in respect of the activities relating to investor services and noted adherence thereof, reviewed compliance with the applicable corporate and securities laws, reviewed the risk profile of the Secretarial Department and the efficacy of the mitigation measures, noted the activities of the Secretarial Department relating to investor services. The committee also noted the status of litigation filed by / against the shareholders of the Corporation and other matters as per the terms of reference of the committee.

The committee expresses its satisfaction over the systems and procedures adopted by the Corporation for servicing its investors and depositors.

**Dr. Ram S. Tarneja**

Chairman

Investor Relations & Grievance Committee of Directors

MUMBAI

April 18, 2011

### Review of the Chairman of the Compensation Committee of Directors

The committee reviews the compensation payable to all senior executives of the Corporation and ensures that a proper system of compensation is in place to provide performance-linked incentives to the executive management. It also approves the remuneration payable to the whole-time directors of the Corporation within the overall limits approved by the shareholders. The committee is also authorised to formulate and administer the employee stock option schemes of the Corporation.

During the financial year 2010-11, the committee met twice viz. October 18, 2010 and March 25, 2011. The committee reviewed the performance of the whole-time directors and approved the revision in the remuneration payable to each one of them. The committee also reviewed the compensation payable to the other senior managerial personnel.

The committee at its meeting held on October 18, 2010 recommended to the board, the re-appointment of Mr. Keki M. Mistry as the Managing Director of the Corporation (designated as the 'Vice Chairman & Chief Executive Officer') for a further period of 5 years with effect from November 14, 2010, subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM).

At the meeting of the committee held on May 10, 2011, the committee recommended the issue of stock options in respect of 2,93,37,730 equity shares of the face value of ₹ 2 each, for the approval of the shareholders at the ensuing AGM.

**Keshub Mahindra**

Chairman

Compensation Committee of Directors

MUMBAI

May 10, 2011



## Management Discussion and Analysis Report

### Macroeconomic Overview

During the year under review, the Indian economy continued to be resilient with an estimated GDP growth rate of 8.6%. This growth has been on the back of an above normal monsoon and a robust services sector that continued to be the bedrock of the Indian economy. As at March 31, 2011, year-on-year bank credit growth was strong at 21% while year-on-year deposit growth was lower at 16%. In FY 2010-11, foreign institutional investor (FII) inflows remained buoyant at USD 30 billion.

Inflation continued to be one of the key concerns for the economy, particularly food inflation, which remained in the double digit range during the year. The rising price of crude oil prices and other commodities also contributed to higher inflation. During FY 2010-11, India's central bank, the Reserve Bank of India, increased the repo rate by 175 basis points to 6.75% and the reverse repo by 225 basis points to 5.75% to anchor inflationary expectations.

### Market Scenario

Strong economic growth and rising consumer confidence during the year had a positive impact on the housing sector. Despite the increase in interest rates on home loans during the year, the demand for housing remained strong across the country. However, residential real estate prices in a few pockets of the country had risen to unrealistic levels, resulting in a slight slowdown in the volume of sales in these locations.

There has been a pick-up in commercial real estate as compared to the previous year, with demand coming particularly from the professional services industry, financial services, telecom and IT & ITES which have absorbed large spaces. The commercial rental market also saw a

pick-up in demand, resulting in an increase in commercial rents.

Measures on the housing sector in the Union Budget 2011-12 predominantly focused on enhancing affordable housing. The 1% Interest Subvention Scheme was further liberalised wherein housing loans up to Rs. 15 lakhs with property cost up to Rs. 25 lakhs would qualify under the scheme. There was also a commitment to create a Mortgage Risk Guarantee Fund under Rajiv Awas Yojana to enhance credit worthiness of housing loans given to the economically weaker sections and low income group.

### Interest Rate Scenario

In line with the interest rate movements in the economy, HDFC increased its Corporate Prime Lending Rate (CPLR) for non-individual loans by 175 basis points during the year under review. The CPLR is a dynamic benchmark based on an index of money market instruments. HDFC also increased its Retail Prime Lending Rate (RPLR) by 175 basis points during the year.

### Lending Operations

Loan approvals during the year were ₹ 75,185 crores as compared to ₹ 60,611 crores in the previous year, representing a growth of 24%. Loan disbursements during the year were ₹ 60,314 crores as against ₹ 50,413 crores in the previous year, representing a growth of 20%.

Cumulative loan approvals and disbursements as at March 31, 2011 were ₹ 3,73,246 crores and ₹ 3,02,533 crores respectively. This is in respect of approximately 3.8 million housing units.

The demand for individual home loans continued to be robust, despite rising interest rates. Other enabling factors included rising disposable incomes and continued fiscal incentives on housing loans. During the year, individual

approvals grew at 25% and disbursements grew by 27% as compared to the previous year. The average size of individual loans stood at ₹ 18.6 lakhs.

### Sale of Loans

During the year, the Corporation, under the loan assignment route sold individual loans of ₹ 4,379 crores to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank. Out of the total loans assigned, ₹ 4,053 crores qualify as priority sector advances for the bank.

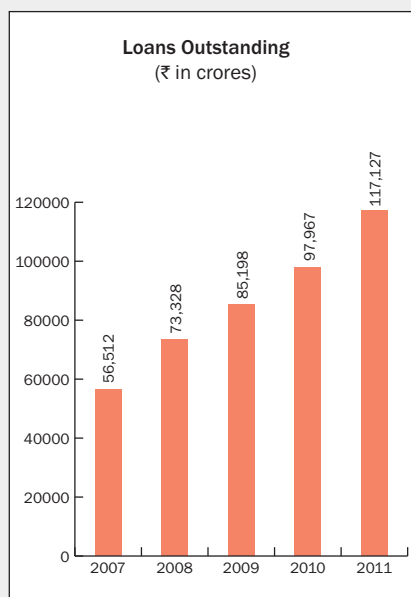
As at March 31, 2011, total loans outstanding in respect of loans sold stood at ₹ 12,147 crores. HDFC continues to service the loans sold under these transactions and is entitled to the residual interest on the loans sold. The residual interest on the individual loans sold is 1.57% per annum.

The residual income on the loans sold is being recognised over the life of the underlying loans, and not on an upfront basis. Issues through which loans have been sold have been rated by external agencies and carry a rating indicating the highest degree of safety.

### Loan Portfolio

The loan approval process of HDFC is decentralised, with varying approval limits. Approval of lending proposals beyond certain limits is referred to the committee of management (COM). Larger proposals, as appropriate, are referred to the Board of Directors.

During the year, HDFC's loan book increased to ₹ 1,17,127 crores from ₹ 97,967 crores in the previous year. In addition to this, loans securitised and/or assigned by the Corporation and outstanding as at March 31, 2011 amounted to ₹ 12,147 crores.



The net increase in the loan book of ₹ 19,160 crores has been determined after taking into account loan repayments of ₹ 36,756 crores (previous year ₹ 31,872 crores) and net loans written off during the year amounting to ₹ 19.75 crores (previous year ₹ 16.38 crores).

The loan book, net of loans sold has grown by 20% during the year. The growth in the loan book would have been higher at 24% had the Corporation not sold any loans during the year.

### Dual Rate Home Loans (DRHL)

In November 2009, the Corporation introduced a flexible home loan product with dual interest rates. The DRHL product comprises two components – an initial fixed rate period up to March 31, 2012 and thereafter the loan switches to a floating rate linked to the RPLR. All the DRHL loans will convert to floating rates linked to the RPLR on April 1, 2012. The outstanding individual loans under DRHL as at March 31, 2011 was ₹ 22,334 crores.

This loan product was launched as a

result of the steep yield curve where the short term interest rates were significantly lower than the medium to long term rates. The product was extremely well received by customers. With the flattening of the yield curve and the hardening of interest rates in the economy, the product was withdrawn with effect from December 1, 2010.

The Corporation adopted a cautious approach to appraise such loans wherein the repayment capacity and credit worthiness is determined on the basis of the instalment that the customer is expected to pay with effect from the commencement of the subsequent period on a variable rate basis.

The Corporation accounts only for the lower rate of interest until March 31, 2012 and with effect from April 1, 2012 will start accounting for income at the higher rates that will be applicable.

During the year, the National Housing Bank (NHB) has stipulated a provisioning of 2% on standard assets in respect of housing loans granted under the DRHL scheme which the Corporation has fully provided for.

### Marketing and Distribution

HDFC's distribution network spans 289 outlets, which include 71 offices of the wholly owned distribution company, HDFC Sales Private Limited (HSPL). In addition, HDFC covers over 90 locations through outreach programmes.

To ensure a wider geographic reach, third party channels form an integral part of the distribution network. Distribution channels sourcing loans for HDFC include HSPL, which provides HDFC with a dedicated sales force, HDFC Bank and a few third party direct selling associates (DSAs). Distribution channels

only source loans, while HDFC continues to retain control over the credit, legal and technical appraisal, ensuring no compromise on the quality of loans disbursed and is consistent across all distribution channels.

Total loans sourced from distribution channels during the year accounted for 83% of individual loans disbursed by HDFC in value terms. The total commission payable to distribution channels amounted to ₹ 199.45 crores. The entire amount has been charged to the Profit and Loss Account against fee income.

HDFC organises property fairs across major cities in the country. The aim of these fairs is to provide a wide spectrum of approved projects under a single roof. These fairs in turn help customers in making their decision to buy a home. Under '*India Homes Fair*', HDFC brings together eminent builders who showcase their properties for the Indian Diaspora. During the year, HDFC organised '*India Homes Fair*' in London, Singapore, Kuwait, Saudi Arabia and Qatar.

Cross-selling of financial products and services continued to form the cornerstone of HDFC's marketing strategy, thereby providing a wide range of financial services and products under the 'HDFC umbrella'. HDFC distributes insurance products under a referral fee programme with HDFC Standard Life Insurance Company Limited (HDFC Life) and HDFC ERGO General Insurance Company Limited (HDFC-ERGO). In addition, the distribution networks of HDFC and HSPL are used by Credila Financial Services Private Limited, which offers education loans.

### Investments

The Investment Committee constituted by the Board of Directors is responsible

for approving investment proposals in line with the limits as set out by the Board of Directors. The Executive Directors are members of the Committee.

The investment function supports the core business of housing finance. The investment mandate includes ensuring adequate levels of liquidity to support core business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk.

As at March 31, 2011, the investment portfolio stood at ₹ 11,832 crores as against ₹ 10,727 crores last year. The proportion of investments to total assets was 9%.

Housing Finance Companies (HFCs) are required to maintain a statutory liquidity ratio (SLR) in respect of public deposits raised. Currently the SLR requirement is 12.5% of public deposits. As at March 31, 2011, HDFC had ₹ 1,516 crores in bonds of the National Housing Bank (NHB) and bank deposits and ₹ 1,278 crores in government securities.

As at March 31, 2011, the treasury portfolio (excluding investments in equity shares) had an average balance period to maturity of 15 months. The average yield on the non-equity portfolio for the year was 8.71% per annum.

HDFC has classified its investments into current and long-term investments. The current investments have been entirely 'marked to market'. In respect of long-term investments, provisions have been made to reflect any permanent diminution in the value of investments. The aggregate provision on account of such current and long-term investments amounts to ₹ 56.85 crores. After considering the opening balance of ₹ 36.41 crores in the diminution in the value of Investments account, and the write back of provisions on account of

investments sold, a provision of ₹ 20.44 crores has been made for diminution in value of investments through the Provision for Contingencies account.

As at March 31, 2011, the market value of quoted investments was higher by ₹ 21,392 crores as compared to the value at which these investments are reflected in the balance sheet. This unrealised gain includes appreciation in the market value of investments held by HDFC's wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited.

#### Subsidiaries and Associates

Though housing remains the core business, HDFC has continued to make investments in its subsidiary and associate companies. These investments are made in companies where there are strong synergies with HDFC. HDFC will continue to explore avenues for such investments with the objective of providing a wide range of financial services and products under the HDFC brand name.

During the year, HDFC made gross investments in the equity share capital of its subsidiary companies, HDFC-ERGO (₹ 129.50 crores), HDFC Life (₹ 117.58 crores) and Credila Financial Services Private Limited (₹ 17 crores).

The shareholding of HDFC (together with its nominees) in its key subsidiary and associate companies as at March 31, 2011 is mentioned below:

#### Recoveries

With effect from March 31, 2005, an asset is a non-performing asset (NPA) if the interest or instalment is overdue for 90 days as against the earlier norm where a loan was a NPA if the account was in arrears for over 6 months.

Gross non-performing loans outstanding (along with debentures and corporate deposits for financing real estate projects) amounted to ₹ 903.85 crores as at March 31, 2011, constituting 0.77% of the portfolio. The principal outstanding in respect of individual loans

| Company                                      | Shareholding % |
|--|----------------|
| HDFC Developers Limited                      | 100.0          |
| HDFC Investments Limited                     | 100.0          |
| HDFC Holdings Limited                        | 100.0          |
| HDFC Trustee Company Limited                 | 100.0          |
| HDFC Realty Limited                          | 100.0          |
| HDFC Property Ventures Limited               | 100.0          |
| HDFC Sales Private Limited                   | 100.0          |
| HDFC Ventures Trustee Company Limited        | 100.0          |
| HDFC Venture Capital Limited                 | 80.5           |
| HDFC ERGO General Insurance Company Limited  | 74.0           |
| HDFC Standard Life Insurance Company Limited | 72.4           |
| Credila Financial Services Private Limited   | 62.3           |
| GRUH Finance Limited                         | 60.7           |
| HDFC Asset Management Company Limited        | 60.0           |
| HDFC Bank Limited*                           | 23.4           |

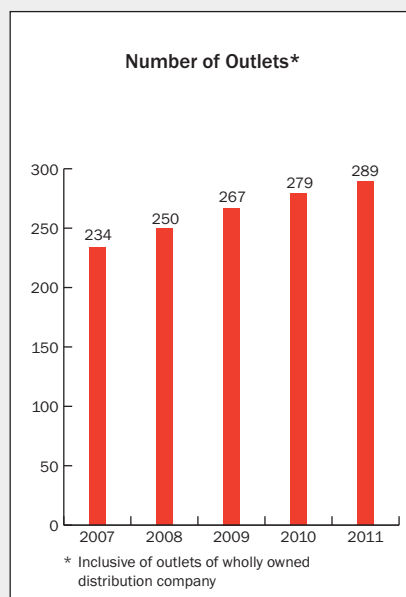
\*(Inclusive of shareholding of HDFC Investments Limited and HDFC Holdings Limited)

where the instalments were in arrears constituted 0.72% of the individual portfolio and the corresponding figure was 0.84% in respect of the non-individual portfolio. HDFC has written off loans aggregating to ₹ 20.62 crores during the year. This pertains to the housing loans outstanding in respect of 1,091 individual borrowers. These loans have been written off pursuant to one-time settlements, where HDFC will continue making efforts to recover the money. During the year, HDFC has written back loans aggregating to ₹ 0.87 crores (these were loans written off in earlier years). The net write off for the year is ₹ 19.75 crores. With this, HDFC has, since inception, written off loans (net of subsequent recovery) aggregating to ₹ 112.92 crores. Thus as at March 31, 2011, the total loan write-offs stood at 4 basis points of cumulative disbursements since inception of the Corporation.

#### Provision for Contingencies

In terms of the prudential norms as stipulated by NHB, HDFC is required to carry a provision in respect of non-performing assets and a general provision on outstanding standard non-housing loans. In addition, during the year, NHB further stipulated a general provision of 0.40% on standard assets under housing loans to non-individuals and a 2% provision on standard assets in respect of housing loans granted under the Dual Rate Home Loan scheme. This requirement has been partly met by utilisation of ₹ 298.59 crores (net) from Additional Reserve under Section 29 C of the National Housing Bank Act, 1987. Based on the aforesaid as per NHB norms, the Corporation is required to carry a total provision of ₹ 813.53 crores.

During the year, HDFC has utilised ₹ 43.20 crores out of the balance in



provision for contingencies primarily on account of provision in diminution of value of investments and loan write-offs. After taking into account the transfers as well as the net utilisation, the balance in provision for contingencies as at March 31, 2011 stood at ₹ 1,124.37 crores.

#### Fixed Assets

Net fixed assets as at March 31, 2011 amounted to ₹ 233.95 crores (previous year ₹ 222.11 crores).

#### Subordinated Debt

During the year, the Corporation raised ₹ 1,000 crores through the issue of long-term Unsecured Redeemable Non-Convertible Subordinated Debentures. The subordinated debt was assigned a 'AAA' rating from both CRISIL Limited (CRISIL) and ICRA Limited (ICRA).

As at March 31, 2011, the Corporation's outstanding subordinated debt stood at ₹ 2,875 crores. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating by CRISIL and ICRA. Based on the

balance term to maturity, as at March 31, 2011, ₹ 2,375 crores of the book value of subordinated debt is considered as Tier II under the guidelines issued by the NHB for the purpose of capital adequacy computation.

#### Foreign Currency Convertible Bonds (FCCB)

In September 2005, the Corporation concluded the issue of USD 500 million zero coupon FCCB. The bonds were convertible into equity shares of the Corporation of the face value of ₹ 10 each up to the close of business hours on July 29, 2010 at the option of the holders, at ₹ 1,399 per equity share, representing a conversion premium of 50% over the initial reference share price.

During the year, 906 FCCB were converted into 28,31,021 equity shares of face value of ₹ 10 each, which were entitled to the receipt of dividend as the same were converted prior to the date of book closure. Accordingly, dividend in respect of the previous year amounting to ₹ 11.88 crores (inclusive of tax) was paid during the year.

During the year, an amount of ₹ 2.83 crores has been credited to the Share Capital Account and an amount of ₹ 407.89 crores has been credited to the Securities Premium Account.

All the bonds were lodged with the Corporation for conversion into equity shares on or prior to the last date for conversion. In aggregate, the Corporation allotted 1,56,23,732 equity shares of ₹ 10 each pursuant to the conversion of the FCCB. Hence, there are no outstanding FCCB. The increase in net worth as a result of the FCCB over the life was ₹ 2,186 crores.

#### Borrowings

Borrowings as at March 31, 2011 amounted to ₹ 1,15,410 crores as



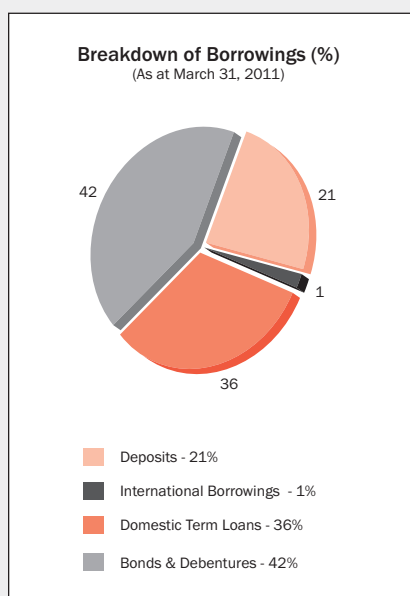
against ₹ 96,565 crores in the previous year - an increase of 20%. Borrowings constituted 87% of funds employed as at March 31, 2011. Of the total borrowings, bonds and debentures constituted 42%, domestic term loans 36%, deposits 21% and international borrowings 1%.

### Foreign Currency Borrowings

The outstanding foreign currency borrowings constitute borrowings from FCNR (B) loans from domestic commercial banks (USD 743.54 million), Asian Development Bank under the Housing Finance Facility Project (USD 71.63 million), International Finance Corporation (USD 100 million), KfW of Germany (Euro 6.14 million), DEG, a member of the KfW Group (USD 5 million) and Short Term Foreign Currency Borrowings (USD 175 million).

### Deposits

As at March 31, 2011, outstanding deposits stood at ₹ 24,625 crores. The depositor base stood at approximately 9.67 lac depositors.



CRISIL and ICRA have for the sixteenth consecutive year, reaffirmed their 'AAA' rating for HDFC's deposits. This rating represents 'highest safety' as regards timely repayment of principal and interest.

HDFC pays brokerage to agents who mobilise retail deposits. The brokerage is linked to the amount and the period of deposit and is paid up-front for the full term of the deposit. In addition, agents who achieve certain collection targets are paid an incentive every year. In line with international accounting standards, HDFC has been amortising the brokerage, proportionately over the term of the deposit. Incentive brokerage is being fully charged to the Profit and Loss Account in the year of payment.

### Borrowings from Banks and Financial Institutions

During the year, HDFC raised loans from commercial banks aggregating to ₹ 29,538 crores. Out of this, loans amounting to ₹ 2,610 crores qualify for priority sector allocation. HDFC raised a further ₹ 2,528 crores from the banking sector as FCNR (B) loans.

As at March 31, 2011, the total loans outstanding from banks, financial institutions and the National Housing Bank amounted to ₹ 40,778 crores as compared to ₹ 30,360 crores as at March 31, 2010.

### Non-Convertible Debentures (NCD)

During the year, the Corporation issued NCD amounting to ₹ 13,865 crores on a private placement basis. The Corporation's NCD issues have been listed on the Wholesale Debt Market segment of the National Stock Exchange of India Limited (NSE). The Corporation's NCD have been assigned the highest rating of 'AAA' by both CRISIL and ICRA.

During the year, the Corporation utilised ₹ 532 crores out of the Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

### Risk Management

The Financial Risk Management and Hedging Policy as approved by the Audit Committee sets limits for exposures on currency and interest rates. HDFC manages its interest rate and currency risk in accordance with the guidelines prescribed. The risk management strategy has been to protect against foreign exchange risk, whilst at the same time exploring any opportunities for an upside, so as to keep the maximum all-in cost on the borrowing in line with or lower than the cost of a borrowing in the domestic market for a similar maturity.

HDFC has to manage various risks associated with the mortgage business. These risks include credit risk, liquidity risk, foreign exchange risk and interest rate risk. HDFC manages credit risk through stringent credit norms. Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles.

HDFC has from time to time entered into risk management arrangements in order to hedge its exposure to foreign exchange and interest rate risks. The currency risk on the borrowings is actively hedged through a combination of dollar denominated assets, long term forward contracts, principal only swaps, full currency swaps and currency options.

As at March 31, 2011, the Corporation had foreign currency borrowings of USD 1,103.9 million equivalent. The entire principal on the foreign currency borrowings has been hedged by way of principal only swaps, currency options,

forward contracts and risk management arrangements with financial institutions. Further, interest rate swaps on a notional amount of USD 15 million equivalent are outstanding and have been undertaken to hedge the interest rate risk on the foreign currency borrowings. As at March 31, 2011, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements was nil.

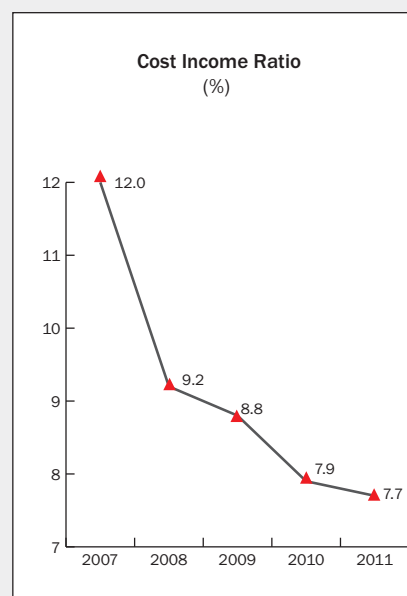
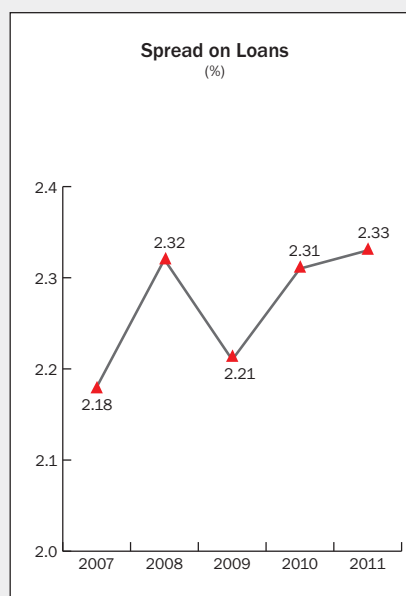
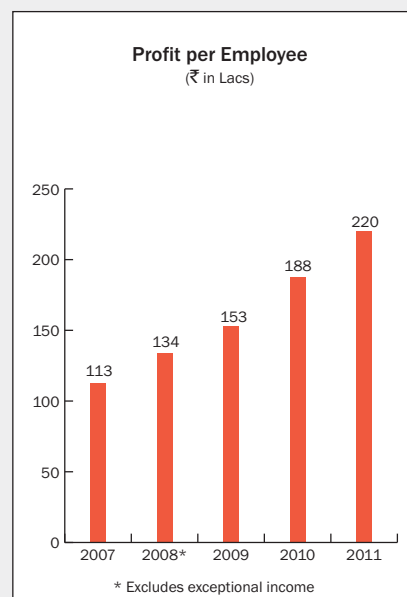
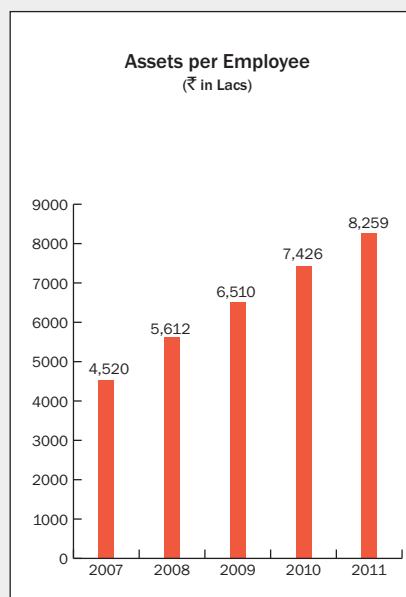
As a part of asset liability management and on account of the predominance of HDFC's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, HDFC has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ 23,255 crores as at March 31, 2011 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, HDFC has entered into cross currency swaps of a notional amount of USD 697.50 million equivalent wherein it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to benchmarks of the respective currencies.

The total net foreign currency exposure inclusive of cross currency swaps is USD 304.21 million. The open position is at 1.18% of the total borrowings of HDFC.

Assets and liabilities in foreign currency net of risk management arrangements are revalued at the rates of exchange prevailing at the end of the year. Cross currency swaps have been marked to market at the year end.

#### Asset-Liability Management

As at March 31, 2011, assets and liabilities with maturity up to 1 year amounted to ₹ 36,671 crores and ₹ 35,958 crores respectively. Asset and liabilities with maturity of between 2

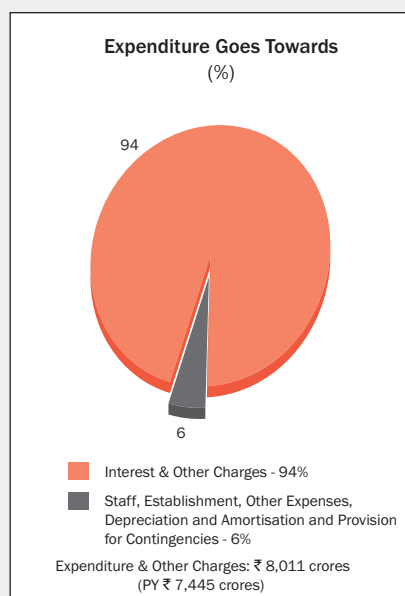
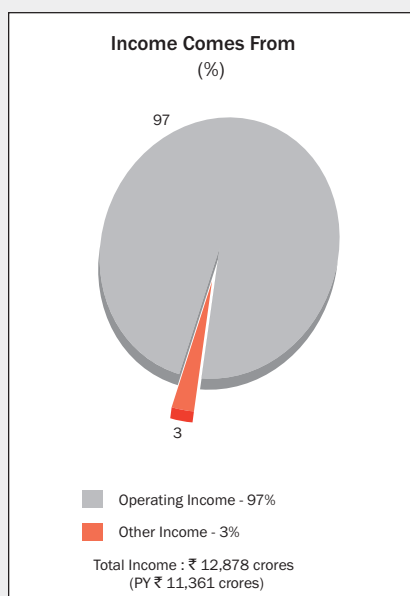
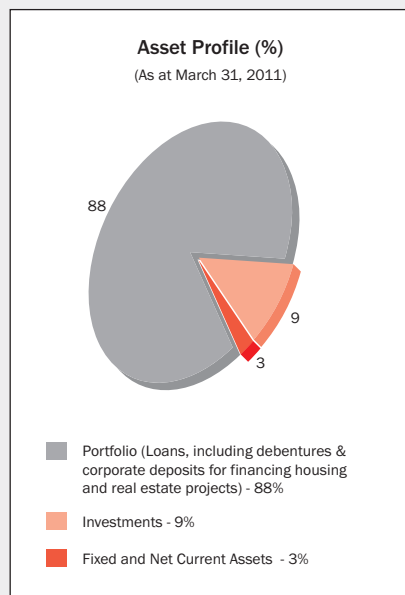
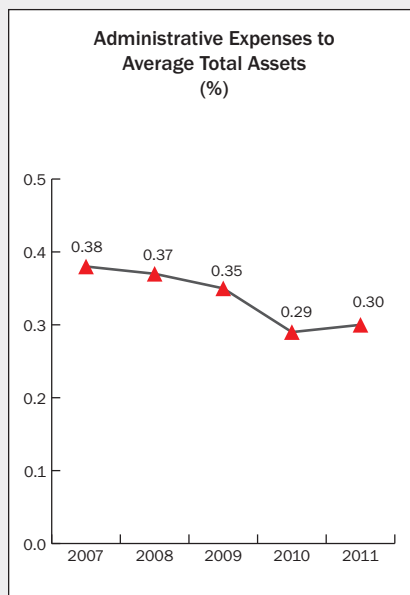


years and 5 years amounted to ₹ 57,347 crores and ₹ 60,992 crores respectively and assets and liabilities with maturity beyond 5 years amounted to ₹ 45,484 crores and ₹ 42,552 crores respectively.

HDFC does not generally take an interest rate mismatch. As at March 31, 2011, 87% of the assets and 85% of the liabilities were on a floating rate basis.

#### Internal Audit and Control

HDFC has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. Internal audit is carried out by independent firms of chartered accountants and cover all the offices and key areas of business. All significant audit observations and follow-up actions thereon are reported to the Audit



Committee. The Audit Committee comprises three independent directors. The committee met five times during the financial year under review.

### Profit and Loss Account

Key elements of the profit and loss account for the year ended March 31, 2011 are:

- Profit before tax grew by 24% and profit after tax grew by 25%.
- Income tax provision for the year amounted to ₹ 1,332 crores as compared to ₹ 1,089.50 crores in the previous year. The effective tax rate is 27.4% as compared to 27.8% in the previous year.
- Pre-tax return on average assets

was 4% and the post-tax return on average assets was 2.9%.

- Return on equity is 21.7% in the current year.
- HDFC's cost to income ratio is 7.7% for the year ended March 31, 2011 as against 7.9% in the previous year. HDFC's cost income ratio continues to be among the lowest in the financial sector in Asia.
- Administrative expenses, as a percentage of average assets was 0.30% as at March 31, 2011.
- For the year ended March 31, 2011, a dividend of ₹ 9 per share of ₹ 2 each is being recommended as against ₹ 36 per equity share of face value of ₹ 10 each (₹ 7.20 per share of ₹ 2 each) in the previous year. HDFC would be paying the distribution tax and education cess on the dividend declared.
- The dividend payout ratio will be 43.4% as against 42.7% in the previous year.

### Spread on Loans

The average yield on loan assets during the year was 10.30% per annum as compared to 10.90% per annum in the previous year. The average all-inclusive cost of funds was 7.97% per annum as compared to 8.59% per annum in the previous year. The spread on loans over the cost of borrowings for the year was to 2.33% per annum as against 2.31% per annum in the previous year.

### Prudential Norms for Housing Finance Companies (HFCs)

NHB has issued guidelines to HFCs on prudential norms for income recognition, provisioning, asset classification, provisioning for bad and

doubtful debts, capital adequacy and concentration of credit/investments. HDFC's position with respect to the guidelines is as follows:

- HDFC's capital adequacy ratio stood at 14% of the risk weighted assets, (of which Tier I capital was 12.2%) as against the minimum requirement of 12%.
- HDFC is in compliance with the concentration of investments and capital market exposure norms other than on its investments in HDFC Bank and GRUH Finance Limited. NHB has granted the Corporation time for such compliance.

#### Human Resources

Human resources are HDFC's most valuable assets. The efficiency of

HDFC's staff is evident from the fact that the number of offices increased from 41 in 1998 to 218 (excluding offices of HSPL) currently as against the number of employees which increased from 806 to 1,607 during the same period.

Total assets per employee as at March 31, 2011 stood at ₹ 83 crores as compared to ₹ 74 crores in the previous year and net profit per employee as at March 31, 2011 was ₹ 220 lacs as compared to ₹ 188 lacs in the previous year.

#### Audited Consolidated Accounts

In accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India, the consolidated financial statements

comprise the individual financial statements of the Corporation together with its subsidiaries which are consolidated on a line-by-line basis and its associates which are accounted on the equity method.

On a consolidated basis, for the year ended March 31, 2011, Profit before tax was ₹ 5,244.15 crores as compared to ₹ 3,883.63 crores in the previous year. Profit after tax was ₹ 4,528.41 crores as compared to ₹ 3,240.98 crores in the previous year – an increase of 40%. The consolidated return on equity stood at 22.9% as against 19.6% in the previous year and the consolidated post tax return on assets stood at 3% as against 2.6% in the previous year.



## Auditors' Report

TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

1. We have audited the attached Balance Sheet of HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED ("the Corporation") as at 31<sup>st</sup> March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Corporation for the year ended on that date, both annexed thereto, in which are incorporated the Returns from the Dubai Branch audited by other auditors. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the

Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

(i) 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;

(ii) in our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Dubai Branch audited by other auditors;

(iii) the reports on the accounts of the Dubai Branch audited by other auditors have been forwarded to us and have been dealt with by us in preparing this report;

(iv) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited Branch Returns;

(v) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Corporation as at 31<sup>st</sup> March, 2011;

(b) in the case of the Profit and Loss Account, of the profit of the Corporation for the year ended on that date and

(c) in the case of the Cash Flow Statement, of the cash flows of the Corporation for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS

Chartered Accountants  
(Registration No.117366W)

P. R. Ramesh

Partner

MUMBAI,  
10<sup>th</sup> May 2011

(Membership No.70928)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Corporation's business/activities/results/transactions etc. clauses (ii), (viii), (x) and (xiii) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Corporation and such disposal has, in our opinion, not affected the going concern status of the Corporation.

(iii) In respect of loans, secured or unsecured, granted by the Corporation to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Corporation has granted loans to eleven parties. At the year end, the outstanding balances of such loans granted aggregated ₹ 940,67,63,993 (number of parties - eight) and the maximum amount involved during the year was ₹ 1299,38,93,070.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Corporation.

(c) The receipts of principal amounts and interest have been regular/as per stipulations.

(iv) In respect of loans, secured or unsecured, taken by the Corporation from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Corporation has taken loans from seventy eight parties. At the year-end, the outstanding balance of such loans taken aggregated ₹ 3548,87,62,991 (number of parties – sixty nine) and the maximum amount involved during the year was ₹ 4657,52,11,483.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Corporation.

(c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Corporation and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were

no contracts or arrangements [excluding items reported under paragraphs (iii) and (iv) above] that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.

(vii) In our opinion and according to the information and explanations given to us, the Corporation has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Housing Finance Companies (NHB) Directions, 2001, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(viii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Corporation and the nature of its business.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Corporation has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales-tax, Wealth Tax, Interest on Lease Tax, Stamp Duty and Employees' State Insurance which have not been deposited as on 31<sup>st</sup> March, 2011 on account of disputes are given below:

| Statute   | Nature of Dues                                  | Forum where Dispute is pending       | Period to which the amount relates | Amount involved ₹ |
|---|---|--------------------------------------|------------------------------------|-------------------|
| The West Bengal Sales Tax Act, 1994   | Sales Tax                                       | Commissioner of Sales Tax (Appeals)  | 1994-1995, 1999-2000, 2002-2003    | 3,53,197          |
| The Wealth Tax Act, 1957  | Wealth Tax                                      | Assistant Commissioner of Wealth Tax | 1998-1999                          | 11,97,432         |
| Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985 | Interest on Lease Tax                           | Commissioner of Sales Tax (Appeals)  | 1999-2000                          | 2,20,794          |
| Indian Stamp Act, 1899  | Stamp Duty                                      | Inspector General of Stamps          | 2004-2005                          | 26,725            |
| Employees' State Insurance Act, 1948  | Payment towards Employer's Contribution to ESIC | Assistant / Deputy Director – ESIC   | 2010-2011                          | 1,46,448          |

(x) In our opinion, and according to the information and explanations given to us, the Corporation has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

(xi) In our opinion, the Corporation has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xii) Based on our examination of the records and evaluation of the related internal controls, the Corporation has maintained proper records of the transactions and contracts in respect of its dealings in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Corporation in its own name.

(xiii) In our opinion, and according to the information and explanations given to us, the Corporation has not given any guarantees for loans taken by others from banks and financial institutions.

(xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xv) According to the information and explanations given to us and on the basis of maturity profile of the assets and liabilities with a residual maturity of one year, as given in the Asset Liability Management Report, liabilities maturing in the next one year are not in excess of the assets of similar maturity.

(xvi) The Corporation has made a preferential allotment of shares on exercise of options granted in earlier years under the ESOP Schemes to parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The prices at which such shares are allotted are not *prima facie* prejudicial to the interests of the Corporation.

(xvii) According to the information and explanations given to us, and during the period covered by our audit report, the Corporation has issued secured non-convertible debentures amounting to ₹ 13,865 crores. The Corporation has created security in respect of the debentures issued.

(xviii) During the period covered by our audit report, the Corporation has not raised any money by public issues.

(xix) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Corporation and no material fraud on the Corporation was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Corporation and the nature of its business and which have been provided for.

For DELOITTE HASKINS & SELLS

Chartered Accountants  
(Registration No. 117366W)

P. R. Ramesh  
Partner

MUMBAI,  
10<sup>th</sup> May 2011

(Membership No. 70928)

## Balance Sheet as at March 31, 2011

|   | Schedule | Rupees                 | Rupees                  | March 31, 2010<br>Rupees |
|---|----------|------------------------|-------------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>                   |          |                        |                         |                          |
| <b>SHAREHOLDERS' FUNDS</b>                |          |                        |                         |                          |
| Share Capital                             | 1        | 293,37,34,230          |                         | 287,10,63,070            |
| Reserves and Surplus                      | 2        | <u>17023,14,44,474</u> |                         | <u>14910,55,23,520</u>   |
|   |          |                        | 17316,51,78,704         | 15197,65,86,590          |
| <b>LOAN FUNDS</b>                         |          |                        |                         |                          |
|   | 3        |                        | <u>115410,48,33,103</u> | <u>96565,30,88,314</u>   |
|   |          |                        | <u>132727,00,11,807</u> | <u>111762,96,74,904</u>  |
| <b>APPLICATION OF FUNDS</b>               |          |                        |                         |                          |
| LOANS                                     | 4        |                        | 117126,61,83,903        | 97966,99,05,923          |
| INVESTMENTS                               | 5        |                        | 11832,39,42,685         | 10727,45,45,227          |
| DEFERRED TAX ASSET [Note 27]              |          |                        | 448,13,49,715           | 285,72,80,715            |
| CURRENT ASSETS, LOANS AND ADVANCES        | 6        | 9861,02,06,573         |                         | 7439,14,91,127           |
| Less : CURRENT LIABILITIES AND PROVISIONS | 7        | <u>6775,11,86,714</u>  |                         | <u>4878,46,89,701</u>    |
| NET CURRENT ASSETS                        |          |                        | 3085,90,19,859          | 2560,68,01,426           |
| FIXED ASSETS                              | 8        |                        |                         |                          |
| Gross Block                               |          | 547,54,77,143          |                         | 524,45,57,998            |
| Less : Depreciation                       |          | <u>313,59,61,498</u>   |                         | <u>302,34,16,385</u>     |
| Net Block                                 |          |                        | 233,95,15,645           | 222,11,41,613            |
|   |          |                        | <u>132727,00,11,807</u> | <u>111762,96,74,904</u>  |
| Notes forming part of the Accounts        | 14       |                        |                         |                          |
| Significant Accounting Policies           | 15       |                        |                         |                          |

Schedules 1 to 15 annexed hereto form part of the Balance Sheet and the Profit and Loss Account.

As per our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Deepak S. Parekh**  
Chairman

**Keshub Mahindra**  
S. B. Patel  
B. S. Mehta  
D. N. Ghosh  
S. A. Dave

Directors

**R. S. Tarneja**  
N. M. Munjee  
J. J. Irani  
Bimal Jalan  
D. M. Sukthankar

**P. R. Ramesh**  
Partner

**Keki M. Mistry**  
Vice Chairman &  
Chief Executive Officer

MUMBAI, May 10, 2011

**Renu Sud Karnad**  
Managing Director

**V. Srinivasa Rangan**  
Executive Director

**Girish V. Koliyote**  
Company Secretary

**Profit and Loss Account for the year ended March 31, 2011**

|  | Schedule | Rupees                 | Previous Year<br>Rupees |
|--|----------|------------------------|-------------------------|
| <b>INCOME</b>  |          |                        |                         |
| Operating Income   | 9        | 12272,82,91,829        | 10897,22,47,078         |
| Fees and Other Charges [Note 11(v)]  |          | 220,35,62,722          | 231,65,61,077           |
| Profit on Sale of Investments [Note 11(i)]   |          | 359,74,01,913          | 209,40,04,966           |
| Other Income   |          | 25,14,20,979           | 22,55,41,385            |
|  |          | <u>12878,06,77,443</u> | <u>11360,83,54,506</u>  |
| <b>EXPENDITURE AND CHARGES</b>   |          |                        |                         |
| Interest and Other Charges   | 10       | 7559,94,07,614         | 7063,08,16,887          |
| Staff Expenses   | 11       | 175,52,98,830          | 146,65,28,901           |
| Establishment Expenses   | 12       | 44,65,54,224           | 41,35,47,891            |
| Other Expenses   | 13       | 141,78,58,063          | 117,55,39,556           |
| Depreciation and Amortisation  |          | 19,19,77,401           | 18,20,23,071            |
| Provision for Contingencies [Note 18(ii)]  |          | 70,00,00,000           | 58,00,00,000            |
|  |          | <u>8011,10,96,132</u>  | <u>7444,84,56,306</u>   |
| <b>PROFIT BEFORE TAX</b>   |          | <u>4866,95,81,311</u>  | <u>3915,98,98,200</u>   |
| Less : Provision for Tax [Note 27]   |          | 1332,00,00,000         | 1089,50,00,000          |
| <b>PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION</b>  |          | <u>3534,95,81,311</u>  | <u>2826,48,98,200</u>   |
| <b>APPROPRIATIONS:</b>   |          |                        |                         |
| Special Reserve No. II   |          | 625,00,00,000          | 500,00,00,000           |
| General Reserve  |          | 816,40,04,349          | 695,01,52,023           |
| Additional Reserve (u/s 29C of the NHB Act)  |          | 530,00,00,000          | 432,00,00,000           |
| Shelter Assistance Reserve   |          | 12,00,00,000           | 9,00,00,000             |
| Proposed Dividend  |          | 1320,19,80,210         | 1033,59,67,992          |
| Additional Tax on Proposed Dividend  |          | 214,16,91,240          | 171,66,75,084           |
| Additional Tax on Dividend 2009 - 10 [Note No. 32(i)]  |          | 1,06,60,197            | (15,16,32,924)          |
| Dividend [(including tax of ₹ 2,29,66,399) (Previous Year ₹ 5,42,705)]<br>pertaining to Previous Year paid during the year [Note No. 32(ii)] |          | 16,12,45,315           | 37,36,025               |
|  |          | <u>3534,95,81,311</u>  | <u>2826,48,98,200</u>   |
| <b>EARNINGS PER SHARE</b> (Face Value ₹ 2) [Note 26] :   |          |                        |                         |
| - Basic  |          | 24.18                  | 19.76                   |
| - Diluted  |          | 23.66                  | 19.18                   |
| Notes forming part of the Accounts   | 14       |                        |                         |
| Significant Accounting Policies  | 15       |                        |                         |

Schedules I to 15 annexed hereto form part of the Balance Sheet and the Profit and Loss Account.

As per our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Ramesh**  
Partner

**Deepak S. Parekh**  
Chairman

**Keki M. Mistry**  
Vice Chairman &  
Chief Executive Officer

**Renu Sud Karnad**  
Managing Director

Directors

**Keshub Mahindra**  
**S. B. Patel**  
**B. S. Mehta**  
**D. N. Ghosh**  
**S. A. Dave**

**R. S. Tarneja**  
**N. M. Munjee**  
**J. J. Irani**  
**Bimal Jalan**  
**D. M. Sukthankar**

**V. Srinivasa Rangan**  
Executive Director

**Girish V. Koliyote**  
Company Secretary

MUMBAI, May 10, 2011



## Cash Flow Statement for the year ended March 31, 2011

|   | Rupees             | Previous Year<br>Rupees |
|---|--------------------|-------------------------|
| <b>A] CASH FLOW FROM OPERATING ACTIVITIES</b>   |                    |                         |
| Profit before tax   | 4866,95,81,311     | 3915,98,98,200          |
| Adjustments for:  |                    |                         |
| Depreciation and Amortisation   | 19,19,77,401       | 18,20,23,071            |
| Provision for Contingencies   | 70,00,00,000       | 58,00,00,000            |
| Loss / (Gains) on translation of foreign currency monetary assets and liabilities and fair value of derivatives | 27,58,91,634       | (29,57,03,919)          |
| Employee Stock Option Expense (Net of options exercised)  | -                  | (43,790)                |
| Provision for Employee Benefits   | 13,58,12,100       | 8,03,82,284             |
| Profit on Sale of Investments   | (359,74,01,913)    | (209,40,04,966)         |
| Profit on Sale of Investment in Properties  | (19,89,80,654)     | (15,42,98,102)          |
| Surplus from deployment in Cash Management Schemes of Mutual Funds  | (217,53,39,542)    | (189,84,42,216)         |
| Profit on Sale of Fixed Assets (Net)  | (3,43,28,500)      | (45,87,887)             |
| Operating Profit before Working Capital changes   | 4396,72,11,837     | 3555,52,22,675          |
| Adjustments for:  |                    |                         |
| Current Assets  | (182,45,65,974)    | (84,07,19,487)          |
| Current Liabilities   | 571,88,07,747      | 55,28,21,112            |
| Cash generated from operations  | 4786,14,53,610     | 3526,73,24,300          |
| Advance tax paid  | (1431,79,41,971)   | (1101,06,19,403)        |
| Net cash from operations  | 3354,35,11,639     | 2425,67,04,897          |
| Loans disbursed (Net)   | (19199,70,34,070)  | (12877,26,20,312)       |
| Corporate Deposits (Net)  | (1099,61,00,000)   | 718,94,13,000           |
| Net cash used in operating activities   | (16944,96,22,431)  | (9732,65,02,415)        |
| <b>B] CASH FLOW FROM INVESTING ACTIVITIES</b>   |                    |                         |
| Purchase of Fixed Assets  | (29,66,02,244)     | (34,83,09,049)          |
| Sale of Fixed Assets  | 4,49,54,366        | 1,07,08,086             |
|   | (25,16,47,878)     | (33,76,00,963)          |
| Investments in Subsidiaries   | (282,08,38,050)    | (286,38,00,000)         |
| Investment in Cash Management Schemes of Mutual Funds   | (158571,68,04,835) | (134945,59,87,700)      |
| Other Investments   | (1786,57,89,891)   | (8904,64,47,459)        |
| Sale proceeds of Investments :  |                    |                         |
| - in Cash Management Schemes of Mutual Funds  | 158789,21,44,377   | 138859,80,00,886        |
| - in other Companies and Properties   | 1348,42,62,116     | 5422,87,32,324          |
| Net cash (used in) / from investing activities  | (527,86,74,161)    | 112,28,97,088           |
| <b>C] CASH FLOW FROM FINANCING ACTIVITIES</b>   |                    |                         |
| Share Capital - Equity  | 6,26,71,160        | 2,65,63,120             |
| QIP Warrants  | -                  | 301,22,69,150           |
| Securities Premium  | 877,58,99,791      | 324,20,77,645           |
| Securities Issue Expenses   | -                  | (6,41,47,933)           |
| Borrowings (Net)  | 18995,56,71,141    | 13515,45,24,943         |
| Dividend paid - Equity Shares   | (1047,42,46,908)   | (853,68,10,620)         |
| Tax paid on Dividend  | (175,03,01,680)    | (125,57,98,590)         |
| Shelter Assistance Reserve - utilisation  | (11,47,63,981)     | (8,48,45,183)           |
| Net cash from financing activities  | 18645,49,29,523    | 13149,38,32,532         |
| Net Increase in cash and cash equivalents   | 1172,66,32,931     | 3529,02,27,205          |
| Cash and cash equivalents as at the beginning of the year [As per Note 8(ii)]                                   | 5224,63,10,116     | 1695,60,82,911          |
| Cash and cash equivalents as at the end of the year [As per Note 8(ii)]   | 6397,29,43,047     | 5224,63,10,116          |
|   | 1172,66,32,931     | 3529,02,27,205          |

As per our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Ramesh**  
Partner

MUMBAI, May 10, 2011

**Deepak S. Parekh**  
Chairman

**Keki M. Mistry**  
Vice Chairman &  
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**Renu Sud Karnad**  
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**Keshub Mahindra**  
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**R. S. Tarneja**  
**N. M. Munjee**  
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**Bimal Jalan**  
**D. M. Sukthankar**

**V. Srinivasa Rangan**  
Executive Director

**Girish V. Koliyote**  
Company Secretary

**Schedules**

Annexed to and forming part of the Accounts

**Schedule 1****SHARE CAPITAL [Note 30]**

|                            |  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|----------------------------|--|-----------------------------------|-----------------------------------|
| AUTHORISED                 |  |                                   |                                   |
| 162,50,00,000              | Equity Shares of ₹ 2 each<br>(Previous Year 32,50,00,000 Equity Shares of ₹ 10 each)   | 325,00,00,000                     | 325,00,00,000                     |
|                            |  | <u>325,00,00,000</u>              | <u>325,00,00,000</u>              |
| ISSUED AND SUBSCRIBED      |  |                                   |                                   |
| 146,68,86,690              | Equity Shares of ₹ 2 each<br>(Previous Year 28,71,10,222 Equity Shares of ₹ 10 each)   | 293,37,73,380                     | 287,11,02,220                     |
|                            |  | <u>293,37,73,380</u>              | <u>287,11,02,220</u>              |
| PAID-UP                    |  |                                   |                                   |
| 146,68,86,690              | Equity Shares of ₹ 2 each<br>(Previous Year 28,71,10,222 Equity Shares of ₹ 10 each)<br>(Includes 60,98,03,565 Equity Shares of ₹ 2 each,<br>allotted as fully paid-up Bonus Shares out of Securities<br>Premium Account and Capital Redemption Reserve) | 293,37,73,380                     | 287,11,02,220                     |
| Less : Allotment money due |  | <u>39,150</u>                     | <u>39,150</u>                     |
|                            |  | <u>293,37,34,230</u>              | <u>287,10,63,070</u>              |

**Schedule 2****RESERVES AND SURPLUS [Notes 16(ii), 18(ii), 19 and 21]**

|  |                      | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|----------------------|-----------------------------------|-----------------------------------|
| SPECIAL RESERVE No. I  |                      | 51,23,14,700                      | 51,23,14,700                      |
| SPECIAL RESERVE No. II   |                      |                                   |                                   |
| Opening Balance  | 3395,95,00,000       |                                   | 2895,95,00,000                    |
| Add : Transfer from Profit and Loss Account                      | <u>625,00,00,000</u> |                                   | <u>500,00,00,000</u>              |
|  |                      | 4020,95,00,000                    | 3395,95,00,000                    |
| GENERAL RESERVE  |                      |                                   |                                   |
| Opening Balance  | 4415,89,06,746       |                                   | 3720,87,54,723                    |
| Add : Transfer from Profit and Loss Account                      | <u>816,40,04,349</u> |                                   | <u>695,01,52,023</u>              |
|  |                      | 5232,29,11,095                    | 4415,89,06,746                    |
| ADDITIONAL RESERVE (u/s 29C of the NHB Act)                      |                      |                                   |                                   |
| Opening Balance  | 952,45,78,000        |                                   | 520,45,78,000                     |
| Less : Utilised during the Year                                  | <u>298,59,31,000</u> |                                   | <u>-</u>                          |
| [(Net of Deferred Tax of ₹ 143,40,69,000) (Previous Year ₹ Nil)] |                      |                                   |                                   |
|  | 653,86,47,000        |                                   | 520,45,78,000                     |
| Add : Transfer from Profit and Loss Account                      | <u>530,00,00,000</u> |                                   | <u>432,00,00,000</u>              |
|  |                      | 1183,86,47,000                    | 952,45,78,000                     |
| Carried forward  |                      | <u>10488,33,72,795</u>            | <u>8815,52,99,446</u>             |

## Schedule 2 (Continued)

### RESERVES AND SURPLUS [Notes 16(ii), 18(ii), 19 and 21]

|   |                | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|----------------|-----------------------------------|-----------------------------------|
| Brought forward   |                | 10488,33,72,795                   | 8815,52,99,446                    |
| SECURITIES PREMIUM  |                |                                   |                                   |
| Opening Balance   | 5779,62,58,113 |                                   | 5650,76,30,339                    |
| Add : Received during the year  | 877,58,99,791  |                                   | 324,20,92,662                     |
| Add : Premium on redemption payable on FCCBs written back on conversion | 93,75,77,892   |                                   | 3,45,91,573                       |
|   | 6750,97,35,796 |                                   | 5978,43,14,574                    |
| Less : Utilised during the year   | 532,08,66,097  |                                   | 198,80,56,461                     |
|   |                | 6218,88,69,699                    | 5779,62,58,113                    |
| EMPLOYEE STOCK OPTION OUTSTANDING                                       |                |                                   |                                   |
| Opening Balance   | -              |                                   | 58,807                            |
| Less : Net Charge for the year  | -              |                                   | 43,790                            |
| Less : Options exercised  | -              |                                   | 15,017                            |
|   |                | -                                 | -                                 |
| SHELTER ASSISTANCE RESERVE  |                |                                   |                                   |
| Opening Balance   | 14,12,82,936   |                                   | 13,61,28,119                      |
| Add : Transfer from Profit and Loss Account                             | 12,00,00,000   |                                   | 9,00,00,000                       |
|   | 26,12,82,936   |                                   | 22,61,28,119                      |
| Less : Utilised during the year   | 11,47,63,981   |                                   | 8,48,45,183                       |
|   |                | 14,65,18,955                      | 14,12,82,936                      |
| CAPITAL RESERVE   |                |                                   |                                   |
| Opening Balance   | 301,26,83,025  |                                   | 4,13,875                          |
| Add : Subscription amount received on Warrants issued under QIP         | -              |                                   | 301,22,69,150                     |
|   |                | 301,26,83,025                     | 301,26,83,025                     |
|   |                | 17023,14,44,474                   | 14910,55,23,520                   |

**Schedule 3****LOAN FUNDS** [Notes 1 to 6]

|  |                 | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------|-----------------------------------|-----------------------------------|
| LOANS  |                 |                                   |                                   |
| Asian Development Bank   | 331,24,78,481   |                                   | 351,14,17,557                     |
| DEG - Deutsche Investitions-Und Entwicklungsgesellschaft MbH           | 22,36,25,000    |                                   | 45,17,00,000                      |
| International Finance Corporation                                      | 447,25,00,000   |                                   | 461,36,04,000                     |
| Kreditanstalt für Wiederaufbau   | 39,04,20,445    |                                   | 46,92,96,879                      |
| National Housing Bank  | 1263,73,12,000  |                                   | 1084,43,78,000                    |
| Short Term Foreign Currency Borrowings from Banks                      | 831,00,00,000   |                                   | 831,00,00,000                     |
| Scheduled Banks  | 37011,33,99,600 |                                   | 27591,86,32,720                   |
|  |                 | <b>39945,97,35,526</b>            | <b>30411,90,29,156</b>            |
| FOREIGN CURRENCY CONVERTIBLE BONDS<br>(Redeemable in 2011) (Unsecured) |                 | -                                 | 428,51,52,000                     |
| BONDS<br>(Redeemable at par between 2011 and 2022)                     |                 | <b>71,65,00,000</b>               | <b>100,85,00,000</b>              |
| NON-CONVERTIBLE DEBENTURES   |                 | <b>41623,90,00,000</b>            | <b>33092,90,00,000</b>            |
| Under a Line from Kreditanstalt für Wiederaufbau (Unsecured)           | 41,17,36,192    |                                   | 41,17,36,192                      |
| Loans from Scheduled Banks (Unsecured) - Short Term                    | 2502,68,66,764  |                                   | 1683,82,28,256                    |
| Commercial Paper (Unsecured)   | 3725,00,00,000  |                                   | 5850,00,00,000                    |
| Non-Convertible Subordinated Debentures (Unsecured)                    | 2875,00,00,000  |                                   | 1875,00,00,000                    |
| DEPOSITS (Unsecured)   | 24595,07,86,719 |                                   | 23049,43,58,733                   |
| Interest Accrued and Due   | 30,02,07,902    |                                   | 31,70,83,977                      |
|  |                 | <b>24625,09,94,621</b>            |                                   |
|  |                 | <b>115410,48,33,103</b>           | <b>96565,30,88,314</b>            |

**Schedule 4****LOANS** [Note 7]

|                  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|------------------|-----------------------------------|-----------------------------------|
| Individuals      | 73649,27,31,383                   | 61304,54,31,219                   |
| Corporate Bodies | 42140,71,88,087                   | 35118,69,44,485                   |
| Others           | 1336,62,64,433                    | 1543,75,30,219                    |
|                  | <b>117126,61,83,903</b>           | <b>97966,99,05,923</b>            |

**Note :**

Investments in Debentures, Pass Through Certificates, Security Receipts and Corporate Deposits amounting to ₹ 980,29,85,824 (Previous Year ₹ 631,74,83,240) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected in Schedule 5 and the Corporate Deposits are shown under Current Assets in Schedule 6.

## Schedule 5

### INVESTMENTS (At Cost)

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Equity Shares - Subsidiaries and Associate Companies                                 | 7935,12,43,787                    | 7669,55,30,166                    |
| Equity Shares - Other Companies  | 909,53,89,171                     | 848,98,59,726                     |
| Convertible Preference Shares - Subsidiary and Other Companies                       | 81,14,81,061                      | 71,31,81,061                      |
| Cumulative Redeemable Preference Shares  | 5,99,01,400                       | 5,99,01,400                       |
| Convertible Debentures - Associates and Other Companies                              | 2,00,00,000                       | 32,97,19,900                      |
| Debentures and Bonds - for Financing Real Estate Projects                            | 163,33,16,500                     | 63,33,16,500                      |
| Debentures and Bonds - Others  | 99,29,40,900                      | 34,31,61,700                      |
| Pass Through Certificates and Security Receipts - for Financing Real Estate Projects | 66,96,69,324                      | 80,41,66,740                      |
| Security Receipts - Others   | 18,88,72,476                      | 8,80,12,618                       |
| Commercial Paper   | 446,48,62,480                     | -                                 |
| Government Securities  | 1277,90,80,000                    | 1139,47,77,500                    |
| Mutual Funds   | 19,99,99,975                      | 2,00,00,000                       |
| Venture Funds and Other Funds  | 714,49,59,145                     | 652,90,87,429                     |
| Properties (Net of Depreciation)   | 148,07,70,187                     | 153,79,07,279                     |
|  | <b>11889,24,86,406</b>            | <b>10763,86,22,019</b>            |
| Less : Provision for Diminution in Value of Investments                              | <b>56,85,43,721</b>               | <b>36,40,76,792</b>               |
|  | <b>11832,39,42,685</b>            | <b>10727,45,45,227</b>            |

|   | Book Value<br>Rupees   | Market Value<br>Rupees |
|---|------------------------|------------------------|
| <b>Aggregate of Quoted Investments</b>  | <b>6099,25,78,188</b>  | <b>20473,72,52,944</b> |
| Previous Year   | (6099,61,10,497)       | (16982,11,13,603)      |
| <b>Aggregate of Investments listed but not quoted</b>                         | <b>1461,23,96,500</b>  |                        |
| Previous Year   | (1222,80,94,000)       |                        |
| <b>Aggregate of Investments in Unquoted Mutual Funds (Refer Note 2 below)</b> | <b>17,00,00,000</b>    | <b>17,24,43,000</b>    |
| Previous Year   | (2,00,00,000)          | (2,08,00,000)          |
| <b>Aggregate of Unquoted Investments (Others)</b>                             | <b>4106,81,97,810</b>  |                        |
| Previous Year   | (3249,24,33,451)       |                        |
| <b>Properties</b>   | <b>148,07,70,187</b>   |                        |
| Previous Year   | (153,79,07,279)        |                        |
|   | <b>11832,39,42,685</b> |                        |
| Previous Year   | (10727,45,45,227)      |                        |



## Schedule 5 (Continued)

## INVESTMENTS (At Cost)

|  | Number of<br>Shares | Face Value<br>per Share<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Equity Shares - Subsidiaries and Associate Companies (fully paid)</b>   |                     |                                   |                                   |                                   |
| <b>Subsidiaries</b>  |                     |                                   |                                   |                                   |
| Credila Financial Services Pvt. Ltd.<br>(39,55,335 shares received on conversion)<br>(1,10,28,000 shares acquired) | 1,89,38,670         | 10                                | 22,97,19,800                      | -                                 |
| GRUH Finance Ltd. *  | 2,13,07,785         | 10                                | 60,74,00,667                      | 60,74,00,667                      |
| HDFC Asset Management Co. Ltd.   | 1,50,96,600         | 10                                | 235,88,41,633                     | 235,88,41,633                     |
| HDFC Developers Ltd.   | 50,000              | 10                                | 5,00,000                          | 5,00,000                          |
| HDFC ERGO General Insurance Co. Ltd.<br>(5,25,40,000 shares acquired)  | 35,96,40,000        | 10                                | 437,83,29,014                     | 308,33,29,014                     |
| HDFC Holdings Ltd.   | 8,00,070            | 10                                | 2,40,00,700                       | 2,40,00,700                       |
| HDFC Investments Ltd.  | 2,66,70,500         | 10                                | 66,14,29,706                      | 66,14,29,706                      |
| HDFC Property Ventures Ltd.  | 10,00,000           | 10                                | 1,00,00,000                       | 1,00,00,000                       |
| HDFC Realty Ltd.   | 57,50,070           | 10                                | 5,31,38,347                       | 5,31,38,347                       |
| HDFC Sales Pvt. Ltd.   | 40,10,000           | 10                                | 4,01,66,853                       | 4,01,66,853                       |
| HDFC Standard Life Insurance Co. Ltd.<br>(1,56,77,842 shares acquired)   | 144,37,33,842       | 10                                | 1545,63,98,150                    | 1428,05,60,000                    |
| HDFC Trustee Co. Ltd.  | 1,00,000            | 10                                | 10,00,000                         | 10,00,000                         |
| HDFC Venture Capital Ltd.  | 4,02,500            | 10                                | 40,25,000                         | 40,25,000                         |
| HDFC Ventures Trustee Co. Ltd.   | 50,000              | 10                                | 5,00,000                          | 5,00,000                          |
|  |                     |                                   | <u>2382,54,49,870</u>             | <u>2112,48,91,920</u>             |
| <b>Associate Companies</b>   |                     |                                   |                                   |                                   |
| Credila Financial Services Pvt. Ltd.   |                     |                                   | -                                 | 5,97,19,900                       |
| HDFC Bank Ltd. *   | 7,86,42,220         | 10                                | 5549,74,23,809                    | 5549,74,23,809                    |
| India Value Fund Advisors Pvt. Ltd.<br>(1,85,715 shares offered in buy back)                                       | 5,57,144            | 4                                 | 3,70,808                          | 4,95,237                          |
| Indian Association for Savings and Credit  | 2,99,930            | 10                                | 29,99,300                         | 29,99,300                         |
| RuralShores Business Services Pvt. Ltd.<br>(1,25,000 shares acquired)  | 4,76,351            | 10                                | 2,50,00,000                       | 1,00,00,000                       |
|  |                     |                                   | <u>5552,57,93,917</u>             | <u>5557,06,38,246</u>             |
|  |                     |                                   | <u>7935,12,43,787</u>             | <u>7669,55,30,166</u>             |
| * listed shares  |                     |                                   |                                   |                                   |
| <b>Equity Shares - Other Companies (fully paid)</b>  |                     |                                   |                                   |                                   |
| <b>Unlisted :</b>  |                     |                                   |                                   |                                   |
| AEC Cements and Constructions Ltd.   | 2,80,000            | 10                                | 28,00,000                         | 28,00,000                         |
| Asset Reconstruction Co. (India) Ltd.<br>(58,85,417 shares acquired)   | 75,41,137           | 10                                | 46,36,80,123                      | 5,86,60,400                       |
| Career Launcher Education Infrastructure and Services Ltd.   | 9,38,028            | 10                                | 21,17,93,441                      | -                                 |
| Carried forward  |                     |                                   | <u>67,82,73,564</u>               | <u>6,14,60,400</u>                |

# Schedule 5 (Continued)

## INVESTMENTS (At Cost)

|  | Number of<br>Shares | Face Value<br>per Share<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Brought forward  |                     |                                   | <b>67,82,73,564</b>               | 6,14,60,400                       |
| Chalet Hotels Ltd.   | 1,00,00,000         | 10                                | <b>35,00,00,000</b>               | 35,00,00,000                      |
| Computer Age Management Services Pvt. Ltd.<br>(55,17,810 bonus shares received)  | 73,57,080           | 10                                | <b>2,05,38,515</b>                | 2,05,38,515                       |
| Credit Information Bureau (India) Ltd.   | 25,00,000           | 10                                | <b>2,50,00,000</b>                | 2,50,00,000                       |
| Feedback Ventures Pvt. Ltd.  | 18,10,515           | 10                                | <b>8,96,72,140</b>                | 8,96,72,140                       |
| GVFL Ltd.  | 1,50,000            | 10                                | <b>27,75,000</b>                  | 27,75,000                         |
| INCAB Industries Ltd.  | 76,188              | 10                                | <b>23,24,884</b>                  | 23,24,884                         |
| Infrastructure Development Corporation (Karnataka) Ltd.  | 1,50,000            | 10                                | <b>15,00,000</b>                  | 15,00,000                         |
| Infrastructure Leasing & Financial Services Ltd.<br>(16,62,306 shares sold)  | 1,23,87,194         | 10                                | <b>83,49,84,276</b>               | 94,70,35,429                      |
| IPFonline Ltd.   | 1,55,560            | 10                                | <b>4,04,45,600</b>                | 4,04,45,600                       |
| IVF Advisors Pvt. Ltd.   | 2,000               | 10                                | <b>50,000</b>                     | 50,000                            |
| Kesoram Textile Mills Ltd.<br>(received on demerger in 1999-2000)  | 22,258              | 2                                 | -                                 | -                                 |
| L&T Urban Infrastructure Ltd.  | 1,49,00,000         | 10                                | <b>19,85,61,395</b>               | 19,85,61,395                      |
| Lafarge India Pvt. Ltd.  |                     |                                   | -                                 | 50,00,00,040                      |
| Mahindra First Choice Wheels Ltd.  | 31,82,000           | 10                                | <b>4,83,64,575</b>                | 4,83,64,575                       |
| Maruti Countrywide Auto Financial Services Pvt. Ltd.   | 1,48,00,000         | 10                                | <b>14,80,00,000</b>               | 14,80,00,000                      |
| MIEL e-Security Pvt. Ltd.  | 1,11,112            | 10                                | <b>4,11,11,440</b>                | 4,11,11,440                       |
| National Stock Exchange of India Ltd.  | 73,750              | 10                                | <b>21,44,09,698</b>               | 21,44,09,698                      |
| Next Gen Publishing Ltd.   | 19,35,911           | 10                                | <b>1,69,96,322</b>                | 1,69,96,322                       |
| Novacel Life Sciences Ltd.   | 7,50,000            | 10                                | <b>75,00,000</b>                  | 75,00,000                         |
| New India Co-operative Bank Ltd.   | 250                 | 10                                | <b>2,550</b>                      | -                                 |
| OCM India Ltd.   | 22,56,295           | 10                                | <b>3,41,48,880</b>                | 3,41,48,880                       |
| PPN Power Generating Co. Pvt. Ltd.   | 34,25,953           | 100                               | <b>35,37,06,505</b>               | 35,37,06,505                      |
| Prize Petroleum Co. Ltd.   | 9,99,900            | 10                                | <b>99,99,000</b>                  | 99,99,000                         |
| SKR BPO Services Pvt. Ltd. (620 shares offered in buy back)  | 3,238               | 10                                | <b>34,40,30,652</b>               | 40,99,04,342                      |
| Softcell Technologies Ltd.   | -                   | -                                 | -                                 | 2,59,84,504                       |
| Tamil Nadu Urban Infrastructure Financial Services Ltd.  | 1,50,000            | 10                                | <b>15,00,000</b>                  | 15,00,000                         |
| Tamil Nadu Urban Infrastructure Trustee Co. Ltd.   | 15,000              | 10                                | <b>1,50,000</b>                   | 1,50,000                          |
| The Ratnakar Bank Ltd.   | 88,04,680           | 10                                | <b>58,99,13,560</b>               | -                                 |
| Value & Budget Housing Corporation (India) Pvt. Ltd.<br>(74,232 shares acquired and 3,89,048 shares<br>received on conversion) | 4,63,280            | 10                                | <b>10,95,37,000</b>               | -                                 |
| Vayana Enterprises Pvt. Ltd.   | 10,44,776           | 10                                | <b>3,47,49,996</b>                | 3,47,49,996                       |
|  |                     |                                   | <b>419,82,45,552</b>              | 358,58,88,665                     |

**Schedule 5 (Continued)****INVESTMENTS (At Cost)**

|  | Number of<br>Shares | Face Value<br>per Share<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Listed :</b>  |                     |                                   |                                   |                                   |
| Axis Bank Ltd.   | 38,000              | 10                                | 4,96,71,802                       | -                                 |
| Andhra Cements Ltd.<br>(1,11,14,557 shares received on conversion)   | 1,71,14,257         | 10                                | 39,38,98,802                      | 19,22,90,385                      |
| Bajaj Auto Ltd. (Refer Note 4 below)   | 76,000              | 10                                | 10,68,99,539                      | -                                 |
| Bharat Bijlee Ltd.   | 97,480              | 10                                | 44,23,228                         | 44,23,228                         |
| Bharat Heavy Electricals Ltd. (16,000 (net) shares sold)   | 2,80,386            | 10                                | 28,35,25,473                      | 27,10,21,860                      |
| Castrol India Ltd. (Refer Note 4 below)  | 1,94,595            | 10                                | 6,71,12,053                       | 13,42,24,107                      |
| Coal India Ltd.  | 45,009              | 10                                | 1,10,27,205                       | -                                 |
| Chambal Fertilizers & Chemicals Ltd.   | 13,30,831           | 10                                | 2,02,25,023                       | 2,02,25,023                       |
| Coromandel International Ltd. (received under Scheme<br>of Arrangement in 2003-04)<br>(2,00,000 shares sold, 1,34,665 bonus shares received) | 2,69,330            | 2                                 | -                                 | -                                 |
| Crompton Greaves Ltd. (2,25,000 shares sold)   | 1,68,750            | 2                                 | 4,26,75,893                       | 9,95,77,083                       |
| Development Credit Bank Ltd.   | 40,47,926           | 10                                | 16,89,06,600                      | 16,89,06,600                      |
| Engineers India Ltd. (Refer Note 5 below)  | 3,11,992            | 5                                 | 10,85,81,481                      | 3,82,89,159                       |
| Godrej Properties Ltd.   | -                   | -                                 | -                                 | 1,99,95,430                       |
| Hathway Cable & Datacom Ltd.   | 2,27,618            | 10                                | 5,46,28,320                       | 5,46,28,320                       |
| Hindustan Oil Exploration Co. Ltd.   | 1,48,26,303         | 10                                | 105,49,79,958                     | 105,49,79,958                     |
| Hindustan Unilever Ltd.  | -                   | -                                 | -                                 | 11,89,15,000                      |
| ICICI Bank Ltd.  | -                   | -                                 | -                                 | 18,04,12,970                      |
| Indian Oil Corporation Ltd. (1,51,000 shares sold)   | 1,51,000            | 10                                | 4,93,98,944                       | 9,87,97,887                       |
| Indraprastha Medical Corporation Ltd.  | 90,00,000           | 10                                | 38,64,60,000                      | 38,64,60,000                      |
| Infrastructure Development Finance Co. Ltd.<br>(10,00,000 shares sold)   | 2,00,00,000         | 10                                | 20,00,00,000                      | 21,00,00,000                      |
| ITC Ltd. (Refer Note 4 below)  | 3,50,000            | 1                                 | 4,95,29,578                       | -                                 |
| Larsen & Toubro Ltd.   | 3,15,000            | 2                                 | 25,46,39,525                      | 25,46,39,525                      |
| Mahindra & Mahindra Ltd.   | 20,60,000           | 5                                 | 38,40,16,251                      | 38,40,16,251                      |
| NMDC Ltd.  | 1,66,660            | 1                                 | 4,99,98,000                       | 4,99,98,000                       |
| Oil & Natural Gas Corporation Ltd. (Refer Note 5 below)  | 2,10,000            | 5                                 | 6,96,87,591                       | -                                 |
| Power Grid Corporation of India Ltd.   | 96,917              | 10                                | 87,22,530                         | -                                 |
| Reliance Communications Ltd.   | -                   | -                                 | -                                 | 12,68,50,390                      |
| Reliance Industries Ltd.   | 1,41,169            | 10                                | 14,35,86,653                      | 14,35,86,653                      |
| Rural Electrification Corporation Ltd.   | 1,67,994            | 10                                | 3,41,02,782                       | 3,41,02,782                       |
| Shipping Corporation of India Limited  | 1,28,439            | 10                                | 1,79,81,460                       | -                                 |
| Siemens Ltd. (70,000 shares sold)  | 15,00,664           | 2                                 | 52,98,72,019                      | 55,45,88,439                      |
| State Bank of India (70,000 shares sold)   | 1,19,342            | 10                                | 6,67,39,307                       | 10,58,85,219                      |
| Tata Consultancy Services Ltd.   | 2,40,995            | 1                                 | 9,33,47,395                       | 9,33,47,395                       |
| Carried forward  |                     |                                   | 470,46,37,412                     | 480,01,61,664                     |

## Schedule 5 (Continued)

### INVESTMENTS (At Cost)

|                                     | Number of<br>Shares | Face Value<br>per Share<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Brought forward                     |                     |                                   | 470,46,37,412                     | 480,01,61,664                     |
| Tata Steel Ltd.                     | 1,36,448            | 10                                | 7,90,40,863                       | 7,90,40,863                       |
| Tata Motors - DVR                   | 74,000              | 10                                | 4,97,37,620                       | -                                 |
| The Great Eastern Shipping Co. Ltd. | 6,40,000            | 10                                | 2,47,68,534                       | 2,47,68,534                       |
| Wipro Ltd. (Refer Note 4 below)     | 1,01,910            | 2                                 | 3,89,59,190                       | -                                 |
|                                     |                     |                                   | <u>489,71,43,619</u>              | <u>490,39,71,061</u>              |
|                                     |                     |                                   | <u>909,53,89,171</u>              | <u>848,98,59,726</u>              |

### Convertible Preference Shares - Subsidiary and Other Companies (fully paid)

#### - Subsidiary

|       |  |             |    |                     |          |
|-------|--|-------------|----|---------------------|----------|
| 0.01% | Credila Financial Services Pvt. Ltd.<br>(Compulsorily Fully Convertible Preference Shares) | 1,20,00,000 | 10 | 12,00,00,000        | -        |
| 0.01% | Credila Financial Services Pvt. Ltd.<br>(Optionally Fully Convertible Preference Shares)   | 60,00,000   | 10 | 6,00,00,000         | -        |
|       |  |             |    | <u>18,00,00,000</u> | <u>-</u> |

#### - Others

|       |  |             |    |                     |                     |
|-------|--|-------------|----|---------------------|---------------------|
| 0.01% | Idhasoft Ltd.<br>(Optionally Fully Convertible Preference Shares)  | 2,70,270    | 10 | 4,70,98,531         | 4,70,98,531         |
| 0.01% | L&T Urban Infrastructure Ltd.<br>(Optionally Fully Convertible Preference Shares)                          | 5,79,38,253 | 10 | 57,93,82,530        | 57,93,82,530        |
| 0.1%  | Value & Budget Housing Corporation (India) Pvt. Ltd.<br>(Compulsorily Fully Convertible Preference Shares) | -           | -  | -                   | 8,17,00,000         |
| 0.02% | Ziqitza Healthcare Ltd.<br>(Compulsorily Fully Convertible Preference Shares)                              | 2,350       | 10 | 50,00,000           | 50,00,000           |
|       |  |             |    | <u>63,14,81,061</u> | <u>71,31,81,061</u> |
|       |  |             |    | <u>81,14,81,061</u> | <u>71,31,81,061</u> |

### Cumulative Redeemable Preference Shares (fully paid)

|        |          |          |     |                    |                    |
|--------|----------|----------|-----|--------------------|--------------------|
| 0.001% | BPL Ltd. | 5,99,014 | 100 | 5,99,01,400        | 5,99,01,400        |
|        |          |          |     | <u>5,99,01,400</u> | <u>5,99,01,400</u> |

## Schedule 5 (Continued)

## INVESTMENTS (At Cost)

|  | Number of<br>Debentures/<br>Bonds | Face Value<br>per Deben-<br>ture/Bond<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|---|-----------------------------------|-----------------------------------|
| <b>Convertible Debentures - Associates and Other Companies</b>                                 |                                   |   |                                   |                                   |
| - Redeemable (fully paid)  |                                   |   |                                   |                                   |
| - Associates   |                                   |   |                                   |                                   |
| 6% Indian Association for Savings and Credit<br>(Compulsorily Fully Convertible Debentures)    | 20,00,000                         | 10  | 2,00,00,000                       | 2,00,00,000                       |
| 8% Credila Financial Services Pvt. Ltd.<br>(Optionally Fully Convertible Debentures)           | -                                 | -   | -                                 | 5,97,19,900                       |
|  |                                   |   | <u>2,00,00,000</u>                | <u>7,97,19,900</u>                |
| - Others   |                                   |   |                                   |                                   |
| Andhra Cements Ltd. - Series A<br>(Floating Rate - Optionally Fully Convertible<br>Debentures) |                                   |   | -                                 | 10,00,00,000                      |
| Andhra Cements Ltd. - Series B<br>(Floating Rate - Optionally Fully Convertible<br>Debentures) |                                   |   | -                                 | 15,00,00,000                      |
|  |                                   |   | <u>-</u>                          | <u>25,00,00,000</u>               |
|  |                                   |   | <u>2,00,00,000</u>                | <u>32,97,19,900</u>               |
| <b>Debentures and Bonds - Redeemable</b>   |                                   |   |                                   |                                   |
| - for financing Real Estate Projects (fully paid)  |                                   |   |                                   |                                   |
| <b>Held as long term investments</b>   |                                   |   |                                   |                                   |
| - Zero Coupon Bonds  |                                   |   |                                   |                                   |
| NHB Sumeru Zero Coupon Bonds<br>(Yield to maturity - 9%)<br>(Refer Note 8 below)               | 1,50,000                          | 10,000  | 63,33,16,500                      | 63,33,16,500                      |
| Trent Ltd. (Yield to maturity - 10%)   | 1,000                             | 10,00,000                                       | 100,00,00,000                     | -                                 |
|  |                                   |   | <u>163,33,16,500</u>              | <u>63,33,16,500</u>               |
|  |                                   |   | <u>163,33,16,500</u>              | <u>63,33,16,500</u>               |
| <b>Debentures and Bonds - Redeemable - Others</b>  |                                   |   |                                   |                                   |
| (fully paid)   |                                   |   |                                   |                                   |
| <b>Held as long term investments</b>   |                                   |   |                                   |                                   |
| 5.64% Mandava Holdings Private Limited<br>(Yield to maturity - 14.10%)                         | 8                                 | 5,00,00,000                                     | 39,97,79,200                      | -                                 |
|  |                                   |   | <u>39,97,79,200</u>               | <u>-</u>                          |



# Schedule 5 (Continued)

## INVESTMENTS (At Cost)

|  | Number of<br>Debentures/<br>Bonds | Face Value<br>per Deben-<br>ture/Bond<br>Rupees    | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|--|-----------------------------------|-----------------------------------|
| <b>Held as current investments</b>                           |                                   |  |                                   |                                   |
| Andhra Cements Ltd.<br>(Floating Rate Debenture)             | 10,00,000                         | 100  | 10,00,00,000                      | 10,00,00,000                      |
| Andhra Cements Ltd. - Series A<br>(Floating Rate Debentures) | 10,00,000                         | 100  | 10,00,00,000                      | -                                 |
| Andhra Cements Ltd. - Series B<br>(Floating Rate Debentures) | 15,00,000                         | 100  | 15,00,00,000                      | -                                 |
| 12% Cholamandalam DBS Finance Ltd.                           | 100                               | 10,00,000  | 10,00,00,000                      | 10,00,00,000                      |
| 11.25% Development Credit Bank Ltd.                          | 100                               | 10,00,000  | 10,00,00,000                      | 10,00,00,000                      |
| 0% Reliance Industries Ltd.                                  | 4,31,617                          | 100  | 4,31,61,700                       | 4,31,61,700                       |
|  |                                   |  | <b>59,31,61,700</b>               | <b>34,31,61,700</b>               |
|  |                                   |  | <b>99,29,40,900</b>               | <b>34,31,61,700</b>               |
|  |                                   |  |                                   |                                   |
|  | Number of<br>Commercial<br>Paper  | Face<br>Value per<br>Commercial<br>Paper<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
| <b>Commercial Paper - Held as current investments</b>        |                                   |  |                                   |                                   |
| Aircel Ltd. (Yield to maturity - 9.40%)                      | 6,000                             | 5,00,000   | 304,36,70,980                     | -                                 |
| Aircel Ltd. (Yield to maturity - 11%)                        | 3,000                             | 5,00,000   | 142,11,91,500                     | -                                 |
|  |                                   |  | <b>446,48,62,480</b>              | <b>-</b>                          |
|  |                                   |  |                                   |                                   |
|  |                                   |  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
| <b>Pass Through Certificates &amp; Security Receipts</b>     |                                   |  |                                   |                                   |
| - for financing Real Estate Projects                         |                                   |  |                                   |                                   |
| Pass Through Certificates                                    |                                   |  | 46,99,43,569                      | 59,35,30,997                      |
| Security Receipts  |                                   |  | 19,97,25,755                      | 21,06,35,743                      |
|  |                                   |  | <b>66,96,69,324</b>               | <b>80,41,66,740</b>               |
| - Others   |                                   |  |                                   |                                   |
| Security Receipts  |                                   |  | 18,88,72,476                      | 8,80,12,618                       |
|  |                                   |  | <b>18,88,72,476</b>               | <b>8,80,12,618</b>                |
|  |                                   |  |                                   |                                   |
| <b>Government Securities</b>                                 |                                   |  |                                   |                                   |
| Government of India Loans                                    |                                   |  | <b>1277,90,80,000</b>             | <b>1139,47,77,500</b>             |

## Schedule 5 (Continued)

## INVESTMENTS (At Cost)

|                                      | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--------------------------------------|-----------------------------------|-----------------------------------|
| <b>Schemes of Mutual Funds</b>       |                                   |                                   |
| Axis Mutual Fund                     | 2,00,00,000                       | 2,00,00,000                       |
| DSP Blackrock Mutual Fund            | 5,00,00,000                       | -                                 |
| HDFC Mutual Fund                     | 5,00,00,000                       | -                                 |
| Motilal Oswal Mutual Fund            | 2,99,99,975                       | -                                 |
| Reliance Mutual Fund                 | 5,00,00,000                       | -                                 |
|                                      | <b>19,99,99,975</b>               | <b>2,00,00,000</b>                |
| <b>Venture Funds and Other Funds</b> |                                   |                                   |
| AIG Indian Sectoral Equity Trust     | -                                 | 17,10,849                         |
| Faering Capital India Evolving Fund  | 4,50,00,000                       | -                                 |
| Gaja Capital India Fund              | 4,85,00,000                       | 2,50,00,000                       |
| HDFC Investment Trust                | 99,13,11,453                      | 46,78,41,500                      |
| HDFC Property Fund                   | 539,62,26,906                     | 549,68,26,906                     |
| India Value Fund                     | 43,26,66,226                      | 37,05,46,875                      |
| India Venture Trust                  | 2,60,00,000                       | -                                 |
| Tata Capital Growth Fund             | 3,80,93,260                       | -                                 |
| Tamil Nadu Urban Development Fund    | 16,71,61,300                      | 16,71,61,299                      |
|                                      | <b>714,49,59,145</b>              | <b>652,90,87,429</b>              |

## Notes:

- Unquoted investments include ₹ 10,95,37,000 (Previous Year ₹ 40,99,04,342) in respect of equity shares, ₹ Nil (Previous Year ₹ 8,17,00,000) in respect of convertible preference shares, ₹ Nil (Previous Year ₹ 25,00,00,000) in respect of convertible debentures and ₹ Nil (Previous Year ₹ 10,00,00,000) in respect of redeemable debentures, which are subject to a lock-in period. Quoted investments include ₹ 4016,43,12,501 (Previous Year ₹ 5399,07,83,809) in respect of equity shares which are subject to a lock-in period and include ₹ 60,74,00,667 (Previous Year ₹ 60,74,00,667) in respect of equity shares, which are subject to restrictive covenant.
- Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.
- Investments in Equity Shares, Convertible Preference Shares, Cumulative Redeemable Preference Shares, Convertible Debentures, Pass Through Certificates, Security Receipts, Government Securities, units of Mutual Funds and Venture Funds and Other Funds are held as long-term investments. Investments in various schemes of Cash Management Fund and Income Fund of Mutual Funds are held as current investments. Non-Convertible Debentures and Bonds having low/zero coupon but higher yield to maturity are held as long-term investments.
- The Corporation acquired and sold 8,606 shares of ₹ 10 each of SKS Microfinance Ltd. of ₹ 0.85 crores, 3,65,842 shares of Standard Chartered PLC of ₹ 3.80 crores, 2,000 debentures of ₹ 10,00,000 each of GVK Airport Developers Pvt. Ltd. of ₹ 200 crores. Also during the year, the Corporation acquired 76,000 shares of Bajaj Auto Ltd. of ₹ 10 each. Subsequently, the Corporation received 76,000 bonus shares and sold 76,000 shares of ₹ 10.69 crores of Bajaj Auto Ltd. The Corporation received 1,94,595 bonus shares and sold 1,94,595 shares of ₹ 10 each of Castrol India Ltd. of ₹ 6.71 crores. The Corporation acquired 3,50,000 shares of ITC Ltd. of ₹ 10 each. Subsequently, the Corporation received 3,50,000 bonus shares and sold 3,50,000 shares of ₹ 4.95 crores of ITC Ltd. The Corporation acquired 1,52,866 shares of Wipro Ltd. of ₹ 10 each. Subsequently, the Corporation received 1,01,910 bonus shares and sold 1,52,866 shares of ₹ 5.84 crores of Wipro Ltd.
- The Corporation acquired 21,913 shares of Engineers India Ltd. of ₹ 10 each. Subsequent to the sub-division in the face value from ₹ 10 each to ₹ 5 each, the Corporation received 1,57,868 bonus shares and sold 78,934 shares of ₹ 2.75 crores. The Corporation acquired 1,05,000 shares of ONGC Ltd. of ₹ 10 each. Subsequent to the sub-division in the face value from ₹ 10 each to ₹ 5 each, the Corporation received 2,10,000 bonus shares and sold 2,10,000 shares of ₹ 6.97 crores.
- During the year, the Corporation acquired and sold units of various schemes of Income Funds aggregating to ₹ 511 crores (Previous Year ₹ 6,367 crores).
- During the year, the Corporation acquired ₹ 1,58,572 crores (Previous Year ₹ 1,28,563 crores) and sold ₹ 1,58,572 crores (Previous Year ₹ 1,32,222 crores) of units of such schemes of mutual funds invested for the purpose of deployment of overnight cash surpluses.
- NHB Sumeru Zero Coupon Bonds are held as Capital Assets under Section 2(48) of the Income Tax Act, 1961.

## Schedule 6

### CURRENT ASSETS, LOANS AND ADVANCES [Notes 2(iv) and 8]

|   |                | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---|----------------|-------------------------|-------------------------|
|   | Rupees         | Rupees                  | Rupees                  |
| <b>CURRENT ASSETS</b>   |                |                         |                         |
| Income Accrued on Investments                                       |                | 75,09,40,962            | 53,18,28,882            |
| Interest Accrued on Deposits  |                | 78,89,92,390            | 81,10,99,761            |
| Sundry Debtors (Unsecured; Considered good)                         |                | 27,54,960               | 73,41,554               |
| Cash and Bank Balances :  |                |                         |                         |
| Cash and Cheques on Hand  | 31,65,32,753   |                         | 41,36,58,201            |
| With Scheduled Banks :  |                |                         |                         |
| Current Accounts  | 400,25,21,549  |                         | 247,93,11,886           |
| Deposit Accounts  | 5972,11,73,003 |                         | 4734,57,39,025          |
| With Non-Scheduled Banks in Current Accounts                        | 1,17,16,307    |                         | 21,81,347               |
| With Reserve Bank of India  | 5,85,606       |                         | 5,85,606                |
| With National Housing Bank  | -              |                         | 200,00,00,000           |
|   |                | <b>6405,25,29,218</b>   |                         |
|   |                | <b>6559,52,17,530</b>   | 5359,17,46,262          |
| <b>LOANS AND ADVANCES</b>   |                |                         |                         |
| Instalments due from borrowers                                      | 424,58,99,350  |                         | 416,31,22,799           |
| Advances recoverable in cash or in kind or for value to be received | 998,35,89,693  |                         | 884,72,22,066           |
| Corporate Deposits  | 1878,55,00,000 |                         | 778,94,00,000           |
|   |                | <b>3301,49,89,043</b>   |                         |
|   |                | <b>9861,02,06,573</b>   | 7439,14,91,127          |

## Schedule 7

### CURRENT LIABILITIES AND PROVISIONS [Notes 2(v), 9, 14 and 18(ii)]

|   |                | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---|----------------|-------------------------|-------------------------|
|   | Rupees         | Rupees                  | Rupees                  |
| <b>CURRENT LIABILITIES</b>                                |                |                         |                         |
| Interest Accrued but not Due                              | 2111,39,09,072 |                         | 1695,47,72,805          |
| Sundry Creditors  | 352,39,26,827  |                         | 227,87,38,248           |
| Advance Payments  | 176,29,05,486  |                         | 142,88,20,380           |
| Other Liabilities   | 662,91,97,588  |                         | 589,93,09,414           |
|   |                | <b>3302,99,38,973</b>   | 2656,16,40,847          |
| <b>PROVISIONS</b>   |                |                         |                         |
| Proposed Dividend   | 1320,19,80,210 |                         | 1033,59,67,992          |
| Additional Tax on Dividend                                | 214,16,91,240  |                         | 171,66,75,084           |
| Provision for premium payable on redemption of Debentures | 724,47,74,625  |                         | 286,14,86,420           |
| Provision for Contingencies                               | 1124,37,37,079 |                         | 655,56,66,871           |
| Provision for Employee Benefits                           | 88,90,64,587   |                         | 75,32,52,487            |
|   |                | <b>3472,12,47,741</b>   |                         |
|   |                | <b>6775,11,86,714</b>   | 4878,46,89,701          |

## Schedule 8

### FIXED ASSETS

|                         | GROSS BLOCK    |                |                |                | DEPRECIATION AND AMORTISATION |                |                |                | NET BLOCK      |                |                |                |
|-------------------------|----------------|----------------|----------------|----------------|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                         | As at          |                | As at          |                | As at                         |                | As at          |                | As at          |                | As at          |                |
|                         | March 31, 2010 | March 31, 2011 | March 31, 2010 | March 31, 2011 | March 31, 2010                | March 31, 2011 | March 31, 2010 | March 31, 2011 | March 31, 2010 | March 31, 2011 | March 31, 2010 | March 31, 2011 |
|                         | Rupees         | Rupees         | Rupees         | Rupees         | Rupees                        | Rupees         | Rupees         | Rupees         | Rupees         | Rupees         | Rupees         | Rupees         |
| <b>TANGIBLE</b>         |                |                |                |                |                               |                |                |                |                |                |                |                |
| Land :                  |                |                |                |                |                               |                |                |                |                |                |                |                |
| Freehold                | 15,70,03,218   | -              | -              | 15,70,03,218   | -                             | -              | -              | -              | -              | 15,70,03,218   | 15,70,03,218   | 15,70,03,218   |
| Leasehold               | 3,44,67,752    | -              | -              | 3,44,67,752    | 49,36,267                     | 3,65,949       | -              | 53,02,216      | -              | 2,91,65,536    | 2,95,31,485    | 2,95,31,485    |
| Buildings :             |                |                |                |                |                               |                |                |                |                |                |                |                |
| Own Use                 | 199,74,14,252  | 11,86,08,162   | 46,44,259      | 211,13,78,155  | 32,32,37,456                  | 3,44,08,119    | 15,16,807      | 35,61,28,768   | 175,52,49,387  | 167,41,76,796  | 167,41,76,796  | 167,41,76,796  |
| Leasehold Improvements  | 9,05,24,076    | 1,52,10,825    | 19,78,999      | 10,37,55,902   | 6,88,67,808                   | 1,23,66,169    | 16,58,057      | 7,95,75,920    | 2,41,79,982    | 2,16,56,268    | 2,16,56,268    | 2,16,56,268    |
| Computer Hardware       | 46,16,72,663   | 7,02,32,191    | 2,29,62,613    | 50,89,42,241   | 40,11,25,417                  | 4,84,16,704    | 2,27,68,159    | 42,67,73,962   | 8,21,68,279    | 6,05,47,246    | 6,05,47,246    | 6,05,47,246    |
| Furniture and Fittings, |                |                |                |                |                               |                |                |                |                |                |                |                |
| Office Equipment etc.:  |                |                |                |                |                               |                |                |                |                |                |                |                |
| Own Use                 | 83,31,49,883   | 6,36,84,794    | 2,45,15,336    | 87,23,19,341   | 61,61,76,829                  | 4,81,74,056    | 2,02,99,574    | 64,40,51,311   | 22,82,68,030   | 21,69,73,054   | 21,69,73,054   | 21,69,73,054   |
| Under Operating Lease   | 1,49,78,106    | -              | -              | 1,49,78,106    | 1,13,00,875                   | 5,73,574       | -              | 1,18,74,449    | 31,03,657      | 36,77,231      | 36,77,231      | 36,77,231      |
| Vehicles :              |                |                |                |                |                               |                |                |                |                |                |                |                |
| Owned                   | 9,55,60,673    | 1,36,37,961    | 1,15,81,892    | 9,76,16,742    | 5,33,16,314                   | 1,37,51,490    | 88,14,636      | 5,82,53,168    | 3,93,63,574    | 4,22,44,359    | 4,22,44,359    | 4,22,44,359    |
| Leased Assets :         |                |                |                |                |                               |                |                |                |                |                |                |                |
| Plant & Machinery *     | 135,60,20,485  | -              | -              | 135,60,20,485  | 135,60,20,485                 | -              | -              | 135,60,20,485  | -              | -              | -              | -              |
| Vehicles *              | 16,37,50,969   | -              | -              | 16,37,50,969   | 16,37,50,969                  | -              | -              | 16,37,50,969   | -              | -              | -              | -              |
| <b>INTANGIBLE</b>       |                |                |                |                |                               |                |                |                |                |                |                |                |
| Computer Software       | 4,00,15,921    | 1,52,28,311    | -              | 5,52,44,232    | 2,46,83,965                   | 95,46,285      | -              | 3,42,30,250    | 2,10,13,982    | 1,53,31,956    | 1,53,31,956    | 1,53,31,956    |
|                         | 524,45,57,998  | 29,66,02,244   | 6,56,83,099    | 547,54,77,143  | 302,34,16,385                 | 16,76,02,346   | 5,50,57,233    | 313,59,61,498  | 233,95,15,645  | 222,11,41,613  | 222,11,41,613  | 222,11,41,613  |
| Previous Year           | 493,85,23,820  | 34,83,09,049   | 4,22,74,871    | 524,45,57,998  | 290,44,72,478                 | 15,50,98,579   | 3,61,54,672    | 302,34,16,385  | 222,11,41,613  | 203,40,51,342  | 203,40,51,342  | 203,40,51,342  |

\* Assets held for disposal

Notes :

- Buildings include ₹ 1,22,500 (Previous Year ₹ 1,22,500) being the cost of shares in Co-operative Housing Societies and Limited Companies.
- Depreciation charge for the financial year, excludes ₹ 2,43,75,055 (Previous Year ₹ 2,69,24,492) being depreciation charge on investment in Properties.
- Freehold land includes Properties amounting to ₹ 76,59,211 (Previous Year ₹ 76,59,211) acquired in satisfaction of debts.

### Schedule 9

#### OPERATING INCOME [Note 11]

|   | Rupees          | For the year ended<br>March 31, 2011<br>Rupees | Previous Year<br>Rupees |
|---|-----------------|--|-------------------------|
| Interest Income :   |                 |  |                         |
| Interest on Loans   | 11244,56,87,078 |  | 9978,99,22,497          |
| (Includes Exchange Difference ₹ 18,59,30,266 DR<br>- Previous Year ₹ 91,39,38,127 DR) |                 |  |                         |
| Other Interest  | 562,43,04,798   |  | 471,59,33,761           |
| (Tax deducted at source ₹ 22,10,746<br>- Previous Year ₹ 65,05,296)                   |                 |  |                         |
|   |                 | 11806,99,91,876                                | 10450,58,56,258         |
| Surplus from deployment in Cash Management<br>Schemes of Mutual Funds                 |                 | 217,53,39,542                                  | 189,84,42,216           |
| Dividends   |                 | 225,23,91,890                                  | 232,70,93,273           |
| Income from Leases  |                 | 23,05,68,521                                   | 24,08,55,331            |
|   |                 | 12272,82,91,829                                | 10897,22,47,078         |

### Schedule 10

#### INTEREST AND OTHER CHARGES [Note 17(i)]

|  | Rupees         | For the year ended<br>March 31, 2011<br>Rupees | Previous Year<br>Rupees |
|--|----------------|--|-------------------------|
| INTEREST   |                |  |                         |
| Loans  | 2427,99,11,347 |  | 1997,21,16,057          |
| Deposits   | 2031,96,95,232 |  | 1784,13,18,412          |
| Bonds  | 3038,88,05,789 |  | 3203,40,38,888          |
| (Includes Exchange Difference ₹ 18,45,60,904 DR<br>- Previous Year ₹ 239,48,85,438 DR)                     |                | 7498,84,12,368                                 | 6984,74,73,357          |
| OTHER CHARGES  |                | 61,09,95,246                                   | 78,33,43,530            |
| (Net of Exchange Difference ₹ 38,77,985 CR<br>- Previous Year Includes Exchange Difference ₹ 47,96,947 DR) |                |  |                         |
|  |                | 7559,94,07,614                                 | 7063,08,16,887          |

### Schedule 11

#### STAFF EXPENSES [Notes 14,16(i) and 19(iii)]

|  | Rupees | For the year ended<br>March 31, 2011<br>Rupees | Previous Year<br>Rupees |
|--|--------|--|-------------------------|
| Salaries and Bonus                             |        | 139,17,51,297                                  | 122,42,13,398           |
| Contribution to Provident Fund and Other Funds |        | 26,57,06,182                                   | 18,59,90,897            |
| Staff Training and Welfare Expenses            |        | 9,78,41,351                                    | 5,63,24,606             |
|  |        | 175,52,98,830                                  | 146,65,28,901           |



**Schedule 12****ESTABLISHMENT EXPENSES** [Note 16(i)]

|                                     | For the year ended<br>March 31, 2011<br>Rupees | Previous Year<br>Rupees |
|-------------------------------------|--|-------------------------|
| Rent                                | 26,19,49,004                                   | 23,26,06,386            |
| Rates and Taxes                     | 2,94,84,487                                    | 3,91,02,797             |
| Repairs and Maintenance - Buildings | 3,96,34,161                                    | 3,29,82,841             |
| General Office Expenses             | 1,74,66,832                                    | 1,76,56,668             |
| Electricity Charges                 | 9,32,63,734                                    | 8,61,40,875             |
| Insurance Charges                   | 47,56,006                                      | 50,58,324               |
|                                     | <u>44,65,54,224</u>                            | <u>41,35,47,891</u>     |

**Schedule 13****OTHER EXPENSES** [Notes 16(i), 17(ii) and 17(iii)]

|  | For the year ended<br>March 31, 2011<br>Rupees | Previous Year<br>Rupees |
|--|--|-------------------------|
| Travelling and Conveyance                      | 12,08,66,950                                   | 11,02,91,896            |
| Printing and Stationery                        | 5,67,13,467                                    | 4,70,45,145             |
| Postage, Telephone and Fax                     | 16,17,16,321                                   | 14,43,73,571            |
| Advertising                                    | 25,99,19,899                                   | 27,67,06,548            |
| Repairs and Maintenance - Other than Buildings | 5,59,39,461                                    | 4,34,65,946             |
| Office Maintenance                             | 11,68,61,187                                   | 9,66,52,744             |
| Legal Expenses                                 | 11,27,51,345                                   | 9,98,53,225             |
| Computer Expenses                              | 7,22,59,927                                    | 6,08,76,331             |
| Directors' Fees and Commission                 | 2,14,11,347                                    | 1,20,27,500             |
| Miscellaneous Expenses                         | 42,24,87,857                                   | 26,59,14,339            |
| Auditors' Remuneration                         | 1,69,30,302                                    | 1,83,32,311             |
|  | <u>141,78,58,063</u>                           | <u>117,55,39,556</u>    |

## Schedule 14

### NOTES FORMING PART OF THE ACCOUNTS

- 1 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crores by way of a term loan and ₹ 100 crores through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the corporation has handed over the dollars to a financial institution overseas and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

- 2 (i) The Corporation had raised USD 500 million through the issue of zero coupon Foreign Currency Convertible Bonds (FCCBs). The bonds were convertible at any time into equity shares of the Corporation of the face value of ₹ 10 each from August 24, 2006 upto July 29, 2010, at the option of the holders, at ₹ 1399.148 per equity share representing a conversion premium of 50% over the initial reference share price. The bonds were redeemable on September 27, 2010 with an yield to maturity of 4.62% per annum. During the year ended March 31, 2011, the entire amount outstanding of USD 90.60 million was converted into equity shares of the Corporation. As such, the entire FCCB amounting to **USD 500 million** (Previous Year USD 409.40 million) representing **1,56,23,732** (Previous Year 1,27,92,711) Equity shares, have been converted pursuant to the exercise of options by the bondholders of the Corporation. The Corporation had undertaken currency options and forward contracts amounting to **USD Nil** (Previous Year USD 75 million) to cover the net foreign currency exposure in the outstanding FCCBs.
- (ii) The Corporation has availed USD 175 million under the Short Term Foreign Currency Borrowing scheme of the Reserve Bank of India (RBI) under the "approval route" in terms of the RBI Press Release No. 2008-2009/700 dated November 17, 2008, with a maturity of three years. In term of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps.
- (iii) As on March 31, 2011, the Corporation has foreign currency borrowings (excluding FCCBs) of **USD 1,103.90 million** equivalent (Previous Year USD 945.43 million). The Corporation has undertaken principal only swaps, currency options and forward contracts on a notional amount of **USD 963.30 million** equivalent (Previous Year USD 787.99 million) to hedge the foreign currency risk. Further, interest rate swaps on a notional amount of **USD 15 million** equivalent (Previous Year USD 90 million) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings. As on March 31, 2011, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **₹ 23,255 crores** (Previous Year ₹ 16,065 crores) as on March 31, 2011 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into cross currency swaps of a notional amount of **USD 697.50 million** equivalent (Previous Year USD 694 million) wherein it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

- (iv) Monetary assets and liabilities denominated in foreign currencies net of risk management arrangement are revalued at the rate of exchange prevailing at the year end. Cross currency Swaps are fair valued at the year end and loss is recognised in the Profit and Loss Account while the gains are not recognised keeping in view the principles of prudence as enumerated in Accounting Standard (AS 1) notified by the Companies (Accounting Standard) Rules, 2006. For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts.

The amount of exchange difference in respect of such contracts to be recognised as expense in the Profit and Loss Account over subsequent accounting periods is **₹ 0.50 crores** (Previous Year ₹ 1.85 crores). This shall be amortised over the next 1 year.

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

- (v) A net loss of ₹ 27.58 crores (Previous Year Net Gain of ₹ 29.57 crores) has been recognised in the Profit and Loss Account being net gain on year end translation of foreign currency monetary assets and liabilities and fair value loss on derivatives as shown below:

|   | Current Year | Previous Year |             |
|---|--------------|---------------|-------------|
|   | ₹ in crores  | ₹ in crores   | ₹ in crores |
| Net Gain on derivative revaluation not recognised in earlier years                                      | (52.29)      |               | —           |
| Amortisation of Premium on Options and Forward Contracts  | 1.35         |               | (34.80)     |
| Net (gain) / loss on Translation of Foreign Currency Denominated Assets and Foreign Currency Borrowings | (47.64)      |               | 95.88       |
| Fair value Loss/(Gain) on Derivatives (Cross Currency swaps)  | 126.16       | (142.94)      |             |
| Amounts retained in Advance Payments (as per note below)  | —            | 52.29         | (90.65)     |
| Net Loss / (Gain)   | 27.58        |               | (29.57)     |

The net gain of ₹ Nil (Previous Year ₹ 52.29 crores) on fair value of Cross Currency Swaps is included under Advance Payments (Schedule No. 7) and not recognised in the Profit and Loss Account in view of the announcement by the Institute of Chartered Accountants of India (ICAI) which required the principle of prudence to be followed in accounting for mark to market gains/losses on derivatives.

- 3 The maximum amount of Commercial Paper outstanding at any time during the year was ₹ 7,550 crores (Previous Year ₹ 8,280 crores).
- 4 Save and except the floating charge created in favour of the depositors in respect of 'public deposits' as defined in Paragraph 2(I)(y) of the Housing Finance Companies (NHB) Directions, 2010, on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987;
  - (i) Loans are secured by Promissory Notes and / or a negative lien on all the assets of the Corporation.
  - (ii) Bonds are in the nature of Promissory Notes and are secured by a negative lien on all the assets of the Corporation.
  - (iii) Non-Convertible Debentures amounting to ₹ 41,623.90 crores (Previous Year ₹ 33,092.90 crores) are secured by a negative lien on all the assets of the Corporation and by a mortgage. These debentures are redeemable at par between 2011 and 2025.
- 5 During the year, the Corporation raised ₹ 1,000 crores (Previous Year ₹ 500 crores) through issue of Long Term Unsecured Redeemable Non-Convertible Debentures (subordinated debt). As at March 31, 2011, the Corporation's outstanding subordinated debt is ₹ 2,875 crores (Previous Year ₹ 1,875 crores). These Debentures are redeemable at par between 2011 and 2021. The debt is subordinated to present and future senior indebtedness of the Corporation and qualifies as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2011, 82.61% (Previous Year 82.93%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.
- 6
  - (i) Loan Funds include ₹ 10,18,29,197 (Previous Year ₹ 8,63,18,061) from Directors.
  - (ii) Deposits include ₹ 13,474.73 crores (Previous Year ₹ 14,509.05 crores) due within one year.
  - (iii) Deposits include ₹ 172,10,00,000 (Previous Year ₹ 25,79,00,000) due to subsidiary companies.
  - (iv) Loan Funds include ₹ 235,00,00,000 (Previous Year ₹ 175,00,00,000) due to subsidiary companies.

# Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

- 7 (i) Loans granted by the Corporation are secured or partly secured by :
- Equitable mortgage of property and / or
  - Pledge of shares, units, other securities, assignment of life insurance policies and / or
  - Hypothecation of assets and / or
  - Bank guarantees, company guarantees or personal guarantees and / or
  - Negative lien and / or
  - Assignment of hire purchase receivables and / or
  - Undertaking to create a security.
- (ii) Loans include ₹ 36.61 crores (Previous year ₹ 34.78 crores) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- 8 (i) There are no Sundry Debtors which are outstanding for a period over six months. Sundry Debtors include amounts due from subsidiary companies ₹ 3,90,594 (Previous Year ₹ 58,77,128).
- (ii) Cash and cash equivalents represents:

| Particulars   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| Cash and Bank Balances (As per Schedule 6)          | 6405,25,29,218                    | 5224,14,76,065                    |
| Current Accounts held for Unclaimed Dividends       | (8,59,61,143)                     | (7,51,94,803)                     |
| Exchange difference on Cash and Cash equivalents    | 63,74,972                         | 8,00,28,854                       |
| Cash and cash equivalents as at the end of the year | 6397,29,43,047                    | 5224,63,10,116                    |

- (iii) Bank Balance with Non-Scheduled Banks:

| Name of the Bank         | Balance as on<br>March 31, 2011<br>Rupees | Maximum<br>amount<br>outstanding at<br>any time during<br>the year ended<br>March 31, 2011<br>Rupees | Balance as on<br>March 31, 2010<br>Rupees | Maximum<br>amount<br>outstanding at<br>any time during<br>the year ended<br>March 31, 2010<br>Rupees |
|--------------------------|---|--|---|--|
| HSBC Bank Plc, London    | 16,15,486                                 | 1,29,88,249  | 6,67,443                                  | 66,30,516  |
| DBS Bank Ltd., Singapore | 1,01,00,821                               | 1,44,84,912  | 15,13,904                                 | 1,43,04,467  |
| Total                    | 1,17,16,307                               |  | 21,81,347                                 |  |

- (iv) Out of the total Loans and Advances (Schedule 6), amounts aggregating to ₹ 550,02,71,805 (Previous Year ₹ 627,64,00,476) are secured.

Advances recoverable in cash or in kind includes Advance Tax (net of Provision for Taxation) ₹ 453,64,87,061 (Previous Year ₹ 372,88,10,994), ₹ 4,57,35,752 (Previous Year ₹ 7,44,19,755) towards advances of capital nature, and ₹ 45,76,87,488 (Previous Year ₹ 8,85,35,298) due from subsidiary companies.

- (v) Corporate Deposits include ₹ 23,45,00,000 (Previous Year ₹ 20,00,00,000) due from a subsidiary company.

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

- 9 (i) Sundry Creditors include ₹ Nil (Previous Year ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the Corporation during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Corporation for this purpose.
- (ii) As required under Section 205C of the Companies Act, 1956, the Corporation has transferred ₹ 65,72,191 (Previous Year ₹ 65,55,580) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2011, no amount was due for transfer to the IEPF.
- (iii) Sundry Creditors include ₹ Nil (Previous Year ₹ 19,911) due to a subsidiary company.
- (iv) Sundry Creditors include ₹ 43,00,000 (Previous Year ₹ Nil) being amount payable to HDFC Provident fund trust towards deficiency in the fund account.
- (v) Interest Accrued but not due includes ₹ 10,03,92,182 (Previous Year ₹ 7,48,03,734) due to Subsidiary Companies and ₹ 48,19,055 (Previous Year ₹ 53,99,783) due to the Directors of the Corporation.
- 10 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 269.95 crores (Previous Year ₹ 304.69 crores).
- 11 (i) Profit on sale of investments includes profit of ₹ 8,22,000 (Previous Year ₹ 16,44,000) in respect of investments held as current investments and ₹ 11,75,576 (Previous Year ₹ Nil) on account of shares bought back by India Value Fund Advisors Pvt. Ltd. (Associate Company).
- (ii) Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ 217,53,39,542 (Previous Year ₹ 189,84,42,216) is in respect of investments held as current investments.
- (iii) Dividend income includes ₹ 83,73,25,003 (Previous Year ₹ 97,02,94,818) received from subsidiary companies and ₹ 10,67,54,945 (Previous Year ₹ 31,26,62,788) in respect of current investments.
- (iv) Other Interest includes Interest on Investments amounting to ₹ 198,20,20,862 (Previous Year ₹ 157,28,02,047), including ₹ 33,48,78,022 (Previous Year ₹ 3,86,05,659) in respect of current investments.
- (v) Fees and Other Charges is net of the amounts paid to Direct Selling Agents ₹ 199.45 crores (Previous Year ₹ 151.59 crores).
- 12 Other Income includes rent of ₹ 9,97,03,190 (Previous Year ₹ 11,71,47,500), of which ₹ 24,00,000 (Previous Year ₹ 24,00,000) is in respect of rent for certain assets given on operating lease and also includes sub-lease payments received ₹ 6,90,000 (Previous Year ₹ 1,00,74,150) in respect of a property acquired under operating lease as per Note 25(ii).
- 13 (i) **Earnings in foreign currency (Cash basis):**

|                            | Current year<br>Rupees | Previous Year<br>Rupees |
|----------------------------|------------------------|-------------------------|
| Interest on Bank Deposits  | 3,04,39,541            | 5,92,78,024             |
| Consultancy and other fees | 8,66,49,503            | 17,41,78,305            |

- (ii) **Expenditure in foreign currency (Cash basis):**

|                                     | Current year<br>Rupees | Previous Year<br>Rupees |
|-------------------------------------|------------------------|-------------------------|
| Interest and Other Charges on Loans | 71,39,15,576           | 67,34,14,330            |
| Others                              | 14,31,89,046           | 10,68,67,583            |



# Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

14 In accordance with the Accounting Standard on Employee Benefits (AS 15) (Revised 2005) notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures have been made:

- (i) Salaries and Bonus include ₹ 7,02,62,861 (Previous Year ₹ 3,18,78,173) towards provision made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the AS 15 (Revised).
- (ii) The Corporation has recognised the following amounts in the Profit and Loss Account which are included under Contributions to Provident Fund and Other Funds :

| Particulars                     | Current Year<br>Rupees | Previous Year<br>Rupees |
|---------------------------------|------------------------|-------------------------|
| Provident Fund                  | 6,96,90,658            | 5,70,39,794             |
| Superannuation Fund             | 4,78,60,025            | 3,95,97,432             |
| Employees' Pension Scheme -1995 | 1,07,59,993            | 99,30,400               |

The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. The deficiency of ₹ 87,27,194 (Previous Year ₹ Nil) included in Staff Training and Welfare Expenses, was made good by the Corporation.

- (iii) The details of the Corporation's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

| Particulars  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| <b>Change in the Benefit Obligations:</b>  |                        |                         |
| Liability at the beginning of the year   | 81,40,43,535           | 69,59,67,492            |
| Current Service Cost   | 3,28,99,376            | 3,01,53,839             |
| Interest Cost  | 6,78,48,311            | 5,28,34,887             |
| Past Service Cost (Vested benefit)   | -                      | 3,34,76,920             |
| Benefits Paid  | (4,37,20,642)          | (4,19,72,934)           |
| Actuarial loss   | 7,13,16,912            | 4,35,83,331             |
| Liability at the end of the year *   | 94,23,87,492           | 81,40,43,535            |
| * The Liability at the end of the year ₹ 94,23,87,492 (Previous Year ₹ 81,40,43,535) includes ₹ 26,23,00,986 (Previous Year ₹ 24,72,40,739) in respect of an un-funded plan. |                        |                         |

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

| Particulars  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| <b>Fair Value of Plan Assets:</b>  |                        |                         |
| Fair Value of Plan Assets at the beginning of the year                         | 53,86,80,959           | 46,92,99,407            |
| Expected Return on Plan Assets   | 4,84,78,746            | 4,35,59,369             |
| Contributions  | 9,18,42,476            | 9,68,48,873             |
| Benefits Paid  | (4,37,20,642)          | (4,19,72,934)           |
| Actuarial loss on Plan Assets  | (3,36,00,727)          | (2,90,53,756)           |
| Fair Value of Plan Assets at the end of the year                               | 60,16,80,812           | 53,86,80,959            |
| Total Actuarial loss to be recognised  | (10,49,17,639)         | (7,26,37,087)           |
| <b>Actual Return on Plan Assets:</b>   |                        |                         |
| Expected Return on Plan Assets   | 4,84,78,746            | 4,35,59,369             |
| Actuarial loss on Plan Assets  | (3,36,00,727)          | (2,90,53,756)           |
| Actual Return on Plan Assets   | 1,48,78,019            | 1,45,05,613             |
| <b>Expense Recognised in the Profit and Loss Account:</b>                      |                        |                         |
| Current Service Cost   | 3,28,99,376            | 3,01,53,839             |
| Interest Cost  | 6,78,48,311            | 5,28,34,887             |
| Expected Return on Plan Assets   | (4,84,78,746)          | (4,35,59,369)           |
| Net Actuarial loss to be recognised  | 10,49,17,639           | 7,26,37,087             |
| Past Service Cost (Vested benefit)   | -                      | 3,34,76,920             |
| Expense recognised in the Profit and Loss Account under "Staff Expenses"       | 15,71,86,580           | 14,55,43,364            |
| <b>Reconciliation of the Liability Recognised in the Balance Sheet:</b>        |                        |                         |
| Opening Net Liability  | 27,53,62,576           | 22,66,68,085            |
| Expense recognised   | 15,71,86,580           | 14,55,43,364            |
| Contribution by the Corporation  | 9,18,42,476            | 9,68,48,873             |
| Amount recognised in the Balance Sheet under "Provision for Employee Benefits" | 34,07,06,680           | 27,53,62,576            |

# Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

| Particulars  | 2010-11<br>Rupees    | 2009-10<br>Rupees | 2008-09<br>Rupees | 2007-08<br>Rupees | 2006-07<br>Rupees |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Amount Recognised in the Balance Sheet:</b>                                 |                      |                   |                   |                   |                   |
| Liability at the end of the year   | <b>94,23,87,492</b>  | 81,40,43,535      | 69,59,67,492      | 55,87,26,275      | 42,65,25,077      |
| Fair Value of Plan Assets at the end of the year                               | <b>60,16,80,812</b>  | 53,86,80,959      | 46,92,99,407      | 35,36,59,997      | 28,45,35,665      |
| Amount recognised in the Balance Sheet under "Provision for Employee Benefits" | <b>34,07,06,680</b>  | 27,53,62,576      | 22,66,68,085      | 20,50,66,278      | 14,19,89,412      |
| <b>Experience Adjustment:</b>  |                      |                   |                   |                   |                   |
| On Plan Liabilities  | <b>7,13,16,912</b>   | 7,03,97,016       | 3,94,33,507       | 6,28,21,665       | 6,86,68,384       |
| On Plan Assets   | <b>(3,36,00,727)</b> | (2,90,53,756)     | (2,32,39,520)     | (1,01,07,530)     | (48,43,603)       |
| Estimated Contribution for next year   | <b>5,79,29,763</b>   | 4,71,78,929       | 2,05,11,000       |                   |                   |

### Investment Pattern:

| Particulars   | % Invested<br>Current Year | % Invested<br>Previous Year |
|---|----------------------------|-----------------------------|
| Central Government securities   | <b>20.19</b>               | 12.79                       |
| State Government securities / securities guaranteed by State / Central Government | <b>2.98</b>                | 3.82                        |
| Public Sector / Financial Institutional Bonds                                     | <b>27.13</b>               | 40.22                       |
| Private Sector Bonds  | <b>16.69</b>               | 14.41                       |
| Special Deposit Scheme  | <b>3.66</b>                | 4.09                        |
| Certificate of Deposits   | <b>2.41</b>                | 0.59                        |
| Deposits with Banks and Financial Institutions                                    | <b>5.84</b>                | 5.69                        |
| Equity Shares   | <b>15.82</b>               | 13.16                       |
| Others (Including bank balances)  | <b>5.28</b>                | 5.23                        |
| <b>Total</b>  | <b>100.00</b>              | 100.00                      |

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

### Principal Assumptions:

| Particulars           | Current Year<br>% | Previous Year<br>% |
|-----------------------|-------------------|--------------------|
| Discount Rate         | <b>8.25</b>       | 8.25               |
| Return on Plan Assets | <b>8</b>          | 8                  |
| Salary Escalation     | <b>5</b>          | 5                  |

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS****15 Managerial Remuneration :**

| Particulars  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| Salaries and Commission  | <b>8,48,10,000</b>     | 8,57,10,000             |
| Corporation's contribution to Provident and Superannuation Funds | <b>59,94,000</b>       | 59,89,950               |
| Perquisites and other allowances                                 | <b>1,99,48,895</b>     | 5,70,44,211             |

Managerial Remuneration amounting to **₹ 1,73,55,059** (Previous Year ₹ 1,41,84,475) is subject to the shareholders' approval at the ensuing Annual General Meeting.

The above is excluding contribution to the gratuity fund and provision made for the post retirement pension scheme for the whole-time Directors.

Computation of net profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956 in respect of commission payable to Directors :

|  | Rupees                | Rupees                |
|--|-----------------------|-----------------------|
| Profit Before Tax  | <b>4866,95,81,311</b> |                       |
| Add: Provision for Contingencies                                   | <b>70,00,00,000</b>   |                       |
| Managerial Remuneration  | <b>11,07,52,895</b>   |                       |
| Directors' Fees and Commission                                     | <b>2,14,11,347</b>    |                       |
| Accrued Loss on Redemption of Investments                          | <b>4,82,97,512</b>    |                       |
|  |                       | <b>4955,00,43,065</b> |
| Less: Profit on Sale of Investments                                | <b>359,74,01,913</b>  |                       |
| Surplus from deployment in Cash Management Schemes of Mutual Funds | <b>217,53,39,542</b>  |                       |
| Amounts utilised out of Shelter Assistance Reserve                 | <b>11,47,63,981</b>   |                       |
| Capital Profit on sale of Leased Properties/Fixed Assets           | <b>23,53,41,040</b>   |                       |
|  |                       | <b>612,28,46,476</b>  |
| Net Profit as per Section 198                                      |                       | <b>4342,71,96,589</b> |
| i) Commission payable to whole-time Directors :                    |                       |                       |
| At 3% of net profit to the whole-time Directors                    |                       | <b>130,28,15,898</b>  |
| Restricted to  |                       | <b>6,26,10,000</b>    |
| ii) Commission payable to non whole-time Directors :               |                       |                       |
| At 1% of net profit for all non whole-time Directors               |                       | <b>43,42,71,966</b>   |
| Restricted to  |                       | <b>1,99,41,347</b>    |

- 16 (i) Expenditure shown in Schedule 11 is net of recovery from a subsidiary company in respect of Salaries **₹ 1,56,44,075** (Previous Year ₹ 1,32,85,336) and expenditure shown in Schedule 13 is net of recovery from a subsidiary company in respect of Miscellaneous Expenses **₹ Nil** (Previous Year ₹ 4,00,000).
- (ii) Miscellaneous Expenses under Schedule 13 exclude **₹ 11,47,63,981** (Previous Year ₹ 8,48,45,183) in respect of amounts utilised out of Shelter Assistance Reserve during the year.
- 17 (i) Interest on Deposits include **₹ 26,18,102** (Previous Year ₹ 7,89,108) payable to the Chief Executive Officer of the Corporation.
- (ii) Other Expenses include Provision for Wealth Tax amounting to **₹ 65,00,000** (Previous Year ₹ 65,00,000) and Securities Transaction Tax amounting to **₹ 29,45,001** (Previous Year ₹ 71,97,658).

# Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

### (iii) Auditors' Remuneration:

|                                | Current Year       | Previous Year      |
|--------------------------------|--------------------|--------------------|
|                                | Rupees             | Rupees             |
| Audit Fees                     | 80,46,800          | 62,47,000          |
| Tax Matters                    | 27,30,000          | 21,00,000          |
| Other Matters                  | 59,36,000          | 99,63,000          |
| Reimbursement of Expenses      | 2,17,502           | 22,311             |
| Service Tax                    | 17,20,976          | 18,65,662          |
|                                | <b>1,86,51,278</b> | <b>2,01,97,973</b> |
| Less: Service Tax Input Credit | <b>17,20,976</b>   | <b>18,65,662</b>   |
|                                | <b>1,69,30,302</b> | <b>1,83,32,311</b> |

Audit Fees include ₹ 2,46,800 (Previous Year ₹ 2,47,000) paid to Branch Auditors and other matters includes fees of ₹ Nil (Previous Year ₹ 55,15,000) including service tax of ₹ Nil (Previous Year ₹ 5,15,000) paid towards expenditure incurred for raising Zero Coupon Secured Redeemable Non Convertible Debentures to Qualified Institutional Buyers on a Qualified Institutional Placement Basis.

- 18 (i) As per the Housing Finance Companies (NHB) Directions, 2001, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010 and NHB circular NHB(ND)/DRS/Pol-No.09/2004-05 dated May 18, 2005 in respect of Housing and Non-Housing Loans is as follows:

₹ in crores

|             | Sub-Standard Assets |               | Doubtful Assets |               |
|-------------|---------------------|---------------|-----------------|---------------|
|             | Current Year        | Previous Year | Current Year    | Previous Year |
| Housing     | 29.59               | 53.72         | 112.04          | 106.03        |
| Non-Housing | 32.89               | 29.13         | 17.39           | 20.80         |

- (ii) During the year, in addition to the charge of ₹ 70 crores (Previous Year ₹ 58 crores) to the Profit and Loss Account an amount of ₹ 298.59 crores (net of Deferred Tax of ₹ 143.41 crores) [(Previous Year ₹ Nil) (net of Deferred Tax of ₹ Nil)], has been transferred from Additional Reserve created as per Section 29C of the National Housing Bank Act, 1987 pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 to Provision for Contingencies Account.
- (iii) Provision for Contingencies debited to the Profit and Loss Account includes Provision for Diminution in the Value of Investments amounting to ₹ 22.58 crores (Previous Year ₹ 7.23 crores). The balance of the Provision represents provision made against non-performing assets and other contingencies.
- 19 (i) Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Corporation. Special Reserve No. I relates to the amounts transferred upto Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.
- (ii) As per Section 29 C of the National Housing Bank Act, 1987, the Corporation is required to transfer atleast 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ 625 crores (Previous Year ₹ 500 crores) to Special Reserve II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ 530 crores (Previous Year ₹ 432 crores) to "Additional Reserve (u/s 29C of the NHB Act)".
- (iii) During the year an amount of ₹ Nil (Previous Year ₹ 43,790) has been written back on account of Nil (Previous Year 8,185) stock options lapsed under Employee Stock Option Scheme 2002. The same has been included in the Accounts under Salaries and Bonus.

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

- (iv) During previous year, the Corporation has made a simultaneous issue of Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) aggregating to ₹ 4,000 crores and 1,09,53,706 warrants at a warrant issue price of ₹ 275 per warrant aggregating to ₹ 301.23 crores. Each of the warrants entitles the holder to acquire one equity share of the Corporation at an exercise price of ₹ 3,000 per share of face value of ₹ 10 each (now exercise price of ₹ 600 per share of face value of ₹ 2 each) on or before August 23, 2012. The said issue of ZCD and Warrants was made under Chapter XIII-A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The Subscription amount received on Issue of warrants has been credited to Capital Reserve as the same is not refundable / adjustable in future.

20 The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

## (a) Capital to Risk Assets Ratio (CRAR)

| Items                         | As at March 31, 2011 |
|-------------------------------|----------------------|
| 1) CRAR (%)                   | 14.04                |
| 2) CRAR – Tier I Capital (%)  | 12.23                |
| 3) CRAR – Tier II Capital (%) | 1.81                 |

## (b) Exposure to Real Estate Sector

|    |   | As on March 31, 2011<br>₹ in crores |
|----|---|-------------------------------------|
| 1. | Direct Exposure   |                                     |
| A  | Residential Mortgages : Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. (Individual Housing Loans upto ₹ 15 Lacs : ₹ 21,933 crores) | 72,036                              |
| B  | Commercial Real Estate : Lending secured by mortgages on commercial real estate (Includes ₹ 22,744 crores loan given for Rental Discounting and Residential purpose)  | 28,026                              |
| C  | Investments in Mortgage Backed Securities (MBS) and other securitised exposures –   |                                     |
|    | (i) Residential   | 47                                  |
|    | (ii) Commercial Real Estate   | Nil                                 |
| 2. | Indirect Exposure   |                                     |
|    | Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)   | 124                                 |

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

## (c) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on March 31, 2011:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank  
₹ in crores

| Particulars           | 1 day to 30 days (one month) | Over one month to 2 months | Over 2 months to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 7 years | Over 7 years to 10 years | Over 10 years | Total    |
|-----------------------|------------------------------|----------------------------|---------------------------|---------------------------|-------------------------|------------------------|-------------------------|-------------------------|--------------------------|---------------|----------|
| <b>Liabilities</b>    |                              |                            |                           |                           |                         |                        |                         |                         |                          |               |          |
| Borrowings from Banks | 2,140                        | 3,017                      | 1,611                     | 2,504                     | 2,067                   | 14,531                 | 8,025                   | 3,950                   | -                        | 2,500         | 40,345   |
| Market Borrowings     | 1,100                        | 1,305                      | 452                       | 3,150                     | 4,754                   | 9,363                  | 11,445                  | 5,652                   | 10,062                   | 1,013         | 48,296   |
| <b>Assets</b>         |                              |                            |                           |                           |                         |                        |                         |                         |                          |               |          |
| Advances              | 2,403                        | 1,601                      | 2,055                     | 6,090                     | 12,241                  | 34,107                 | 22,169                  | 14,214                  | 14,064                   | 8,183         | 1,17,127 |
| Investments           | 300                          | 1,910                      | -                         | 22                        | 15                      | 646                    | 193                     | 8,043                   | 158                      | 545           | 11,832   |

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.



## Schedule 14 (Continued)

### NOTES FORMING PART OF THE ACCOUNTS

- 21 During the year, Corporation utilised ₹ 532,08,66,097 (Previous Year ₹ 198,80,56,461) out of the Securities Premium Account in accordance with Section 78 of the Companies Act, 1956. Out of the above, ₹ 532,08,66,097 (Previous Year ₹ 192,39,08,528) has been utilised towards the proportionate premium payable on redemption of Zero Coupon Secured Redeemable Non Convertible Debentures (ZCD) and an amount of ₹ Nil (Previous Year ₹ 6,41,47,933) has been utilised towards expenditure incurred for raising ZCD. The Corporation has written back ₹ 93,75,77,892 (Previous Year ₹ 3,45,91,573) on conversion of FCCBs to the Securities Premium Account, being the provision for premium on redemption of FCCBs created in the earlier years by debit to the Securities Premium Account.
- 22 (i) Contingent Liability in respect of guarantees provided by the Corporation aggregated to ₹ 2.45 crores (Previous Year ₹ 29.79 crores).
- (ii) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ 483.04 crores (Previous Year ₹ 298.56 crores). The matters in dispute are under appeal. The said amount has been paid/adjusted and will be received as refund if the matters are decided in favour of the Corporation.
- (iii) Contingent Liability in respect of corporate undertakings provided by the Corporation for securitisation of receivables aggregated to ₹ 1,539.27 crores (Previous Year ₹ 1,081.15 crores). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.
- (iv) Contingent Liability in respect of disputed dues towards sales tax, wealth tax, interest on lease tax, stamp duty and payments towards employer's contribution to ESIC, not provided for by the Corporation, amounts to ₹ 19,44,596 (Previous Year ₹ 17,98,148).
- 23 The Corporation's main business is to provide loans for the purchase or construction of residential houses, commercial real estate and loans for certain other purposes in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17), notified by the Companies (Accounting Standards) Rules, 2006.
- 24 As per the Accounting Standard on 'Related Party Disclosures' (AS 18), notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Corporation are as follows :

#### A) Subsidiary Companies

|   |  |
|---|--|
| HDFC Developers Ltd.                                | HDFC Investments Ltd.                                      |
| HDFC Holdings Ltd.                                  | HDFC Asset Management Company Ltd.                         |
| HDFC Trustee Company Ltd.                           | HDFC Realty Ltd.   |
| HDFC Standard Life Insurance Company Ltd.           | HDFC ERGO General Insurance Company Ltd.                   |
| GRUH Finance Ltd.                                   | HDFC Sales Pvt Ltd.  |
| HDFC Venture Capital Ltd.                           | HDFC Property Ventures Ltd.                                |
| HDFC Ventures Trustee Company Ltd.                  | Griha Investments  |
| HDFC Asset Management Company (Singapore) Pte. Ltd. | (Subsidiary of HDFC Holdings Ltd.)                         |
| (Subsidiary of HDFC Asset Management Company Ltd.)  | Credila Financial Services Pvt. Ltd. (w.e.f. July 9, 2010) |

#### B) Associate Companies

HDFC Bank Ltd.  
 India Value Fund Advisors Pvt. Ltd.  
 Indian Association for Savings and Credit  
 RuralShores Business Services Pvt. Ltd.  
 Credila Financial Services Pvt. Ltd. (upto July 8, 2010)

#### C) Entities over which control is exercised

HDFC PROPERTY FUND – SCHEME –  
 HDFC IT Corridor Fund  
 HDFC Investment Trust

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

## D) Key Management Personnel

Mr Keki M Mistry

Ms Renu Sud Karnad

Mr V Srinivasa Rangan

## E) Relatives of Key Management Personnel - (where there are transactions)

Ms Arnaaz K Mistry

Mr Rishi R. Sud

Ms Swarn Sud

Mr Ashok Sud

Ms Riti Karnad

Mr Ketan Karnad

Ms Abinaya S Rangan

- l) The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

₹ in crores

| Particulars                | Subsidiary Companies |               | Associates   |               | Entities over which control is exercised |               | Key Management Personnel |               | Relatives of Key Management Personnel |               |
|----------------------------|----------------------|---------------|--------------|---------------|--|---------------|--------------------------|---------------|---------------------------------------|---------------|
|                            | Current Year         | Previous Year | Current Year | Previous Year | Current Year                             | Previous Year | Current Year             | Previous Year | Current Year                          | Previous Year |
| <b>INCOME</b>              |                      |               |              |               |  |               |                          |               |                                       |               |
| Dividend                   | 83.73                | 97.03         | 94.42        | 52.50         | —  | —             | —                        | —             | —                                     | —             |
| Interest                   | 3.19                 | 12.51         | 5.39         | 0.99          | 16.78                                    | 16.78         | —                        | —             | —                                     | —             |
| Consultancy & Other Fee    | 15.31                | 24.92         | —            | 0.03          | —  | —             | —                        | —             | —                                     | —             |
| Rent                       | 3.10                 | 5.15          | 1.75         | 0.87          | —  | —             | —                        | —             | 0.03                                  | 0.23          |
| Other Income               | 0.15                 | 0.37          | 9.99         | 5.99          | —  | —             | —                        | —             | —                                     | —             |
| <b>EXPENDITURE</b>         |                      |               |              |               |  |               |                          |               |                                       |               |
| Interest                   | 33.64                | 18.76         | —            | —             | —  | —             | 0.39                     | 0.57          | 0.06                                  | 0.24          |
| Bank and Other Charges     | —                    | —             | 1.45         | 1.66          | —  | —             | —                        | —             | —                                     | —             |
| Remuneration               | —                    | —             | —            | —             | —  | —             | 11.08                    | 14.87         | —                                     | —             |
| Other Expenses             | 84.74                | 65.01         | 94.85        | 75.40         | —  | —             | —                        | —             | 0.06                                  | 0.06          |
| <b>ASSET</b>               |                      |               |              |               |  |               |                          |               |                                       |               |
| Investments                | 2,400.54             | 2,124.43      | 5,554.58     | 5,553.09      | 549.55                                   | 497.20        | —                        | —             | —                                     | —             |
| Deposits                   | 23.45                | 20.00         | 960.65       | 1,502.00      | —  | —             | —                        | —             | —                                     | —             |
| Bank Balance               | —                    | —             | 110.47       | —             | —  | —             | —                        | —             | —                                     | —             |
| Sundry Debtors             | 0.04                 | 0.58          | —            | —             | —  | —             | —                        | —             | —                                     | —             |
| Others                     | 45.78                | 9.03          | 4.26         | 1.72          | —  | —             | —                        | —             | —                                     | —             |
| <b>LIABILITIES</b>         |                      |               |              |               |  |               |                          |               |                                       |               |
| Deposits                   | 172.10               | 29.79         | 0.17         | 0.17          | —  | —             | 3.82                     | 3.01          | 0.75                                  | 0.69          |
| Short Term Loans           | —                    | —             | —            | 126.15        | —  | —             | —                        | —             | —                                     | —             |
| Non-Convertible Debentures | 235.00               | 175.00        | —            | —             | —  | —             | —                        | —             | —                                     | —             |
| Others                     | 10.04                | 7.52          | 11.20        | —             | —  | —             | 0.52                     | 0.28          | 0.03                                  | 0.04          |

During the year, the Corporation has sold individual loans amounting to ₹ 4,379 crores (Previous Year ₹ 4,870 crores) to HDFC Bank Limited.

# Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

- II) The nature and volume of material transactions of the Corporation during the year, with the above related parties were as follows :

₹ in crores

| Particulars                             | Subsidiary Companies |               | Associates   |               | Entities over which control is exercised |               | Key Management Personnel |               | Relatives of Key Management Personnel |               |
|---|----------------------|---------------|--------------|---------------|--|---------------|--------------------------|---------------|---------------------------------------|---------------|
|   | Current Year         | Previous Year | Current Year | Previous Year | Current Year                             | Previous Year | Current Year             | Previous Year | Current Year                          | Previous Year |
| <b>INCOME</b>                           |                      |               |              |               |  |               |                          |               |                                       |               |
| <b>Dividend</b>                         |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Asset Management Co. Ltd.        | 43.78                | 33.21         | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Investments Ltd.                 | –                    | 21.34         | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Holdings Ltd.                    | –                    | 18.00         | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Bank Ltd.                        | –                    | –             | 94.37        | 52.44         | –  | –             | –                        | –             | –                                     | –             |
| <b>Interest</b>                         |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Asset Management Co. Ltd.        | –                    | 10.41         | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Bank Ltd.                        | –                    | –             | 4.88         | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC IT Corridor Fund                 | –                    | –             | –            | –             | 16.78                                    | 16.78         | –                        | –             | –                                     | –             |
| <b>Consultancy and Other Fees</b>       |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Asset Management Co. Ltd.        | 14.00                | 19.35         | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC ERGO General Insurance Co. Ltd.  | –                    | 4.79          | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| <b>Rent</b>                             |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Asset Management Co. Ltd.        | 2.75                 | 3.90          | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Property Ventures Ltd.           | –                    | 0.94          | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Bank Ltd.                        | –                    | –             | 1.75         | 0.87          | –  | –             | –                        | –             | –                                     | –             |
| <b>Other Income</b>                     |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Bank Ltd.                        | –                    | –             | 9.99         | 5.99          | –  | –             | –                        | –             | –                                     | –             |
| <b>EXPENDITURE</b>                      |                      |               |              |               |  |               |                          |               |                                       |               |
| <b>Interest</b>                         |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Standard Life Insurance Co. Ltd. | 27.58                | 16.77         | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| <b>Bank and Other Charges</b>           |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Bank Ltd.                        | –                    | –             | 1.45         | 1.66          | –  | –             | –                        | –             | –                                     | –             |
| <b>Remuneration</b>                     |                      |               |              |               |  |               |                          |               |                                       |               |
| – Mr. Deepak S Parekh                   | –                    | –             | –            | –             | –  | –             | –                        | 7.04          | –                                     | –             |
| – Mr. Keki M Mistry                     | –                    | –             | –            | –             | –  | –             | 4.63                     | 3.86          | –                                     | –             |
| – Ms. Renu Sud Karnad                   | –                    | –             | –            | –             | –  | –             | 4.31                     | 3.60          | –                                     | –             |
| – Mr. V Srinivasa Rangan                | –                    | –             | –            | –             | –  | –             | 2.14                     | –             | –                                     | –             |
| <b>Other Expenses</b>                   |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Sales Pvt. Ltd.                  | 79.94                | 62.48         | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Bank Ltd.                        | –                    | –             | 94.85        | 75.40         | –  | –             | –                        | –             | –                                     | –             |
| <b>ASSETS</b>                           |                      |               |              |               |  |               |                          |               |                                       |               |
| <b>Investments</b>                      |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Standard Life Insurance Co. Ltd. | 1,545.64             | 1,428.06      | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Bank Ltd.                        | –                    | –             | 5,549.74     | 5,549.74      | –  | –             | –                        | –             | –                                     | –             |
| <b>Deposits</b>                         |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Bank Ltd.                        | –                    | –             | 957.94       | 1500.00       | –  | –             | –                        | –             | –                                     | –             |
| <b>Bank Balances</b>                    |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Bank Ltd.                        | –                    | –             | 110.47       | –             | –  | –             | –                        | –             | –                                     | –             |
| <b>Sundry Debtors</b>                   |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC ERGO General Insurance Co. Ltd.  | –                    | 0.52          | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Standard Life Insurance Co. Ltd. | 0.02                 | 0.07          | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| <b>Others</b>                           |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Standard Life Insurance Co. Ltd. | 7.55                 | 7.56          | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC ERGO General Insurance Co. Ltd.  | 38.21                | –             | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Bank Ltd.                        | –                    | –             | –            | 1.59          | –  | –             | –                        | –             | –                                     | –             |
| <b>LIABILITIES</b>                      |                      |               |              |               |  |               |                          |               |                                       |               |
| <b>Deposits</b>                         |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Holdings Ltd.                    | 35.73                | 21.84         | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Investments Ltd.                 | 133.87               | –             | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Developers Ltd.                  | –                    | 3.95          | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – Credila Financial Services Pvt. Ltd.  | –                    | –             | –            | 4.00          | –  | –             | –                        | –             | –                                     | –             |
| <b>Short Term Loan</b>                  |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Bank Ltd.                        | –                    | –             | –            | 126.15        | –  | –             | –                        | –             | –                                     | –             |
| <b>Non-Convertible Debentures</b>       |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Standard Life Insurance Co. Ltd. | 200.00               | 165.00        | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC ERGO General Insurance Co. Ltd.  | 35.00                | –             | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| <b>Others</b>                           |                      |               |              |               |  |               |                          |               |                                       |               |
| – HDFC Standard Life Insurance Co. Ltd. | 8.63                 | 7.54          | –            | –             | –  | –             | –                        | –             | –                                     | –             |
| – HDFC Bank Ltd.                        | –                    | –             | 11.20        | –             | –  | –             | –                        | –             | –                                     | –             |

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

- 25 In accordance with the Accounting Standard on 'Leases' (AS 19), notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of Operating Leases are made :

- (i) Income from Leases includes ₹ 3,15,82,868 (Previous Year ₹ 8,65,44,228) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

| Period  | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| Not later than one year                           | 2,15,86,992            | 1,65,64,254             |
| Later than one year but not later than five years | 5,39,85,689            | 3,62,67,384             |
| Later than five years                             | 1,04,58,141            | 1,88,24,653             |

- (ii) The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 36 months to 108 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to ₹ 2,55,11,961 (Previous Year ₹ 3,27,40,531). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof included under Other Income amount to ₹ 6,90,000 (Previous Year ₹ 1,00,74,150). The future minimum lease payments in respect of the properties acquired under non-cancellable operating leases are as follows:

| Period  | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| Not later than one year                           | 1,23,18,743            | 2,42,00,598             |
| Later than one year but not later than five years | —                      | 1,18,81,500             |

- 26 In accordance with the Accounting Standard on 'Earnings Per Share' (AS 20), notified by the Companies (Accounting Standards) Rules, 2006 :

- (i) In calculating the Basic Earnings Per Share the Profit After Tax of ₹ 3534,95,81,311 (Previous Year ₹ 2826,48,98,200) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ 11,47,63,981 (Previous Year ₹ 8,48,45,183).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ₹ 3523,48,17,330 (Previous Year ₹ 2818,00,53,017) and the weighted average number of shares during the year of 145,71,70,870 (Previous Year 142,61,76,790).

- (ii) The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

| Particulars                                   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| Basic Earnings Per Share                      | 24.18                  | 19.76                   |
| Effect of outstanding Stock Options and FCCBs | (0.52)                 | (0.58)                  |
| Diluted Earnings Per Share                    | 23.66                  | 19.18                   |

- (iii) The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options and FCCBs for the respective periods. The relevant details as described above are as follows :

| Particulars   | Current Year  | Previous Year |
|---|---------------|---------------|
| Weighted average number of shares for computation of Basic Earnings Per Share   | 145,71,70,870 | 142,61,76,790 |
| Diluted effect of outstanding Stock Options and FCCBs                           | 3,16,06,515   | 4,26,61,230   |
| Weighted average number of shares for computation of Diluted Earnings Per Share | 148,87,77,385 | 146,88,38,020 |

# Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

- 27 In compliance with the Accounting Standard relating to 'Accounting for Taxes on Income' (AS 22), notified by the Companies (Accounting Standards) Rules, 2006, the Corporation has taken credit of ₹ 19,00,00,000 (Previous Year credit of ₹ 1,50,00,000) in the Profit and Loss Account for the year ended March 31, 2011 towards deferred tax asset (net) for the year, arising on account of timing differences.

The major components of deferred tax assets and liabilities are :

| Particulars                        | Assets              |                      | Liabilities         |                      |
|------------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                    | Current Year Rupees | Previous Year Rupees | Current Year Rupees | Previous Year Rupees |
| a) Depreciation                    |                     |                      | 49,57,01,777        | 49,98,26,208         |
| b) Provision for Contingencies     | 389,89,91,920       | 243,64,73,993        |                     |                      |
| c) Provision for Employee Benefits | 18,72,78,304        | 16,05,46,079         |                     |                      |
| d) Accrued Redemption Loss (net)   | 6,75,22,408         | 6,91,30,084          |                     |                      |
| e) Others (net)                    | 82,32,58,860        | 69,09,56,767         |                     |                      |
| Total                              | 497,70,51,492       | 335,71,06,923        | 49,57,01,777        | 49,98,26,208         |
| Net Deferred Tax Asset             | 448,13,49,715       | 285,72,80,715        |                     |                      |

- 28 In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS 27), notified by the Companies (Accounting Standards) Rules, 2006, the Corporation has interests in the following jointly controlled entities, which are incorporated in India :

₹ in crores

| Names of Companies                    | Percentage of Share-holding | Amount of Interest based on the last Audited Accounts for the year ended March 31, 2011 |             |         |             |                    |                      |
|---------------------------------------|-----------------------------|---|-------------|---------|-------------|--------------------|----------------------|
|                                       |                             | Assets  | Liabilities | Income  | Expenditure | Capital Commitment | Contingent Liability |
| HDFC Standard Life Insurance Co. Ltd. | 72.37                       | 20,185.11   | 19,837.28   | 74.18   | 145.83      | 56.01              | 507.01               |
| Previous Year                         | 72.56                       | 15,532.92   | 15,115.53   | 58.89   | 258.56      | 141.59             | 217.01               |
| HDFC ERGO General Insurance Co. Ltd.  | 74.00                       | 1,131.37  | 817.75      | (26.71) | 0.24        | 7.40               | 9.99                 |
| Previous Year                         | 74.00                       | 664.18  | 480.74      | (69.87) | 0.03        | 1.02               | —                    |

- 29 (i) Provision for Contingencies as on March 31, 2011 amounting to ₹ 1,124.37 crores (Previous Year ₹ 655.57 crores) includes provisions for non-performing assets, standard assets and all other contingencies. In addition to the provisions against non-performing assets, vide the National Housing Bank circular No. NHB(ND)/DRS/DIR-18-07/1336/2007 dated March 26, 2007, all housing finance companies are required to carry a general provision at the rate of 0.40% of the total outstanding amount of non-housing loans which are standard assets. Further, vide the National Housing Bank circular No. NHB.HFC.DIR.2/CMD/2010 dated December 24, 2010, all housing finance companies are required to carry a general provision (i) at the rate of 0.20% by March 31, 2011 and at the rate of 0.40% by September 2011 on all outstanding loans other than housing loans to individuals and (ii) at the rate of 2% on housing loans disbursed at comparatively lower rate of interest in the initial few years after which rates are reset at higher rates. Accordingly, the Corporation is required to carry a minimum provision of ₹ 813.53 crores (Previous Year ₹ 325.29 crores) towards non-performing assets and standard assets, as per the prudential norms of the National Housing Bank.

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

(ii) Movement in Provision for Contingencies Account during the year is as under:

₹ in crores

| Particulars  | Current Year | Previous Year |
|--|--------------|---------------|
| Opening Balance  | 655.57       | 621.52        |
| Additions during the year  | 512.00       | 58.00         |
| Utilised during the year – towards loans write offs, Diminution in Value of Investments etc. | (43.20)      | (23.95)       |
| Closing Balance  | 1,124.37     | 655.57        |

- 30 Under Employees Stock Option Scheme - 2008 (ESOS-08), the Corporation had on November 25, 2008, granted 57,90,000 stock options at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **1,09,685 options** (Previous Year 55,51,237 options) were vested and **1,545 options** (Previous Year 3,650 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2007 (ESOS-07), the Corporation had on September 12, 2007, granted 54,56,835 stock options at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **44,983 options** (Previous Year 96,541 options) were vested and **3,573 options** (Previous Year 76,569 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2005 (ESOS-05), the Corporation had on October 25, 2005, granted 74,73,621 stock options at an exercise price of ₹ 912.90 per option representing 74,73,621 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-05, the options would vest over a period of 2-3 years from the date of grant, but not later than October 24, 2008, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. In the current year **Nil option** (Previous Year 16,388 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Accordingly, each option exercised after August 21, 2010 is entitled to 5 equity shares of ₹ 2 each.

**Method used for accounting for share based payment plan:**

The Corporation has used intrinsic value method to account for the compensation cost of stock options to employees of the Corporation. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS-08, ESOS-07 and ESOS-05 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.



# Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

### Movement in the options under ESOS-08, ESOS-07 and ESOS-05:

| Particulars                              | ESOS-08              |                       | ESOS-07              |                       | ESOS-05              |                       |
|--|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
|  | Options Current Year | Options Previous Year | Options Current Year | Options Previous Year | Options Current Year | Options Previous Year |
| Outstanding at the beginning of the year | 51,08,334            | 57,89,650             | 50,55,801            | 53,11,118             | 16,68,226            | 29,21,425             |
| Exercised during the year                | 18,73,663            | 6,16,398              | 6,29,782             | 1,75,350              | 9,32,650             | 12,36,811             |
| Lapsed during the year                   | 4,963                | 64,918                | 4,773                | 79,967                | –                    | 16,388                |
| Outstanding at the end of the year       | 32,29,708            | 51,08,334             | 44,21,246            | 50,55,801             | 7,35,576             | 16,68,226             |
| Unvested at the end of the year          | 64,042               | 1,77,145              | –                    | 46,183                | –                    | –                     |
| Exercisable at the end of year           | 31,65,666            | 49,31,189             | 44,21,246            | 50,09,618             | 7,35,576             | 16,68,226             |
| Weighted average price per option        | ₹ 1,350.60           |                       | ₹ 2,149.00           |                       | ₹ 912.90             |                       |

### Fair Value Methodology:

The fair value of options used to compute proforma net income and earnings per equity share have been estimated on the date of grant using Black-Scholes model.

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-08, ESOS-07 and ESOS-05 as on the date of grant viz. November 25, 2008, September 12, 2007 and October 25, 2005, are as follows :

| Particulars   | ESOS-08      | ESOS-07      | ESOS-05      |
|---|--------------|--------------|--------------|
| Risk-free interest rate (p.a.)  | 6.94%        | 7.70%        | 6.38%        |
| Expected life   | Upto 2 years | Upto 2 years | 2 to 3 years |
| Expected volatility of share price  | 29%          | 19%          | 30%          |
| Expected growth in dividend (p.a.)  | 20%          | 20%          | 20%          |
| The weighted average fair value, as on the date of grant (per Stock Option) | ₹ 238.79     | ₹ 307.28     | ₹ 105.50     |

Had the compensation cost for the stock options granted under ESOS-08, ESOS-07 and ESOS-05 been determined based on fair value approach, the Corporation's net profit and earnings per share would have been as per the pro forma amounts indicated below:

₹ in crores

| Particulars  | Current Year | Previous Year |
|--|--------------|---------------|
| Net profit (as reported)   | 3,534.96     | 2,826.49      |
| Less : Stock-based compensation expense determined under fair value based method, net of tax: [Gross ₹ Nil (Previous Year ₹ 89.80 crores)] (pro forma) | -            | 59.28         |
| Net profit (pro forma)   | 3,534.96     | 2,767.21      |
| Less : Amounts utilised out of Shelter Assistance Reserve  | 11.48        | 8.48          |
| Net Profit considered for computing EPS (pro forma)  | 3,523.48     | 2,758.73      |

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

| Particulars                              | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| Basic earnings per share (as reported)   | <b>24.18</b>           | 19.76                   |
| Basic earnings per share (pro forma)     | <b>24.18</b>           | 19.34                   |
| Diluted earnings per share (as reported) | <b>23.66</b>           | 19.18                   |
| Diluted earnings per share (pro forma)   | <b>23.66</b>           | 18.78                   |

- 31 The Corporation has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders (including Foreign Institutional Investors) are as under:

| Particulars  | Current Year<br>Annual | Previous Year<br>Annual |
|--|------------------------|-------------------------|
| Year to which the dividend relates                       | <b>2009-10</b>         | 2008-09                 |
| Number of non-resident shareholders                      | <b>2,950</b>           | 2,735                   |
| Number of shares held by them of face value of ₹ 10 each | <b>21,39,06,451</b>    | 21,35,32,073            |
| Gross amount of dividend                                 | <b>₹ 770,06,32,236</b> | ₹640,59,62,190          |

- 32 (i) Additional Tax on dividend 2009-10, ₹ 1,06,60,197, pertains to the shortfall of dividend tax of the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115 (O)(IA) of the Income Tax Act, 1961. [Previous Year credit taken ₹ 15,16,32,924 pertains to the dividend tax paid by the subsidiary companies of the Corporation on dividend paid to the Corporation.]
- (ii) In respect of equity shares issued pursuant to Employee Stock Option Schemes and conversion of FCCBs, the Corporation paid dividend of ₹ 13,82,78,916 for the year 2009-10 (₹ 31,93,320 for the year 2008-09) and tax on dividend of ₹ 2,29,66,399 (Previous Year ₹ 5,42,705) as approved by the shareholders at the Annual General Meeting held on July 14, 2010.
- 33 Figures for the previous year have been regrouped wherever necessary.

## Schedule 15

### SIGNIFICANT ACCOUNTING POLICIES

#### 1 ACCOUNTING CONVENTION

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956 and the guidelines issued by the National Housing Bank.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

#### 2 SYSTEM OF ACCOUNTING

The Corporation adopts the accrual concept in the preparation of the accounts.

The Balance Sheet and the Profit and Loss account of the Corporation are prepared in accordance with the provisions contained in Section 211 of the Companies Act 1956, read with Schedule VI thereto and the approvals granted under the section by the Company Law Board.

#### 3 INFLATION

Assets and liabilities are recorded at historical cost to the Corporation. These costs are not adjusted to reflect the changing value in the purchasing power of money.

#### 4 INTEREST ON HOUSING LOANS

Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed either on an annual rest or on a monthly rest basis.

#### 5 INCOME FROM LEASES

Lease rental income in respect of leases is recognised in accordance with the Accounting Standard on 'Leases' (AS 19) notified by the Companies (Accounting Standards) Rules, 2006.

#### 6 INCOME FROM INVESTMENTS

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis.

#### 7 BROKERAGE AND SERVICE CHARGES ON DEPOSITS

Brokerage, other than incentive brokerage, and service charges on deposits are amortised over the period of the deposit. Incentive brokerage, which is payable to agents who achieve certain collection targets, is charged to the Profit and Loss Account.

#### 8 TRANSLATION OF FOREIGN CURRENCY

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Cross currency swaps and other derivatives have been fair valued at the year end. The net loss on translation of assets and liabilities in foreign currencies and fair value of derivatives is debited to Profit and Loss Account.

**Schedule 15 (Continued)****SIGNIFICANT ACCOUNTING POLICIES****9 INVESTMENTS**

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long Term. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13) notified by the Companies (Accounting Standards) Rules, 2006, and is recognised through the Provision for Contingencies Account. The investment in properties is net of provision for depreciation.

**10 FIXED ASSETS**

Fixed Assets are capitalised at cost inclusive of legal and/or installation expenses. Leased Assets are accounted in accordance with the Accounting Standard on 'Leases' (AS 19) notified by the Companies (Accounting Standards) Rules, 2006.

**11 INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to revenue account.

**12 DEPRECIATION AND AMORTISATION****Fixed Assets**

Depreciation on all Fixed Assets other than Leased Assets and Leasehold Improvements, is provided for the full year in respect of assets acquired during the year. No depreciation is provided in the year of sale.

In respect of Leased Assets and Leasehold Improvements depreciation is provided on a pro-rata basis from the date of installation / acquisition.

Depreciation on Buildings, Computers, Leased Assets and Leasehold Improvements, is calculated as per the straight-line method; and on other assets as per the reducing balance method. All assets except Computers and Leased Assets are depreciated at rates specified by the Companies Act, 1956. Depreciation on Computers is calculated at the rate of 25 per cent per annum. Depreciation in respect of finance leases is provided on the straight line method over the primary period of lease or over the specified period, as defined under Section 205(5)(a) of the Companies Act, 1956, whichever is shorter. Depreciation in respect of Leasehold Improvements is provided on the straight-line method over the primary period of the lease.

**Intangible Assets**

Capitalised software is amortised over a period of four years on a straight-line basis.

**13 INVESTMENT IN PROPERTIES**

Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.

**14 PROVISION FOR CONTINGENCIES**

The Corporation's policy is to carry adequate amounts in the Provision for Contingencies account to cover the principal amount outstanding in respect of all non-performing assets, standard assets as also all other contingencies. All loans and other credit exposures where the instalments are overdue for Ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank. The provisioning policy of the Corporation covers the minimum provisioning required as per the NHB guidelines.

## Schedule 15 (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

#### 15 EMPLOYEE BENEFITS

##### **Provident Fund and Superannuation Fund Contributions**

The Corporation's contributions paid / payable during the year towards Provident Fund and Superannuation Fund are charged in the Profit and Loss Account every year. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees.

##### **Gratuity and Post Retirement Pension**

The net present value of the Corporation's obligation towards gratuity to employees and post retirement pension scheme for whole time Directors is actuarially determined based on the projected unit credit method, except in the case of Dubai branch where the provision for gratuity is made in accordance with the prevalent local laws. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

##### **Other Employee Benefits**

Compensated absences in the form of short term benefits are determined on an undiscounted basis and recognised over the period of service, which entitles the employees to such benefits. Any such benefits which are long term in nature are actuarially determined.

#### 16 INCOME-TAX

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

#### 17 SECURITISED ASSETS

Derecognition of securitised assets in the books of the Corporation, recognition of gain or loss arising on securitisation and accounting for credit enhancement provided by the Corporation is based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

Securitised assets are derecognised in the books of the Corporation based on the principle of surrender of control over the assets. Credit Enhancement provided by the Corporation by way of investments in subordinate Class B Pass Through Certificates is included under Investments in Pass Through Certificates in Schedule 5.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No.

19916

State Code

11

Balance Sheet Date

31 3 2011

**II. Capital raised during the year (Amount in Rs. '000)**

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

28310

Stock Options

34361

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)**

Total Liabilities

1395021199

Total Assets

1395021199

**SOURCES OF FUNDS**

Paid-up Capital

2933734

Reserves and Surplus

170231444

Secured Loans

816415236

Unsecured Loans

337689598

**APPLICATION OF FUNDS**

Loans

1171266184

Net Fixed Assets

2339515

Investments

118323943

Net Current Assets

30859020

Deferred Tax Asset

4481350

Miscellaneous Expenditure

NIL

Accumulated Losses

NIL

**IV. Performance of the Company (Amount in Rs. '000)**

Total Income

128780677

Total Expenditure

80111096

Profit Before Tax

48669581

Profit After Tax

35349581

Earnings per Share (in Rs.)

24.18

Dividend %

450%

**V. Generic Names of Principal Service of the Company (as per monetary terms)**

Item Code No. (ITC Code)

NIL

Product Description

HOUSING FINANCE



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

| Names of the subsidiary companies   | HDFC Developers Ltd. | HDFC Investments Ltd. | HDFC Holdings Ltd. | HDFC Management Co. Ltd. | HDFC Asset Trustee Co. Ltd. | HDFC Realty Ltd. | HDFC Standard Life Insurance Co. Ltd. | GRUH Finance Ltd. | HDFC ERGO General Insurance Co. Ltd. | HDFC Venture Capital Ltd. | HDFC Ventures Trustee Co. Ltd. | HDFC Property Ventures Ltd. | HDFC Sales Pvt. Ltd. | Griha Investments | HDFC Asset Management Co. (Singapore) Pte. Ltd. | Credila Financial Services Pvt. Ltd. |
|---|----------------------|-----------------------|--------------------|--------------------------|-----------------------------|------------------|---------------------------------------|-------------------|--------------------------------------|---------------------------|--------------------------------|-----------------------------|----------------------|-------------------|---|--------------------------------------|
| The financial year of the subsidiary companies ended on   | March 31, 2011       | March 31, 2011        | March 31, 2011     | March 31, 2011           | March 31, 2011              | March 31, 2011   | March 31, 2011                        | March 31, 2011    | March 31, 2011                       | March 31, 2011            | March 31, 2011                 | March 31, 2011              | March 31, 2011       | March 31, 2011    | March 31, 2011                                  | March 31, 2011                       |
| Number of shares of the subsidiary companies held by HDFC Limited at the above date                           | 50,000               | 2,66,70,500           | 8,00,070           | 1,50,96,600              | 1,00,000                    | 57,50,070        | 144,37,33,842                         | 2,13,07,785       | 35,96,40,000                         | 4,02,500                  | 50,000                         | 10,00,000                   | 40,10,000            | 40,000            | 1,25,000  | 1,89,38,670                          |
| The net aggregate of profits of the subsidiary companies so far as these concern the members of HDFC Limited: |                      |                       |                    |                          |                             |                  |                                       |                   |                                      |                           |                                |                             |                      |                   |   |                                      |
| (i) dealt with in the accounts of HDFC Limited amounted to:   |                      |                       |                    |                          |                             |                  |                                       |                   |                                      |                           |                                |                             |                      |                   |   |                                      |
| (a) for subsidiaries' financial year ended on March 31, 2011  | -                    | 16,00,23,000          | -                  | 43,78,01,400             | -                           | -                | -                                     | -                 | -                                    | 8,05,00,000               | -                              | 2,00,00,000                 | -                    | -                 | -   | -                                    |
| (b) for previous financial years of the subsidiaries since these became subsidiaries of HDFC Limited          | 2,44,50,000          | 117,90,34,981         | 18,00,15,750       | 102,30,66,607            | -                           | -                | -                                     | 55,02,33,980      | -                                    | 32,40,12,500              | 1,00,00,000                    | 15,00,00,000                | -                    | -                 | -   | -                                    |
| (ii) not dealt with in the accounts of HDFC Limited amounted to:  |                      |                       |                    |                          |                             |                  |                                       |                   |                                      |                           |                                |                             |                      |                   |   |                                      |
| (a) for subsidiaries' financial year ended on March 31, 2011  | (1,11,61,188)        | 127,87,57,146         | 26,28,87,558       | 101,47,96,104            | 19,999                      | 98,177           | (71,64,78,198)                        | 55,46,52,784      | (26,95,63,500)                       | 1,78,28,219               | 27,40,309                      | 1,39,24,979                 | 2,93,70,187          | 6,65,17,116       | (6,18,234)                                      | (8,20,96,321)                        |
| (b) for previous financial years of the subsidiaries since these became subsidiaries of HDFC Limited          | 4,18,73,725          | 31,62,62,489          | 13,60,67,897       | 206,85,36,877            | 6,69,242                    | (5,61,82,133)    | 38,95,14,905                          | 42,49,02,495      | (123,68,90,020)                      | 9,56,20,235               | 45,81,859                      | 5,25,61,421                 | 1,64,06,375          | 33,80,60,231      | (24,31,431)                                     | -                                    |

## Directors

|   |  |  |
|---|--|--|
| <b>Deepak S. Parekh</b><br>Chairman                                 | <b>Keshub Mahindra</b><br>S. B. Patel            | <b>R. S. Tarneja</b><br>N. M. Munjee           |
| <b>Keki M. Mistry</b><br>Vice Chairman &<br>Chief Executive Officer | <b>B. S. Mehta</b><br>D. N. Ghosh                | <b>J. J. Irani</b><br>Bimal Jalan              |
| <b>Renu Sud Karnad</b><br>Managing Director                         | <b>S. A. Dave</b>                                | <b>D. M. Sukthankar</b>                        |
|   | <b>V. Srinivasa Rangan</b><br>Executive Director | <b>Girish V. Koliyote</b><br>Company Secretary |

MUMBAI, May 10, 2011

# Consolidated Group Accounts



Report of the Auditors

Balance Sheet

Profit and Loss Account

Cash Flow Statement

Schedules to the Accounts

## CONSOLIDATED GROUP ACCOUNTS

### Auditors' Report

TO THE BOARD OF DIRECTORS OF  
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

1. We have audited the attached Consolidated Balance Sheet of HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED ("the Corporation"), and its subsidiaries (the Corporation, and its subsidiaries constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements). These financial statements are the responsibility of the Corporation's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

3. We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets (net) of ₹ 4,312.65 crores as at March 31, 2011, total revenues of ₹ 1,767.12 crores and net cash inflows amounting to ₹ 86.81 crores for the year ended on that date, as considered in the Consolidated Financial Statements. We have also not audited the accounts of three associates whose financial statements include the Corporation's share of Profit of ₹ 908.91 crores. These financial statements have been audited by other auditors whose reports have been furnished to us and in our opinion in so far as it relates to the amounts included in respect of these subsidiaries and associates are based solely on the reports of the other auditors.

4. The consolidated financial statements include unaudited financial statements of one associate, which include the Corporation's share of Profit of ₹ 0.30 crore.

5. We report that the Consolidated Financial Statements have been prepared by the Corporation in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Corporation, its subsidiaries and associates, and to the best of our information and according to the explanations given to us, in our opinion,

the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;

(ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and

(iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 117366W)

P. R. Ramesh

MUMBAI,  
10<sup>th</sup> May, 2011

Partner  
(Membership No. 70928)

## Housing Development Finance Corporation Limited

### Consolidated Balance Sheet as at March 31, 2011

|   | Schedule | Rupees in crores | Rupees in crores   | March 31, 2010<br>Rupees in crores |
|---|----------|------------------|--------------------|------------------------------------|
| <b>SOURCES OF FUNDS</b>   |          |                  |                    |                                    |
| SHAREHOLDERS' FUNDS   |          |                  |                    |                                    |
| Share Capital   | 1        | 293.37           |                    | 287.11                             |
| Reserves and Surplus  | 2        | <u>20,896.75</u> |                    | <u>17,895.12</u>                   |
|   |          |                  | 21,190.12          | 18,182.23                          |
| POLICY LIABILITIES (Policyholders' Funds) [Note 5(ii)]  |          |                  | 26,092.16          | 19,564.46                          |
| LOAN FUNDS  | 3        |                  | 1,18,359.87        | 98,463.33                          |
| MINORITY INTEREST   |          |                  | <u>650.49</u>      | <u>523.08</u>                      |
|   |          |                  | <u>1,66,292.64</u> | <u>1,36,733.10</u>                 |
| <b>APPLICATION OF FUNDS</b>   |          |                  |                    |                                    |
| LOANS   | 4        |                  | 1,20,517.56        | 1,00,485.19                        |
| INVESTMENTS   | 5        |                  | 40,964.97          | 32,743.06                          |
| DEFERRED TAX ASSET [Note 16]  |          |                  | 472.50             | 314.49                             |
| CURRENT ASSETS, LOANS AND ADVANCES  | 6        | 12,838.60        |                    | 9,770.51                           |
| Less : CURRENT LIABILITIES AND PROVISIONS   | 7        | <u>9,477.94</u>  |                    | <u>7,192.69</u>                    |
| NET CURRENT ASSETS  |          |                  | 3,360.66           | 2,577.82                           |
| FIXED ASSETS  | 8        |                  |                    |                                    |
| Gross Block   |          | 1,393.84         |                    | 1,130.33                           |
| Less : Depreciation   |          | <u>763.81</u>    |                    | <u>688.02</u>                      |
| Net Block   |          |                  | 630.03             | 442.31                             |
| GOODWILL ON CONSOLIDATION   |          |                  | 177.53             | 170.23                             |
| DEFICIT IN THE REVENUE ACCOUNT (Policyholders' Account)   |          |                  | <u>169.39</u>      | <u>—</u>                           |
|   |          |                  | <u>1,66,292.64</u> | <u>1,36,733.10</u>                 |
| Notes forming part of the Accounts  | 14       |                  |                    |                                    |
| Significant Accounting Policies   | 15       |                  |                    |                                    |
| Schedules 1 to 15 annexed hereto form part of the Balance Sheet and the Profit and Loss Account |          |                  |                    |                                    |

As per our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Ramesh**  
Partner

**Deepak S. Parekh**  
Chairman

**V. Srinivasa Rangan**  
Executive Director

**Keki M. Mistry**  
Vice Chairman &  
Chief Executive Officer

**Renu Sud Karnad**  
Managing Director

MUMBAI, May 10, 2011.

## Housing Development Finance Corporation Limited

### Consolidated Profit and Loss Account for the year ended March 31, 2011

|  | Schedule | Rupees in crores | Rupees in crores | Previous Year<br>Rupees in crores |
|--|----------|------------------|------------------|-----------------------------------|
| <b>INCOME</b>  |          |                  |                  |                                   |
| Operating Income   | 9        |                  | 13,297.48        | 11,795.20                         |
| Premium from Insurance business  |          |                  | 9,561.08         | 7,355.64                          |
| Other Operating Income from Insurance business   |          |                  | 2,086.78         | 5,739.50                          |
| Fees and Other Charges   |          |                  | 312.74           | 297.86                            |
| Profit on Sale of Investments [Note 7(ii)]   |          |                  | 507.00           | 225.10                            |
| Other Income   |          |                  | 27.55            | 38.50                             |
|  |          |                  | <u>25,792.63</u> | <u>25,451.80</u>                  |
| <b>EXPENDITURE AND CHARGES</b>   |          |                  |                  |                                   |
| Interest and Other Charges   | 10       |                  | 7,876.07         | 7,288.86                          |
| Staff Expenses   | 11       |                  | 375.99           | 316.57                            |
| Establishment Expenses   | 12       |                  | 77.66            | 69.16                             |
| Other Expenses   | 13       |                  | 223.89           | 182.89                            |
| Claims paid pertaining to Insurance Business   |          |                  | 3,361.85         | 1,733.73                          |
| Other expenses pertaining to Insurance Business  |          |                  | 8,517.95         | 11,791.00                         |
| Depreciation   |          |                  | 48.92            | 91.44                             |
| Preliminary expenses written off   |          |                  | -                | 0.18                              |
| Provision for Contingencies [Note 10(ii) and (iv)]   |          |                  | 66.15            | 94.34                             |
|  |          |                  | <u>20,548.48</u> | <u>21,568.17</u>                  |
| Profit Before Tax (before profit of associates and adjustment for minority interest)   |          |                  | 5,244.15         | 3,883.63                          |
| Less : Provision for Tax (net of Deferred Tax Asset, ₹ 14.60 crores -<br>Previous Year ₹ 21.01 crores) [Note 16]                         |          |                  | 1,539.32         | 1,254.52                          |
| Profit After Tax (before profit of associates and adjustment for minority interest)  |          |                  | 3,704.83         | 2,629.11                          |
| Add : Net share of profit of associates (Equity method)  |          |                  | 908.43           | 605.74                            |
| Less / Add: Share of (profit) / loss of minority interest  |          |                  | (84.85)          | 6.13                              |
| <b>PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION</b>  |          |                  | <u>4,528.41</u>  | <u>3,240.98</u>                   |
| <b>APPROPRIATIONS:</b>   |          |                  |                  |                                   |
| Special Reserve No. II   |          | 638.33           |                  | 517.50                            |
| Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)  |          | 5.26             |                  | 2.49                              |
| General Reserve  |          | 868.43           |                  | 729.97                            |
| Additional Reserve (under Section 29C of the National Housing Bank Act, 1987)  |          | 530.00           |                  | 432.00                            |
| Shelter Assistance Reserve   |          | 12.00            |                  | 9.00                              |
| Capital Redemption Reserve   |          | 0.30             |                  | -                                 |
| Utilised by a subsidiary company for buy back of equity shares [Note 3(ii)]  |          | 5.65             |                  | -                                 |
| Proposed Dividend  |          | 1,320.20         |                  | 1,033.60                          |
| Additional Tax on Dividend   |          | 237.23           |                  | 194.27                            |
| Additional Tax on Dividend 2009-10 [Note 18(i)]  |          | 1.07             |                  | (15.16)                           |
| Dividend [including tax of ₹ 2.31 crores (Previous Year ₹ 0.05 crore)]<br>pertaining to previous year paid during the year [Note 18(ii)] |          | 16.22            |                  | 0.37                              |
|  |          |                  | <u>3,634.69</u>  | <u>2,904.04</u>                   |
| <b>BALANCE CARRIED TO SCHEDULE 2</b>   |          |                  | <u>893.72</u>    | <u>336.94</u>                     |
| <b>EARNINGS PER SHARE (Face Value ₹ 2) [Note 15]:</b>  |          |                  |                  |                                   |
| — Basic (₹)  |          |                  | 31.00            | 22.67                             |
| — Diluted (₹)  |          |                  | 30.34            | 22.01                             |
| Notes forming part of the Accounts   | 14       |                  |                  |                                   |
| Significant Accounting Policies  | 15       |                  |                  |                                   |

Schedules 1 to 15 annexed hereto form part of the Balance Sheet and the Profit and Loss Account

As per our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Ramesh**  
Partner

**Deepak S. Parekh**  
Chairman

**V. Srinivasa Rangan**  
Executive Director

**Keki M. Mistry**  
Vice Chairman &  
Chief Executive Officer

**Renu Sud Karnad**  
Managing Director

MUMBAI, May 10, 2011.



## Housing Development Finance Corporation Limited

### Consolidated Cash Flow Statement for the year ended March 31, 2011

|  | Rupees in crores   | Previous Year<br>Rupees in crores |
|--|--------------------|-----------------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>   |                    |                                   |
| Profit After tax Attributable to the Corporation   | 4,528.41           | 3,240.98                          |
| Add: Provision for Taxation  | 1,539.32           | 1,254.52                          |
| Profit Before Tax  | 6,067.73           | 4,495.50                          |
| Adjustments for:   |                    |                                   |
| Depreciation and Amortisation (including depreciation included under<br>Other expenses pertaining to Insurance Business) | 112.47             | 145.58                            |
| Preliminary expenses written off   | -                  | 0.18                              |
| Provision for Contingencies  | 66.15              | 94.34                             |
| Loss / (Gain) on translation of foreign currency monetary assets and liabilities and fair<br>value of derivatives        | 24.92              | (32.32)                           |
| Employee Stock Option Expense (net of options exercised)   | (1.92)             | 3.51                              |
| Reserve for Unexpired Risk   | 168.38             | 188.49                            |
| Provision for Employee Benefits  | 0.30               | 18.64                             |
| Policy Liabilities (net)   | 6,358.31           | 9,694.78                          |
| Surplus from Deployment in Cash Management Schemes of Mutual Funds   | (224.12)           | (189.96)                          |
| Profit on Sale of Investments  | (507.00)           | (225.10)                          |
| Provision for Diminution in Value of Investments   | (0.99)             | (17.45)                           |
| Bad debts written off  | 1.26               | 2.71                              |
| Profit on Sale of Fixed Assets (net)   | (8.36)             | (3.60)                            |
| Operating Profit before Working Capital changes  | 12,057.13          | 14,175.30                         |
| Adjustments for:   |                    |                                   |
| Current Assets   | (404.59)           | (493.91)                          |
| Current Liabilities  | 807.94             | 823.29                            |
| Cash generated from operations   | 12,460.48          | 14,504.68                         |
| Taxes Paid   | (1,674.14)         | (1,326.80)                        |
| Net cash from operation  | 10,786.34          | 13,177.88                         |
| Loans disbursed (net)  | (20,073.71)        | (13,303.71)                       |
| Corporate Deposits (net)   | (1,096.16)         | 802.39                            |
| <b>Net cash (used in) / from operating activities</b>  | <b>(10,383.53)</b> | <b>676.56</b>                     |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>   |                    |                                   |
| Purchase of Fixed Assets   | (306.96)           | (82.17)                           |
| Sale of Fixed Assets   | 17.57              | 8.08                              |
| Goodwill (net)   | (3.27)             | 2,972.90                          |
| Investments (net)  | (7,564.54)         | (13,515.15)                       |
| <b>Net cash used in investing activities</b>   | <b>(7,857.20)</b>  | <b>(10,616.34)</b>                |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>   |                    |                                   |
| Share Capital - Equity   | 6.26               | 2.66                              |
| Shares Bought Back by one of the Subsidiary Companies  | (43.65)            | -                                 |
| QIP Warrants Issue   | -                  | 301.23                            |
| Securities Premium received during the year  | 918.10             | 324.88                            |
| Borrowings (net)   | 20,046.96          | 13,328.91                         |
| Dividend paid  | (1,047.51)         | (853.68)                          |
| Taxes paid on Dividend   | (195.57)           | (144.43)                          |
| Securities Issue Expenses  | (0.17)             | (6.45)                            |
| Expenses on Buy Back of equity shares by one of the Subsidiary Companies   | (16.57)            | -                                 |
| Increase in Minority Interest  | 145.02             | 66.15                             |
| Shelter Assistance Reserve - utilisation   | (11.48)            | (8.48)                            |
| <b>Net cash from financing activities</b>  | <b>19,801.39</b>   | <b>13,010.79</b>                  |
| Net Increase in cash and cash equivalents  | 1,560.66           | 3,071.01                          |
| Cash and cash equivalents as at the beginning of the year [As per Note 4(ii)]  | 6,276.56           | 3,205.55                          |
| Cash and cash equivalents as at the end of the year [As per Note 4(ii)]  | 7,837.22           | 6,276.56                          |
|  | 1,560.66           | 3,071.01                          |

As per our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Ramesh**  
Partner

MUMBAI, May 10, 2011.

**Deepak S. Parekh**  
Chairman

**Keki M. Mistry**  
Vice Chairman &  
Chief Executive Officer

**V. Srinivasa Rangan**  
Executive Director

**Renu Sud Karnad**  
Managing Director

## Schedules

### Annexed to and forming part of the Consolidated Accounts

#### Schedule 1

##### SHARE CAPITAL

|   | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
|---|---|---|
| AUTHORISED  |   |   |
| 162,50,00,000 Equity Shares of ₹ 2 each                 | 325.00                                      | 325.00                                      |
| (Previous Year 32,50,00,000 Equity Shares of ₹ 10 each) | 325.00                                      | 325.00                                      |
| ISSUED, SUBSCRIBED AND PAID-UP                          |   |   |
| 146,68,86,690 Equity Shares of ₹ 2 each                 | 293.37                                      | 287.11                                      |
| (Previous Year 28,71,10,222 Equity Shares of ₹ 10 each) | 293.37                                      | 287.11                                      |

#### Schedule 2

##### RESERVES AND SURPLUS

|   | Rupees in crores | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
|---|------------------|---|---|
| SPECIAL RESERVE No. I   |                  | 51.23                                       | 51.23                                       |
| SPECIAL RESERVE No. II  |                  |   |   |
| Opening Balance   | 3,462.36         |   | 2,944.99                                    |
| Less: Opening Adjustments [Note 1(iv)]  | 7.49             |   | 0.13  |
|   | 3,454.87         |   | 2,944.86                                    |
| Add : Transfer from Profit and Loss Account   | 638.33           |   | 517.50                                      |
|   |                  | 4,093.20                                    | 3,462.36                                    |
| SPECIAL RESERVE   |                  |   |   |
| Under Section 45-IC(1) of the RBI Act, 1934   |                  |   |   |
| Opening Balance   | 8.67             |   | 6.18  |
| Add : Transfer from Profit and Loss Account   | 5.26             |   | 2.49  |
|   |                  | 13.93                                       | 8.67  |
| GENERAL RESERVE   |                  |   |   |
| Opening Balance   | 5,917.30         |   | 4,414.80                                    |
| Add / (Less): Opening Adjustments [Note 1(iv) and 2(b)]                               | (79.86)          |   | 772.53                                      |
| Less: Utilised by a subsidiary company for buy back of its equity shares [Note 3(ii)] | 38.00            |   | —   |
|   | 5,799.44         |   | 5,187.33                                    |
| Add : Transfer from Profit and Loss Account   | 868.43           |   | 729.97                                      |
|   |                  | 6,667.87                                    | 5,917.30                                    |
| ADDITIONAL RESERVE (under Section 29C of the National Housing Bank Act, 1987)         |                  |   |   |
| Opening Balance   | 952.46           |   | 520.46                                      |
| Add : Transfer from Profit and Loss Account   | 530.00           |   | 432.00                                      |
|   | 1,482.46         |   | 952.46                                      |
| Less : Utilised during the year   | 298.59           |   | —   |
| [(Net of Deferred Tax of ₹ 143.41 crores) (Previous Year ₹ Nil)]                      |                  | 1,183.87                                    | 952.46                                      |
| [Note 10(ii)]   |                  | 12,010.10                                   | 10,392.02                                   |
| Carried forward   |                  |   |   |

**Schedule 2 (Continued)**  
**RESERVES AND SURPLUS**

|  |                 | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
|--|-----------------|---|---|
|  | Brought forward | 12,010.10                                   | 10,392.02                                   |
| REVALUATION RESERVE [Note 3(iii)]  |                 |   |   |
| Opening Balance  | 40.20           |   | 40.12                                       |
| Add/(Less): Opening Adjustments [Note 1(iv)]   | (0.12)          |   | 0.08  |
| Less: Adjustment during the year   | 1.50            |   | —   |
| Additions during the year  | 1.47            |   | —   |
|  |                 | 40.05                                       | 40.20                                       |
| SECURITIES PREMIUM   |                 |   |   |
| Opening Balance  | 5,784.04        |   | 5,654.62                                    |
| Less: Opening Adjustments [Note 1(iv)]   | 2.89            |   | 0.08  |
|  | 5,781.15        |   | 5,654.54                                    |
| Add : Received during the year   | 918.10          |   | 324.88                                      |
| Add : Premium on redemption payable on FCCBs written back<br>on conversion [Note 3(i)] | 93.76           |   | 3.46  |
|  | 6,793.01        |   | 5,982.88                                    |
| Less : Utilised during the year [Note 3(i)]  | 548.83          |   | 198.84                                      |
| [Net of Tax ₹ 0.08 crore (Previous Year ₹ 0.01 crore)]                                 |                 | 6,244.18                                    | 5,784.04                                    |
| EMPLOYEE STOCK OPTION OUTSTANDING  |                 |   |   |
| Opening Balance  | 8.45            |   | 4.94  |
| Add : Net Charge for the year  | 1.69            |   | 3.51  |
|  | 10.14           |   | 8.45  |
| Less : Options exercised   | 3.61            |   | —   |
|  |                 | 6.53  | 8.45  |
| CAPITAL REDEMPTION RESERVE   |                 |   |   |
| Opening Balance  | 26.24           |   | 26.24                                       |
| Add : Transfer from the Profit and Loss Account [Notes 3(ii)]                          | 0.30            |   | —   |
|  |                 | 26.54                                       | 26.24                                       |
| SHELTER ASSISTANCE RESERVE   |                 |   |   |
| Opening Balance  | 14.13           |   | 13.61                                       |
| Add : Transfer from Profit and Loss Account  | 12.00           |   | 9.00  |
|  | 26.13           |   | 22.61                                       |
| Less : Utilised during the year  | 11.48           |   | 8.48  |
|  |                 | 14.65                                       | 14.13                                       |
| FOREIGN CURRENCY TRANSLATION RESERVE   |                 | (4.39)                                      | (1.72)                                      |
|  | Carried forward | 18,337.66                                   | 16,263.36                                   |

**Schedule 2 (Continued)**  
**RESERVES AND SURPLUS**

|   | Rupees in crores | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
|---|------------------|---|---|
| Brought forward   |                  | <b>18,337.66</b>                            | 16,263.36                                   |
| CAPITAL RESERVE   |                  |   |   |
| Opening Balance   | <b>301.27</b>    |   | 0.04  |
| Add: Subscription amounts received on warrants issued under QIP | <b>—</b>         |   | 301.23                                      |
|   |                  | <b>301.27</b>                               | 301.27                                      |
| CAPITAL RESERVE ON CONSOLIDATION                                |                  | <b>48.30</b>                                | 48.30                                       |
| PROFIT AND LOSS ACCOUNT (of subsidiaries and associates)        | <b>893.72</b>    |   | 336.94                                      |
| Add : Opening profit of subsidiaries and associates (net)       | <b>1,282.19</b>  |   | 943.09                                      |
| Add : Opening Adjustments [Note 1(iv)]                          | <b>33.61</b>     |   | 2.16  |
|   |                  | <b>2,209.52</b>                             | 1,282.19                                    |
|   |                  | <b>20,896.75</b>                            | 17,895.12                                   |

**Schedule 3**  
**LOAN FUNDS**

|  | Rupees in crores | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
|--|------------------|---|---|
| LOANS  |                  |   |   |
| Asian Development Bank   | <b>331.25</b>    |   | 351.14                                      |
| DEG - Deutsche Investitions - und Entwicklungsgesellschaft mbH | <b>22.36</b>     |   | 45.17                                       |
| International Finance Corporation                              | <b>447.25</b>    |   | 461.36                                      |
| Kreditanstalt für Wiederaufbau                                 | <b>39.04</b>     |   | 46.93                                       |
| National Housing Bank  | <b>2,421.33</b>  |   | 2,053.26                                    |
| Short Term Foreign Currency Borrowings from Banks              | <b>831.00</b>    |   | 831.00                                      |
| Scheduled Banks  | <b>38,394.88</b> |   | 28,491.86                                   |
| Others (Finance Lease) [Note 14(ii)(a)]                        | <b>0.61</b>      |   | 0.70  |
|  |                  | <b>42,487.72</b>                            | 32,281.42                                   |
| FOREIGN CURRENCY CONVERTIBLE BONDS                             |                  | <b>—</b>                                    | 428.52                                      |
| BONDS  |                  | <b>71.65</b>                                | 100.85                                      |
| NON CONVERTIBLE DEBENTURES                                     |                  | <b>41,723.90</b>                            | 32,827.90                                   |
| Under a Line from Kreditanstalt für Wiederaufbau (Unsecured)   |                  | <b>41.17</b>                                | 41.17                                       |
| Loans from Scheduled Banks (Unsecured) - Short Term            |                  | <b>2,503.69</b>                             | 1,683.82                                    |
| Commercial Paper (Unsecured)                                   |                  | <b>3,885.00</b>                             | 5,850.00                                    |
| Non-Convertible Subordinated Debentures (Unsecured)            |                  | <b>2,915.00</b>                             | 1,915.00                                    |
| DEPOSITS (Unsecured)   | <b>24,701.45</b> |   | 23,302.60                                   |
| Interest Accrued and Due                                       | <b>30.29</b>     |   | 32.05                                       |
|  |                  | <b>24,731.74</b>                            |   |
|  |                  | <b>1,18,359.87</b>                          | 98,463.33                                   |

**Schedule 4**  
**LOANS**

|                  | Rupees in crores | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
|------------------|------------------|---|---|
| Individuals      |                  | <b>76,943.58</b>                            | 63,686.20                                   |
| Corporate Bodies |                  | <b>42,237.35</b>                            | 35,255.24                                   |
| Others           |                  | <b>1,336.63</b>                             | 1,543.75                                    |
|                  |                  | <b>1,20,517.56</b>                          | 1,00,485.19                                 |

**Schedule 5**  
**INVESTMENTS**

|   | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
|---|---|---|
| <b>INVESTMENT IN ASSOCIATES :</b>   |   |   |
| <b>Equity Shares</b>  |   |   |
| Equity Investments in Associates by the Holding Company                                   | 1,467.03                                    | 1,469.16                                    |
| Equity Investment in Associate by Subsidiaries  | 73.32                                       | 73.32                                       |
|   | <u>1,540.35</u>                             | <u>1,542.48</u>                             |
| Add : Goodwill on acquisition of associates<br>(share of pre-acquisition losses)          | 3,893.37                                    | 3,895.85                                    |
|   | <u>5,433.72</u>                             | <u>5,438.33</u>                             |
| Less: Capital Reserve on acquisition of an associate<br>(Share of pre-acquisition profit) | 0.13  | 0.13  |
|   | <u>5,433.59</u>                             | <u>5,438.20</u>                             |
| Add : Adjustments for post-acquisition share of profit of<br>associates (Equity method)   | 4,614.19                                    | 3,913.58                                    |
|   | <u>10,047.78</u>                            | <u>9,351.78</u>                             |
| <b>Convertible Debentures (at cost)</b>   | 2.00  | 7.98  |
|   | <u>10,049.78</u>                            | <u>9,359.76</u>                             |
| <b>(A)</b>  |   |   |
|   | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
| <b>OTHER INVESTMENTS :</b>  |   |   |
| <b>Insurance Companies</b>  |   |   |
| Equity Shares   | 14,320.24                                   | 11,204.15                                   |
| Debentures and Bonds  | 4,945.83                                    | 3,586.10                                    |
| Pass Through Certificates   | 119.49                                      | 46.50                                       |
| Government and other Approved Securities  | 5,084.72                                    | 3,909.34                                    |
| Mutual Funds  | 79.73                                       | 564.44                                      |
| Commercial Paper  | 56.22                                       | 38.69                                       |
| Certificate of Deposits   | 1,769.17                                    | 510.51                                      |
| Treasury Bills  | 147.58                                      | 119.74                                      |
| Properties  | 106.73                                      | 75.75                                       |
|   | <u>26,629.71</u>                            | <u>20,055.22</u>                            |
| Add/ (Less) : Fair Value Change   | (0.35)                                      | (18.48)                                     |
| <b>(B)</b>  | <u>26,629.36</u>                            | <u>20,036.74</u>                            |
|   | Current Year<br>Rupees in crores            | Previous Year<br>Rupees in crores           |
| Investments related to Policy Holders   | 5,334.98                                    | 4,341.54                                    |
| Investments to cover Linked Liabilities   | 19,421.13                                   | 14,519.12                                   |
| Investments related to Shareholders   | 1,873.25                                    | 1,176.08                                    |
|   | <u>26,629.36</u>                            | <u>20,036.74</u>                            |

Schedule 5 (Continued)

INVESTMENTS

|   | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
|---|---|---|
| <b>Other than Insurance Companies</b>                                 |   |   |
| Equity Shares   | 942.91                                      | 877.22                                      |
| Preference Shares   | 12.98                                       | 5.99  |
| Convertible Preference Shares   | 73.70                                       | 78.15                                       |
| Convertible Debentures and Bonds                                      | 440.86                                      | 419.29                                      |
| Debentures and Bonds <sup>1</sup>                                     | 262.62                                      | 101.11                                      |
| Pass Through Certificates and Security Receipts                       | 85.86                                       | 89.22                                       |
| Commercial paper <sup>2</sup>   | 446.49                                      | —   |
| Government Securities   | 1,315.00                                    | 1,171.73                                    |
| Mutual Funds and Other Funds <sup>3</sup>                             | 617.72                                      | 490.55                                      |
| Properties  | 148.08                                      | 153.79                                      |
|   | <b>4,346.22</b>                             | <b>3,387.05</b>                             |
| Less : Provision for Diminution in Value of Investments               | <b>60.39</b>                                | <b>40.49</b>                                |
|   | <b>4,285.83</b>                             | <b>3,346.56</b>                             |
|   | (C)   |   |
|   | Current Year<br>Rupees in crores            | Previous Year<br>Rupees in crores           |
| Aggregate Book Value of Quoted Investments                            | 530.07                                      | 526.58                                      |
| Aggregate Market Value of Quoted Investments                          | 1,388.50                                    | 1,420.24                                    |
| Aggregate Book Value of Investments listed<br>but not quoted          | 1,461.24                                    | 1,222.81                                    |
| Aggregate Book Value of Investments in<br>Unquoted Mutual Funds       | 440.57                                      | 329.57                                      |
| Aggregate Repurchase Price of Investments in<br>Unquoted Mutual Funds | 455.59                                      | 331.36                                      |
| Aggregate Book Value of Unquoted Investments (Others)                 | 1,705.86                                    | 1,113.81                                    |
| Properties  | 148.09                                      | 153.79                                      |
| <b>Aggregate of Book Value of Investments</b>                         | <b>4,285.83</b>                             | <b>3,346.56</b>                             |
| Amounts held as current investments                                   |   |   |
| <sup>1</sup> Debentures and Bonds                                     | 59.32                                       | 34.32                                       |
| <sup>2</sup> Commercial Papers  | 446.49                                      | —   |
| <sup>3</sup> Mutual Funds and Other Funds                             | 427.47                                      | 331.57                                      |
|   | <b>933.28</b>                               | <b>365.89</b>                               |
|   | <b>[(A) + (B) + (C)]</b>                    | <b>40,964.97</b>                            |
|   |   | <b>32,743.06</b>                            |

Note :

Unquoted investments include ₹ 27.37 crores (Previous Year ₹ 57.30 crores) in respect of equity shares, ₹ 8 crores (Previous Year ₹ 15 crores) in respect of convertible preference shares, ₹ 60.16 crores (Previous Year ₹ 38.60 crores) in respect of convertible debentures and ₹ Nil (Previous Year ₹ 11 crores) in respect of redeemable debentures, which are subject to a lock-in period. Quoted investments include ₹ 4,016.43 crores (Previous Year ₹ 5,399.08 crores) in respect of equity shares which are subject to a lock-in period and include ₹ 60.74 crores (Previous Year ₹ 60.74 crores) in respect of equity shares, which are subject to restrictive covenant.



## CURRENT ASSETS, LOANS AND ADVANCES

|   | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---|-------------------------|-------------------------|
| Rupees in crores  | Rupees in crores        | Rupees in crores        |
| CURRENT ASSETS  |                         |                         |
| Income Accrued on Investments   | <b>365.34</b>           | 267.71                  |
| Interest Accrued on Deposits  | <b>116.37</b>           | 137.16                  |
| Sundry Debtors (Unsecured)  | <b>266.89</b>           | 259.57                  |
| Cash and Bank Balances : [Note 4(ii)]   |                         |                         |
| Cash and Cheques on Hand  | <b>147.17</b>           | 114.27                  |
| With Scheduled Banks - Current Accounts   | <b>646.68</b>           | 420.51                  |
| - Deposit Accounts  | <b>7,050.60</b>         | 5,541.43                |
| With Non-Scheduled Banks - Current Accounts                                     | <b>1.17</b>             | 0.22                    |
| With Reserve Bank of India  | <b>0.06</b>             | 0.06                    |
| With National Housing Bank  | <b>—</b>                | 200.00                  |
|   | <b>7,845.68</b>         |                         |
| Stock in trade  | <b>0.13</b>             | 0.16                    |
|   | <b>8,594.41</b>         | 6,941.09                |
| LOANS AND ADVANCES  |                         |                         |
| Instalments due from borrowers  | <b>437.96</b>           | 425.57                  |
| Advances recoverable in cash or in kind or for value to be received [Note 4(i)] | <b>1,951.13</b>         | 1,644.91                |
| Corporate Deposits  | <b>1,855.10</b>         | 758.94                  |
|   | <b>4,244.19</b>         |                         |
|   | <b>12,838.60</b>        | 9,770.51                |

## CURRENT LIABILITIES AND PROVISIONS

|   |          | As at<br>March 31, 2011<br>Rupees in crores | As at<br>March 31, 2010<br>Rupees in crores |
|---|----------|---|---|
| <b>CURRENT LIABILITIES</b>                                |          |   |   |
| Interest Accrued but not Due                              | 2,118.52 |   | 1,701.17                                    |
| Sundry Creditors  | 1,080.21 |   | 931.49                                      |
| Advance Payments  | 241.60   |   | 206.32                                      |
| Other Liabilities   | 2,027.32 |   | 1,745.65                                    |
|   |          | <b>5,467.65</b>                             | <b>4,584.63</b>                             |
| <b>PROVISIONS</b>   |          |   |   |
| Proposed Dividend - HDFC Ltd.                             | 1,320.20 |   | 1,033.60                                    |
| Additional Tax on Proposed Dividend                       | 220.46   |   | 175.42                                      |
| Provision for premium payable on redemption of Debentures | 724.48   |   | 286.15                                      |
| Provision for Contingencies [Note 10 (iii)]               | 1,177.10 |   | 713.48                                      |
| Provision for Tax (Net of Advance Tax)                    | 0.36     |   | 0.40  |
| Provision for Employee Benefits [Note 8]                  | 110.82   |   | 110.52                                      |
| Reserve for Unexpired Risk [Note 5(i)]                    | 456.87   |   | 288.49                                      |
|   |          | <b>4,010.29</b>                             |   |
|   |          | <b>9,477.94</b>                             | <b>7,192.69</b>                             |

**Schedule 8**  
**FIXED ASSETS**

Rupees in crores

|                        | GROSS BLOCK    |           |                            |                | DEPRECIATION AND AMORTISATION |                     |                        |                | NET BLOCK      |                |
|------------------------|----------------|-----------|----------------------------|----------------|-------------------------------|---------------------|------------------------|----------------|----------------|----------------|
|                        | As at          | Additions | <sup>(a)</sup> Adjustments | Deductions     | As at                         | For the             | Deductions             | As at          | As at          | As at          |
|                        | March 31, 2010 |           |                            | March 31, 2011 | March 31, 2010                | Year                | March 31, 2011         | March 31, 2011 | March 31, 2011 | March 31, 2010 |
| <b>TANGIBLE</b>        |                |           |                            |                |                               |                     |                        |                |                |                |
| Land :                 |                |           |                            |                |                               |                     |                        |                |                |                |
| Freehold               | 16.67          | -         | -                          | 16.67          | -                             | -                   | -                      | 16.67          | 16.67          |                |
| Leasehold              | 3.44           | -         | -                          | 3.44           | 0.50                          | 0.04                | -                      | 2.90           | 2.94           |                |
| Buildings :            |                |           |                            |                |                               |                     |                        |                |                |                |
| <sup>(a)</sup> Own Use | 206.17         | 248.40    | -                          | 454.07         | 33.44                         | 3.59                | (5.52)                 | 411.52         | 172.73         |                |
| Leasehold Improvements | 42.50          | 6.07      | -                          | 46.73          | 25.40                         | 6.84                | 1.41                   | 15.90          | 17.10          |                |
| Computer Hardware      | 176.83         | 14.98     | 0.49                       | 184.09         | 125.11                        | 0.15                | (12.59)                | 38.70          | 51.72          |                |
| Furniture & Fittings / |                |           |                            |                |                               |                     |                        |                |                |                |
| Office Equipment etc.  |                |           |                            |                |                               |                     |                        |                |                |                |
| Own Use                | 293.62         | 20.68     | 0.35                       | 281.15         | 195.07                        | 0.09                | (2.40)                 | 74.94          | 98.55          |                |
| Under Operating Lease  | 1.51           | -         | -                          | 1.51           | 1.12                          | 0.06                | -                      | 0.33           | 0.39           |                |
| Vehicles :             |                |           |                            |                |                               |                     |                        |                |                |                |
| Owned                  | 12.05          | 3.22      | -                          | 13.60          | 6.75                          | 2.03                | 1.26                   | 6.08           | 5.30           |                |
| Under Finance Lease    | 0.97           | 0.09      | -                          | 1.02           | 0.33                          | -                   | (0.17)                 | 0.52           | 0.64           |                |
| Leased Assets :        |                |           |                            |                |                               |                     |                        |                |                |                |
| Plant & Machinery (*)  | 137.07         | -         | -                          | 137.07         | 137.07                        | -                   | -                      | -              | -              |                |
| Vehicles (*)           | 16.37          | -         | -                          | 16.37          | 16.37                         | -                   | -                      | -              | -              |                |
| Computers (*)          | 0.20           | -         | -                          | 0.20           | 0.20                          | -                   | -                      | -              | -              |                |
| <b>INTANGIBLE</b>      |                |           |                            |                |                               |                     |                        |                |                |                |
| Computer Software      |                |           |                            |                |                               |                     |                        |                |                |                |
| Owned                  | 73.52          | 12.02     | 0.95                       | 86.23          | 42.06                         | 0.27                | (8.73)                 | 32.41          | 31.46          |                |
| Goodwill               | 149.41         | -         | -                          | 149.41         | 104.60                        | 14.92               | -                      | 29.89          | 44.81          |                |
| Website Development    | -              | 0.22      | 2.06                       | 2.28           | -                             | 2.06                | 0.05                   | 0.17           | 0.00           |                |
|                        | 1,130.33       | 305.68    | <sup>(b)</sup> 3.85        | 1,393.84       | 688.02                        | <sup>(b)</sup> 2.57 | <sup>(c)</sup> (26.74) | 630.03         | 442.31         |                |
| <b>Previous Year</b>   | 1,082.71       | 82.68     | -                          | 1,130.33       | 575.71                        | -                   | (23.56)                | 442.31         | 507.00         |                |

(\*) Assets held for disposal

**Notes**

(1) Net of depreciation for the year amounting to ₹ 63.55 crores (Previous Year ₹ 54.14 crores) included in Other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ 2.44 crores (Previous Year ₹ 2.69 crores) being depreciation charge on Investment in Properties.

(3) Represents acquisition of subsidiary in the current year.

## Schedule 9

### OPERATING INCOME [Note 7]

|  | Rupees in crores | For the year ended<br>March 31, 2011<br>Rupees in crores | Previous Year<br>Rupees in crores |
|--|------------------|--|-----------------------------------|
| <b>INTEREST INCOME:</b>  |                  |  |                                   |
| Interest on Loans<br>(Net of Exchange Difference ₹ 18.59 crores DR<br>- Previous Year ₹ 91.39 crores DR) | 11,592.35        |  | 10,291.97                         |
| Other Interest   | 652.93           |  | 539.64                            |
|  |                  | 12,245.28  | 10,831.61                         |
| Dividends  |                  | 71.91  | 95.54                             |
| Management and Trusteeship Fees  |                  | 733.10   | 653.99                            |
| Income from Leases   |                  | 23.07  | 24.10                             |
| Surplus from deployment in Cash Management Schemes of Mutual Funds                                       |                  | 224.12   | 189.96                            |
|  |                  | <u>13,297.48</u>   | <u>11,795.20</u>                  |

## Schedule 10

### INTEREST AND OTHER CHARGES

|  |  | For the year ended<br>March 31, 2011<br>Rupees in crores | Previous Year<br>Rupees in crores |
|--|--|--|-----------------------------------|
| <b>INTEREST</b>  |  |  |                                   |
| Loans  |  | 2,588.85   | 2,127.96                          |
| Deposits   |  | 2,054.90   | 1,810.73                          |
| Bonds  |  | 3,023.54   | 3,205.16                          |
| Others   |  | 1.16   | -                                 |
| (Includes Exchange Difference ₹ 18.46 crores DR<br>- Previous Year - ₹ 239.49 crores DR) |  | 7,668.45   | 7,143.85                          |
| <b>OTHER CHARGES</b>   |  | 207.62   | 145.01                            |
| (Includes Exchange Difference ₹ 0.39 crores CR<br>- Previous Year ₹ 0.40 crores DR)      |  |  |                                   |
|  |  | <u>7,876.07</u>  | <u>7,288.86</u>                   |

**Schedule 11**

**STAFF EXPENSES [Note 8]**

|  | For the year ended<br>March 31, 2011<br>Rupees in crores | Previous Year<br>Rupees in crores |
|--|--|-----------------------------------|
| Salaries and Bonus                             | 329.21   | 284.96                            |
| Contribution to Provident Fund and Other Funds | 37.03  | 25.19                             |
| Staff Training and Welfare Expenses            | 9.75   | 6.42                              |
|  | <u>375.99</u>  | <u>316.57</u>                     |

**Schedule 12**

**ESTABLISHMENT EXPENSES**

|                                     | For the year ended<br>March 31, 2011<br>Rupees in crores | Previous Year<br>Rupees in crores |
|-------------------------------------|--|-----------------------------------|
| Rent                                | 53.01  | 46.33                             |
| Rates and Taxes                     | 3.54   | 4.40                              |
| Repairs and Maintenance - Buildings | 5.31   | 4.05                              |
| General Office Expenses             | 1.93   | 1.95                              |
| Electricity Charges                 | 13.04  | 11.71                             |
| Insurance Charges                   | 0.83   | 0.72                              |
|                                     | <u>77.66</u>   | <u>69.16</u>                      |

**Schedule 13**

**OTHER EXPENSES**

|  | For the year ended<br>March 31, 2011<br>Rupees in crores | Previous Year<br>Rupees in crores |
|--|--|-----------------------------------|
| Travelling and Conveyance                      | 18.64  | 16.35                             |
| Printing and Stationery                        | 9.64   | 8.41                              |
| Postage, Telephone and Fax                     | 22.65  | 19.66                             |
| Advertising                                    | 48.36  | 50.82                             |
| Repairs and Maintenance - Other than Buildings | 12.22  | 9.85                              |
| Office Maintenance                             | 15.23  | 12.72                             |
| Legal Expenses                                 | 11.31  | 9.99                              |
| Computer Expenses                              | 7.81   | 6.21                              |
| Directors' Fees and Commission                 | 3.00   | 1.87                              |
| Miscellaneous Expenses                         | 72.43  | 44.14                             |
| Auditors' Remuneration [Note 9]                | 2.60   | 2.87                              |
|  | <u>223.89</u>  | <u>182.89</u>                     |

## Schedule 14

### NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. The consolidated financial statements comprise the individual financial statements of Housing Development Finance Corporation Limited ("HDFC Ltd." or "the Corporation"), its subsidiaries and associates as on March 31, 2011 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Corporation and its subsidiaries have been combined on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions, resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006.
- The Corporation's investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits / losses is reflected as goodwill / capital reserve in the carrying value of investments in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006.
- The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Corporation, i.e. March 31, 2011.
- The excess of cost to the Corporation, of its investment in the subsidiaries over the Corporation's portion of equity is recognised in the financial statements as Goodwill.
- The excess of the Corporation's portion of equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.
- Minority Interest in the net assets of consolidated subsidiaries consists of:
  - a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - b) The minorities' share of movements in equity since the date the relationship came into existence.
- Minority interest's share of net profit/loss for the year of the consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- (i) The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21) notified by the Companies (Accounting Standards) Rules, 2006.

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments and HDFC Asset Management Company (Singapore) Pte. Ltd. which have been incorporated in Mauritius and Singapore respectively.

| Name of Subsidiary             | Proportion of Ownership Interest (%) |               |
|--------------------------------|--------------------------------------|---------------|
|                                | Current Year                         | Previous Year |
| HDFC Developers Ltd.           | 100.00                               | 100.00        |
| HDFC Investments Ltd.          | 100.00                               | 100.00        |
| HDFC Holdings Ltd.             | 100.00                               | 100.00        |
| HDFC Asset Management Co. Ltd. | 59.98                                | 60.00         |
| HDFC Trustee Co. Ltd.          | 100.00                               | 100.00        |

**Schedule 14 (Continued)**

**NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

| Name of Subsidiary  | Proportion of Ownership Interest (%) |               |
|---|--------------------------------------|---------------|
|   | Current Year                         | Previous Year |
| HDFC Realty Ltd.  | 100.00                               | 100.00        |
| GRUH Finance Ltd.   | 60.61                                | 61.36         |
| HDFC Venture Capital Ltd.   | 80.50                                | 80.50         |
| HDFC Ventures Trustee Co. Ltd.  | 100.00                               | 100.00        |
| HDFC Sales Pvt. Ltd.  | 100.00                               | 100.00        |
| HDFC Property Ventures Ltd.   | 100.00                               | 100.00        |
| HDFC Investment Trust   | 100.00                               | 100.00        |
| HDFC Property Fund – Scheme - HDFC IT Corridor Fund   | 97.98                                | 97.98         |
| Griha Investments (Subsidiary of HDFC Holdings Ltd.)  | 100.00                               | 100.00        |
| HDFC Asset Management Company (Singapore) Pte. Ltd.<br>(Subsidiary of HDFC Asset Management Co. Ltd.) | 59.98                                | 60.00         |
| Credila Financial Services Pvt. Ltd. (w.e.f. July 9, 2010)  | * 62.28                              | -             |

\* Consequent to the acquisition of this subsidiary, the consolidated net worth of the current year is lower by ₹ 15.02 crores and the consolidated profit of the current year is lower by ₹ 4.86 crores.

- (ii) As per Accounting Standard on Consolidated Financial Statements (AS 21) notified by the Companies (Accounting Standards) Rules, 2006, the financial statements of the following subsidiaries of HDFC PROPERTY FUND – Scheme - HDFC IT Corridor Fund, all incorporated in India, have been excluded from consolidation, since they are held exclusively with a view to their subsequent disposal in the near future.

| Name of Subsidiary              | Proportion of Ownership Interest (%) |               |
|---------------------------------|--------------------------------------|---------------|
|                                 | Current Year                         | Previous Year |
| Grandeur Properties Pvt. Ltd.   | 97.98                                | 97.98         |
| Haddock Properties Pvt. Ltd.    | 97.98                                | 97.98         |
| Pentagram Properties Pvt. Ltd.  | 97.98                                | 97.98         |
| Windermere Properties Pvt. Ltd. | 97.98                                | 97.98         |
| Winchester Properties Pvt. Ltd. | 97.98                                | 97.98         |

- (iii) The financial statements of the following subsidiary companies, both incorporated in India, which are in the nature of jointly controlled entities, have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21) notified by the Companies (Accounting Standards) Rules, 2006.

| Name of Subsidiary (Jointly Controlled Entity) | Proportion of Ownership Interest (%) |               |
|--|--------------------------------------|---------------|
|  | Current Year                         | Previous Year |
| HDFC Standard Life Insurance Co. Ltd.          | 72.37                                | 72.56         |
| HDFC ERGO General Insurance Co. Ltd.           | 74.00                                | 74.00         |

- (iv) Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the 'Reserves and Surplus' as 'Opening Adjustments'.



## Schedule 14 (Continued)

### NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

2. HDFC Ltd.'s investments in the following associates, have been accounted for, under the equity method, in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006:

| Name of Associate  | Nature of Business | Proportion of Ownership Interest (%) |               |
|--|--------------------|--------------------------------------|---------------|
|  |                    | Current Year                         | Previous Year |
| HDFC Bank Ltd.   | Banking Services   | 23.35                                | 23.73         |
| Indian Association for Savings and Credit                | Micro Finance      | 49.99                                | 49.99         |
| India Value Fund Advisors Pvt. Ltd.                      | Venture Capital    | 21.51                                | 21.51         |
| RuralShores Business Services Pvt. Ltd.                  | BPO                | 34.39                                | 36.74         |
| Credila Financial Services Pvt. Ltd. (Upto July 8, 2010) | Education Loans    | -                                    | 25.64         |

HDFC Ltd.'s share of profit in HDFC Bank Ltd. has been accounted for based on their consolidated financial statements.

- a) HDFC Ltd.'s share of profit in India Value Fund Advisors Pvt. Ltd. has been accounted for based on unaudited financial statements prepared by the Management of the said company.
  - b) Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the 'General Reserve' as 'Opening Adjustments'.
3. (i) During the year, **₹ 548.83 crores** (Previous Year ₹ 198.84 crores) has been utilised out of the Securities Premium Account in accordance with Section 78 of the Companies Act, 1956. Out of the above, **₹ 0.17 crore** (Previous Year ₹ 0.03 crore) has been utilised by one of the subsidiary companies towards debenture issue expenses, **₹ 16.57 crores** (Previous Year ₹ Nil) has been utilised by one of the subsidiary companies towards buy-back of equity shares, **₹ Nil** (Previous Year ₹ 6.41 crores) has been utilised by HDFC Ltd. towards expenditure incurred for raising Zero Coupon Secured Redeemable Non Convertible Debentures (ZCD) to Qualified Institutional buyers on a Qualified Institutions Placement (QIP) basis and **₹ 532.09 crores** (Previous Year ₹ 192.40 crores) towards the proportionate premium payable on the redemption of ZCD and FCCB of HDFC Ltd. HDFC Ltd. has also written back **₹ 93.76 crores** (Previous Year ₹ 3.46 crores) on conversion of FCCBs to the Securities Premium account being the provision for premium on redemption of FCCBs created in the earlier years by debit to the Securities Premium account.
- (ii) HDFC Asset Management Company Limited (HDFC AMC), pursuant to the approval of its shareholders at the Extraordinary General Meetings and in accordance with the provisions of the Companies Act, 1956 (Act) and Private Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999, bought back **4,92,850** equity shares during the year (Previous Year ₹ Nil) at an aggregate value of **₹ 101.18 crores** (Previous Year ₹ Nil). HDFC AMC has utilised the Securities Premium Account and Free Reserves for this purpose. A sum of **₹ 0.30 crore** (Previous Year ₹ Nil) has been transferred to Capital Redemption Reserve in terms of Section 77AA of the Act.
- (iii) The premises owned by one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.) used as an office in the past had been reclassified during the year 2005-06 as Investment in Properties – Real Estate.

During the year, that subsidiary decided to use a portion of the property classified as investment property for its own business purpose. Consequently, value of the property so used for own business **₹ 36.41 crores** has been reclassified from investment property to fixed assets.

As required by IRDA regulation, the investment property has been revalued by an expert during the year. The gain of **₹ 1.47 crores** on revaluation arising due to a change in the carrying amount of the investment property has been credited to the revaluation reserve.

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

4. (i) Advances recoverable in cash or in kind includes Advance Tax (net of Provision for Taxation) ₹ 591.62 crores (Previous Year ₹ 466.02 crores).
- (ii) Cash and cash equivalents represents:

₹ in crores

| Particulars   | Current Year | Previous Year |
|---|--------------|---------------|
| Cash and Bank Balances (As per Schedule 6)  | 7,845.68     | 6,276.49      |
| Current Accounts held for Unclaimed Dividends                                     | (9.10)       | (7.93)        |
| Amount held by a subsidiary not freely available for use [refer note (iii) below] | (2.38)       | -             |
| Exchange difference on Cash and cash equivalents                                  | 0.64         | (8.00)        |
| Cash and Cash equivalents as at the end of the year                               | 7,834.84     | 6,276.56      |

- (iii) Cash and Bank Balances with Scheduled Banks in Current Accounts include an amount of ₹ 2.38 crores (Previous Year ₹ Nil) given by HDFC Asset Management Company Limited (HDFC AMC) to HDFC Trustee Company Limited and held in a designated account maintained by the latter. This is in terms of an interim order dated June 17, 2010 received from Securities and Exchange Board of India, representing the estimated losses incurred by the schemes of HDFC Mutual Fund/clients of HDFC AMC on suspected "front running" of the orders of HDFC Mutual Fund by a dealer of HDFC AMC. The exact liability, if any, in this matter cannot be determined at this stage.
5. (i) Reserve for Unexpired Risk represents proportion of net premium written relating to the period of insurance subsequent to the Balance Sheet date, calculated on the basis of 1/365<sup>th</sup> method, or as required under Section 64V(I)(ii)(b) of the Insurance Act, 1938, whichever is higher in respect of a subsidiary company [HDFC ERGO General Insurance Co. Ltd.].
- (ii) The balance in the funds for future appropriation account amounting to ₹ 447.22 crores (Previous Year ₹ 255.48 crores) included under Policy Liabilities (Policyholders' Fund) represents funds, the allocation of which, either to participating policyholders or to the shareholders, has not been determined at the balance sheet date.
- (iii) In respect of one of the subsidiary company's share in the Motor Third Party pooling arrangement as at for the twelve months period from March 01, 2011 to February 28, 2011, have been incorporated on the basis of unaudited financial statement received from the Indian Motor Third Party Insurance Pool. The loss being the subsidiary's share in the arrangement after considering all the income and expenses for twelve months period is ₹ 69.13 crores (Previous Year ₹ 14.97 crores). As the data for March 2011, is not available to the Subsidiary, the same could not be considered in preparing these financial statements. The Subsidiary does not expect any material change on this account.
6. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 339.35 crores (Previous Year ₹ 308.77 crores).
7. (i) Dividend income includes ₹ 34.77 crores (Previous Year ₹ 42.59 crores) in respect of current investments.
- (ii) Profit on sale of investments includes ₹ 133.59 crores (Previous Year ₹ 6.44 crores) in respect of current investments.
- (iii) Other Interest includes interest on investments amounting to ₹ 346.63 crores (Previous Year ₹ 233.08 crores) including ₹ 45.93 crores (Previous Year ₹ 11.01 crores) in respect of current investments.
- (iv) Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ 224.12 crores (Previous Year ₹ 189.96 crores) is in respect of investments held as current investments.

# Schedule 14 (Continued)

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

8. In accordance with the Accounting Standard on Employee Benefits (AS 15) (Revised 2005) notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures have been made:

- (i) Salaries and Bonus include **₹ 7.52 crores** (Previous Year ₹ 3.51 crores) towards provision made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the AS 15 (Revised).
- (ii) The following amounts are recognised in the Profit and Loss Account which are included as under:

| Particulars                            | ₹ in crores  |   |
|--|--|---|
|  | Contributions to Provident Fund and Other Funds under Staff Expenses | Other expenses pertaining to Insurance Business |
| Provident Fund                         | <b>12.06</b><br>(9.23)   | <b>19.44</b><br>* (19.81)                       |
| Superannuation Fund                    | <b>5.12</b><br>(4.23)  | <b>0.65</b><br>(0.51)                           |
| Employees' Pension Scheme -1995        | <b>1.29</b><br>(1.17)  | —<br>—  |
| Employees' State Insurance Corporation | <b>1.60</b><br>(1.13)  | <b>1.21</b><br>(0.21)                           |
| Contribution to EDLI                   | —<br>—   | <b>0.44</b><br>(0.49)                           |
| Labour Welfare Fund                    | —<br>—   | <b>0.06</b><br>(0.04)                           |

Figures in brackets pertain to the Previous Year.

\* Previous Year net of write back of ₹ 1.50 crores towards difference in the opening and the closing balance of the Defined Benefit Obligation towards guaranteed return on Provident Fund Investments as per actuarial valuation.

The Rules of the Provident Fund in respect of certain companies which are administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the respective companies. The deficiency of **₹ 0.87 crore** (Previous Year ₹ Nil) was made good by the Corporation.

- (iii) The details of the Group's post-retirement benefit plans for its employees including whole-time Directors are given below which is certified by the actuaries and relied upon by the respective auditors.

| Particulars                               | ₹ in crores   |               |
|---|---------------|---------------|
|   | Current Year  | Previous Year |
| <b>Change in the Benefit Obligations:</b> |               |               |
| Liability at the beginning of the year    | <b>96.14</b>  | 80.88         |
| Current Service Cost                      | <b>8.38</b>   | 6.94          |
| Interest Cost                             | <b>8.02</b>   | 6.15          |
| Past Service Cost (Vested benefit)        | —             | 3.35          |
| Benefits Paid                             | <b>(5.92)</b> | (4.50)        |
| Actuarial Loss                            | <b>7.68</b>   | 3.24          |
| Liability at the end of the year *        | <b>114.30</b> | 96.06         |

\* Including **₹ 28.12 crores** (Previous Year ₹ 25.82 crores) in respect of unfunded plans

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

| Particulars  | ₹ in crores  |               |
|--|--------------|---------------|
|  | Current Year | Previous Year |
| <b>Fair Value of Plan Assets:</b>  |              |               |
| Fair Value of Plan Assets at the beginning of the year                         | 66.60        | 52.36         |
| Expected Return on Plan Assets   | 5.92         | 4.94          |
| Contributions  | 11.36        | 16.20         |
| Benefits Paid  | (5.92)       | (4.50)        |
| Actuarial Loss on Plan Assets  | (3.83)       | (2.40)        |
| Fair Value of Plan Assets at the end of the year                               | 74.13        | 66.60         |
| Total Actuarial Loss to be recognised  | (11.51)      | (5.64)        |
| <b>Actual Return on Plan Assets:</b>   |              |               |
| Expected Return on Plan Assets   | 5.92         | 4.94          |
| Actuarial Loss on Plan Assets  | (3.83)       | (2.40)        |
| Actual Return on Plan Assets   | 2.09         | 2.54          |
| <b>Amount Recognised in the Balance Sheet: <sup>1</sup></b>                    |              |               |
| Liability at the end of the year   | 114.30       | 96.06         |
| Fair Value of Plan Assets at the end of the year                               | 74.13        | 66.60         |
| Amount recognised in the Balance Sheet under "Provision for Employee Benefits" | 40.17        | 29.46         |
| <b>Expense Recognised in the Profit and Loss Account:</b>                      |              |               |
| Current Service Cost   | 8.38         | 6.94          |
| Interest Cost  | 8.02         | 6.15          |
| Expected Return on Plan Assets   | (5.92)       | (4.94)        |
| Net Actuarial Loss to be recognised  | 11.51        | 5.64          |
| Past Service Cost (Vested benefit)   | -            | 3.35          |
| Expense recognised in the Profit and Loss Account                              |              |               |
| included under Contribution to Provident Fund and Other Funds                  | 18.80        | 15.82         |
| included under Other expenses pertaining to Insurance Business                 | 3.19         | 1.32          |
|  | 21.99        | 17.14         |
| <b>Reconciliation of the Liability Recognised in the Balance Sheet:</b>        |              |               |
| Opening Net Liability  | 29.54        | 28.52         |
| Expense recognised   | 21.99        | 17.14         |
| Contribution by the Group  | 11.36        | 16.20         |
| Amount recognised in the Balance Sheet under "Provision for Employee Benefits" | 40.17        | 29.46         |
| <b>Experience Adjustment: <sup>1</sup></b>                                     |              |               |
| On Plan Liabilities  | 7.39         | 7.50          |
| On Plan Assets   | (3.76)       | (2.40)        |
| Estimated Contribution for next year (excluding two subsidiaries)              | 9.37         | 9.27          |

# Schedule 14 (Continued)

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Investment Pattern:

| Particulars   | % Invested<br>Current Year | % Invested<br>Previous Year |
|---|----------------------------|-----------------------------|
| Central Government securities   | 20.98                      | 13.13                       |
| State Government securities / Securities guaranteed by State/<br>Central Government | 2.85                       | 3.97                        |
| Public Sector/Financial Institution Bonds   | 28.56                      | 40.65                       |
| Private Sector Bonds  | 14.33                      | 11.65                       |
| Special Deposit Scheme  | 2.99                       | 3.33                        |
| Certificate of Deposit  | 1.96                       | 0.48                        |
| Deposit with Banks and Financial Institutions                                       | 4.74                       | 4.68                        |
| Investment in Equity Shares   | 13.69                      | 11.73                       |
| Others (including bank balances) <sup>2</sup>                                       | 9.90                       | 10.38                       |
| <b>Total</b>  | <b>100.00</b>              | <b>100.00</b>               |

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

### Principal Assumptions:

| Particulars           | Current Year<br>% | Previous Year<br>% |
|-----------------------|-------------------|--------------------|
| Discount Rate         | 7.5 to 8.25       | 8 to 8.25          |
| Return on Plan Assets | 8 to 9            | 8 to 9.25          |
| Salary Escalation     | 5 to 20           | 4 to 6.25          |

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

<sup>1</sup> Details for past periods not disclosed due to non availability of data from one subsidiary.

<sup>2</sup> Includes investments in insurer managed funds of one of the subsidiaries amounting to 4.25% in the current year, since the details are not available with the said subsidiary.

### 9. (i) Auditors' Remuneration:

|  | Current Year | Previous Year |
|--|--------------|---------------|
|  | ₹ in crores  |               |
| Audit Fees   | 2.10         | 1.58          |
| Tax Matters  | 0.35         | 0.31          |
| Other Matters  | 0.72         | 1.31          |
| Reimbursement of Expenses  | 0.05         | 0.03          |
| Service Tax  | 0.20         | 0.22          |
|  | <b>3.42</b>  | <b>3.45</b>   |
| Less: Included under Other expenses pertaining to Insurance Business | 0.63         | 0.38          |
| Less: Service Tax Input Credit                                       | 0.19         | 0.20          |
|  | <b>2.60</b>  | <b>2.87</b>   |

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

10. (i) As per the Housing Finance Companies (NHB) Directions 2001, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by HDFC Ltd. and one of the subsidiaries in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions 2010 and NHB circular NHB(ND)/DRS/Pol-No.09/2004-05 dated May 18, 2005 in respect of Housing and Non-Housing Loans is as follows:

₹ in crores

| Particulars | Sub-Standard Assets |               | Doubtful Assets |               |
|-------------|---------------------|---------------|-----------------|---------------|
|             | Current Year        | Previous Year | Current Year    | Previous Year |
| Housing     | 39.78               | 68.71         | 126.00          | 116.86        |
| Non-Housing | 33.98               | 30.35         | 18.00           | 20.90         |

- (ii) During the year, in addition to the charge of ₹ 66.15 crores (Previous Year ₹ 94.34 crores) to the Profit and Loss Account an amount of ₹ 298.59 crores (net of deferred tax of ₹ 143.41 crores) [(Previous Year ₹ Nil) (net of Deferred Tax of ₹ Nil)], has been transferred from Additional Reserve created as per Section 29C of the National Housing Bank Act, 1987 pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 to Provision for Contingencies Account.
- (iii) a) Provision for Contingencies as on March 31, 2011 includes provision for non-performing assets, standard assets and all other contingencies amounting to ₹ 1,177.10 crores (Previous Year ₹ 713.48 crores). In accordance with the prudential norms of National Housing Bank and Reserve Bank of India, the minimum provision required to be carried forward is ₹ 819.90 crores (Previous Year ₹ 331.04 crores) and ₹ 0.91 crore (Previous Year ₹ Nil) respectively.
- b) Movement in Provision for Contingencies Account during the year is as under:

₹ in crores

| Particulars   | Current Year | Previous Year |
|---|--------------|---------------|
| Opening Balance   | 713.48       | 643.84        |
| Additions during the year   | 514.40       | 94.34         |
| Utilised during the year towards loan write offs,<br>Diminution in Value of Investments, etc. | (50.78)      | (24.70)       |
| Closing Balance   | 1,177.10     | 713.48        |

- (iv) Provision for Contingencies debited to the Profit and Loss Account in respect of HDFC Ltd. and GRUH Finance Ltd. includes Provision for Diminution in Value of Investments amounting to ₹ 24.06 crores (Previous Year ₹ 7.97 crores).
11. (i) Contingent liability in respect of guarantees provided aggregated to ₹ 2.45 crores (Previous Year ₹ 29.79 crores).
- (ii) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed, amounts to ₹ 1,132.72 crores (Previous Year ₹ 546.87 crores). The matters in dispute are under appeal. Out of the above, an amount of ₹ 565.04 crores (Previous Year ₹ 340.56 crores) has been paid/adjusted against refund and the same will be received as refund if the matters are decided in favour of HDFC Ltd. and the respective subsidiary companies.
- (iii) Contingent liability in respect of Interest tax demands, net of amount provided for and disputed in respect of one subsidiary company amounts to ₹ 0.07 crore (Previous Year ₹ 0.30 crore). The matter in dispute is under appeal. The subsidiary expects to succeed in the proceedings and hence no additional provision is considered necessary.
- (iv) One of the subsidiary companies has received show cause cum demand notices, amounting to ₹ 65.13 crores (Previous Year ₹ 63.29 crores), from the Office of the Commissioner, Service Tax, Mumbai on various grounds. The subsidiary has filed appeals to the appellate authorities on the said show cause notices. The subsidiary has been advised by an expert that their grounds of appeal are well supported in law. As a result, the subsidiary is confident to defend the appeal against the demand and does not expect the demand to crystallise into a liability.



**Schedule 14 (Continued)****NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

- (v) Contingent Liability in respect of corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to **₹ 1,539.27 crores** (Previous Year ₹ 1,081.15 crores). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.
- (vi) Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to **₹ 713.16 crores** (Previous Year ₹ 1,340.24 crores) and in respect of a subsidiary company amounts to **₹ 0.48 crore** (Previous Year ₹ 0.64 crore).
- (vii) Contingent Liability in respect of disputed dues towards sales tax, wealth tax, interest on lease tax, stamp duty and payment towards employers' contribution to ESIC not provided for by HDFC Ltd. amounts to **₹ 0.19 crore** (Previous Year ₹ 0.18 crore).

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

12. As per the Accounting Standard 17 on 'Segment Reporting' notified by the Companies (Accounting Standards) Rules, 2006, the main segments and the relevant disclosures relating thereto are as follows:

|   | Housing     |             | Life Insurance |           | General Insurance |         | Asset Management |        | Others |        | Inter-segment adjustments |          | Unassociated |            | Total       |             |
|---|-------------|-------------|----------------|-----------|-------------------|---------|------------------|--------|--------|--------|---------------------------|----------|--------------|------------|-------------|-------------|
|   | CY          | PY          | CY             | PY        | CY                | PY      | CY               | PY     | CY     | PY     | CY                        | PY       | CY           | PY         | CY          | PY          |
| Segment Revenue                           | 13,238.44   | 11,669.89   | 11,085.71      | 12,717.92 | 686.75            | 424.72  | 794.71           | 735.50 | 332.04 | 136.46 | (371.20)                  | (281.19) | 26.18        | 48.50      | 25,792.63   | 25,451.80   |
| Segment Result                            | 4,992.54    | 4,010.41    | (99.00)        | (275.19)  | (36.43)           | (94.46) | 576.67           | 458.17 | 205.72 | 64.12  | (276.50)                  | (251.60) | (118.85)     | (27.82)    | 5,244.15    | 3,883.63    |
| Income-tax (Current)                      |             |             |                |           |                   |         |                  |        |        |        |                           |          | 1,553.92     | 1,275.53   | 1,553.92    | 1,275.53    |
| Deferred tax                              |             |             |                |           |                   |         |                  |        |        |        |                           |          | (14.60)      | (21.01)    | (14.60)     | (21.01)     |
| Total Result                              | 4,992.54    | 4,010.41    | (99.00)        | (275.19)  | (36.43)           | (94.46) | 576.67           | 458.17 | 205.72 | 64.12  | (276.50)                  | (251.60) | (1,658.17)   | (1,282.34) | 3,704.83    | 2,629.11    |
| Capital Employed                          |             |             |                |           |                   |         |                  |        |        |        |                           |          |              |            |             |             |
| Segment Assets                            |             |             |                |           |                   |         |                  |        |        |        |                           |          |              |            |             |             |
| Loans                                     | 1,20,303.47 | 1,00,420.69 | 33.12          | 4.03      | -                 | -       | -                | 0.02   | 180.97 | -      | -                         | -        | -            | 60.45      | 1,20,517.56 | 1,00,485.19 |
| Investments                               | 11,867.06   | 10,760.17   | 25,456.12      | 19,870.56 | 1,173.23          | 574.08  | 465.33           | 417.48 | 101.34 | 98.30  | 1,472.80                  | 704.81   | 429.09       | 317.66     | 40,964.97   | 32,743.06   |
| Current Assets                            |             |             |                |           |                   |         |                  |        |        |        |                           |          |              |            |             |             |
| Loans and Advances                        |             |             |                |           |                   |         |                  |        |        |        |                           |          |              |            |             |             |
| (Net of Tax)                              | 10,017.87   | 7,218.43    | 2,159.60       | 1,536.70  | 271.98            | 295.89  | 323.50           | 299.40 | 191.84 | 36.05  | (254.24)                  | (86.09)  | 128.05       | 470.13     | 12,838.60   | 9,770.51    |
| Fixed Assets                              | 246.16      | 231.63      | 237.43         | 113.61    | 82.47             | 24.30   | 39.96            | 44.96  | 7.51   | 3.53   | 16.50                     | 24.28    | -            | -          | 630.03      | 442.31      |
| Goodwill On Consolidation                 | -           | -           | -              | -         | 1.23              | 1.23    | 167.62           | 167.62 | 8.68   | 1.38   | -                         | -        | -            | -          | 177.53      | 170.23      |
| Deferred Tax Asset                        |             |             |                |           |                   |         |                  |        |        |        |                           |          | 472.50       | 314.49     | 472.50      | 314.49      |
| Deficit in Policyholders Account          | -           | -           | 169.39         | -         | -                 | -       | -                | -      | -      | -      | -                         | -        | -            | -          | 169.39      | -           |
| Total Assets                              | 1,42,434.56 | 1,18,630.92 | 28,055.66      | 21,524.90 | 1,528.91          | 895.50  | 996.41           | 929.48 | 490.34 | 139.26 | 1,235.06                  | 643.00   | 1,029.64     | 1,162.73   | 1,75,770.58 | 1,43,925.79 |
| Segment Liabilities                       |             |             |                |           |                   |         |                  |        |        |        |                           |          |              |            |             |             |
| Loan Funds                                | 1,18,376.81 | 98,888.42   | -              | -         | 0.61              | 0.70    | -                | -      | 154.54 | -      | (195.54)                  | (445.79) | 23.45        | 20.00      | 1,18,359.87 | 98,463.33   |
| Current Liabilities and                   |             |             |                |           |                   |         |                  |        |        |        |                           |          |              |            |             |             |
| Provisions (Net of Tax)                   | 6,880.68    | 4,958.41    | 1,399.98       | 1,450.13  | 1,104.46          | 648.94  | 137.16           | 173.46 | 15.76  | 11.31  | (60.46)                   | (49.96)  | 0.36         | 0.40       | 9,477.94    | 7,192.69    |
| Policyholders' Funds                      | -           | -           | 26,092.16      | 19,564.46 | -                 | -       | -                | -      | -      | -      | -                         | -        | -            | -          | 26,092.16   | 19,564.46   |
| Minority Interest                         | 140.60      | 110.97      | 179.89         | 152.76    | 100.46            | 64.43   | 224.14           | 194.92 | 5.40   | -      | -                         | -        | -            | -          | 650.49      | 523.08      |
| Total Liabilities                         | 1,25,398.09 | 1,03,957.80 | 27,672.03      | 21,167.35 | 1,205.53          | 714.07  | 361.30           | 368.38 | 175.70 | 11.31  | (256.00)                  | (495.75) | 23.81        | 20.40      | 1,54,580.46 | 1,25,743.56 |
| Net Assets                                | 17,036.47   | 14,673.12   | 383.63         | 357.55    | 323.38            | 181.43  | 635.11           | 561.10 | 314.64 | 127.95 | 1,491.06                  | 1,138.75 | 1,005.83     | 1,142.33   | 21,190.12   | 18,182.23   |
| Other Information                         |             |             |                |           |                   |         |                  |        |        |        |                           |          |              |            |             |             |
| Capital Expenditure                       | 34.36       | 36.95       | 188.58         | 21.94     | 64.22             | 16.16   | 12.87            | 4.96   | 5.65   | 2.67   | -                         | -        | -            | -          | 305.68      | 82.68       |
| Depreciation                              | 19.38       | 19.64       | * 57.70        | * 49.40   | * 5.85            | * 4.74  | 17.81            | 37.93  | 3.48   | 0.86   | 8.25                      | 33.01    | -            | -          | 112.47      | 145.58      |
| Non cash expenses other than Depreciation | 135.70      | 46.49       | 15.00          | 0.07      | 0.68              | 0.54    | (3.75)           | 15.99  | 3.52   | 0.59   | -                         | -        | -            | -          | 151.15      | 63.68       |

- a) Asset Management segment includes portfolio management, mutual fund and property investment management.  
b) Others includes project management, investment consultancy and property related services.  
c) The group does not have any material operations outside India and hence disclosure of geographic segments is not given.  
\* Included in Other expenses relating to Insurance Business

# Schedule 14 (Continued)

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

13. As per the Accounting Standard 18 on 'Related Party Disclosures' notified by the Companies (Accounting Standards) Rules, 2006, the related parties are as follows :

### A) Associate Companies

HDFC Bank Ltd.  
Indian Association for Savings and Credit  
Credila Financial Services Pvt. Ltd. (Upto July 8, 2010)

India Value Fund Advisors Pvt. Ltd.  
RuralShores Business Services Pvt. Ltd.

### B) Investing Party and its Group Companies

Standard Life Investments Ltd.  
Standard Life (Mauritius Holdings) 2006 Ltd.  
ERGO AG

Standard Life Assurance Company  
ERGO International AG  
Munich Re

### C) Key Management Personnel

Mr. Keki M Mistry  
Ms. Renu Sud Karnad  
Mr. V Srinivasa Rangan

### D) Relatives of Key Management Personnel - (where there are transactions)

|                     |                   |                     |
|---------------------|-------------------|---------------------|
| Ms. Arnaaz K Mistry | Ms. Tinaz Mistry  | Mr. Rishi R. Sud    |
| Ms. Swarn Sud       | Ms. Riti Karnad   | Mr. Ketan Karnad    |
| Mr. Ashok Sud       | Mr. Bharat Karnad | Ms Abinaya S Rangan |
| Ms. V Rajalakshmi   | Mr. V Jayam       |                     |

The nature and volume of transactions during the year with the above related parties were as follows:

₹ in crores

| Particulars                | Associate Companies |               | Investing Party and its Group Companies |               | Key Management Personnel |               | Relatives of Key Management Personnel |               |
|----------------------------|---------------------|---------------|---|---------------|--------------------------|---------------|---------------------------------------|---------------|
|                            | Current Year        | Previous Year | Current Year                            | Previous Year | Current Year             | Previous Year | Current Year                          | Previous Year |
| <b>INCOME</b>              |                     |               |   |               |                          |               |                                       |               |
| Dividend                   | 130.42              | 82.50         | -                                       | -             | -                        | -             | -                                     | -             |
| Interest                   | 7.28                | 1.57          | -                                       | -             | -                        | -             | -                                     | -             |
| Consultancy and Other Fees | -                   | 0.03          | 0.56                                    | 2.64          | -                        | -             | -                                     | -             |
| Rent                       | 1.75                | 1.16          | -                                       | -             | -                        | -             | 0.03                                  | 0.23          |
| Reinsurance                | -                   | -             | 1.95                                    | 1.29          | -                        | -             | -                                     | -             |
| Miscellaneous Services     | 50.04               | 49.73         | -                                       | -             | 0.02                     | 0.01          | 0.00                                  | 0.14          |
| <b>EXPENDITURE</b>         |                     |               |   |               |                          |               |                                       |               |
| Interest                   | 0.03                | 0.05          | -                                       | -             | 0.39                     | 0.57          | 0.06                                  | 0.25          |
| Bank and Other Charges     | 15.26               | 3.66          | -                                       | -             | 0.01                     | 0.24          | -                                     | -             |
| Remuneration               | -                   | -             | -                                       | -             | 11.27                    | 15.06         | -                                     | -             |
| Reinsurance                | -                   | -             | 8.54                                    | 5.71          | -                        | -             | -                                     | -             |
| Dividend                   | -                   | -             | 29.19                                   | 22.14         | -                        | -             | -                                     | -             |
| Other Expenses             | 846.03              | 653.85        | -                                       | -             | -                        | -             | 0.06                                  | 0.06          |

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The nature and volume of transactions during the year with the above related parties were as follows:

₹ in crores

| Particulars        | Associate Companies |               | Investing Party and its Group Companies |               | Key Management Personnel |               | Relatives of Key Management Personnel |               |
|--------------------|---------------------|---------------|---|---------------|--------------------------|---------------|---------------------------------------|---------------|
|                    | Current Year        | Previous Year | Current Year                            | Previous Year | Current Year             | Previous Year | Current Year                          | Previous Year |
| <b>ASSETS</b>      |                     |               |   |               |                          |               |                                       |               |
| Investments        | 5,692.17            | 5,638.36      | -                                       | -             | -                        | -             | -                                     | -             |
| Deposits           | 1,412.24            | 1,630.33      | -                                       | -             | -                        | -             | -                                     | -             |
| Bank Balance       | 154.02              | 4.59          | -                                       | -             | -                        | -             | -                                     | -             |
| Reinsurance        | -                   | -             | 0.49                                    | 0.29          | -                        | -             | -                                     | -             |
| Loans              | 3.48                | 4.89          | -                                       | -             | -                        | -             | -                                     | -             |
| Others             | 21.70               | 25.58         | 0.12                                    | 0.21          | -                        | -             | -                                     | -             |
| <b>LIABILITIES</b> |                     |               |   |               |                          |               |                                       |               |
| Deposits           | 0.57                | 5.29          | -                                       | -             | 3.82                     | 3.01          | 0.75                                  | 0.69          |
| Reinsurance        | -                   | -             | 1.85                                    | 1.02          | -                        | -             | -                                     | -             |
| Short Term Loans   | -                   | 126.15        | -                                       | -             | -                        | -             | -                                     | -             |
| Others             | 47.74               | 107.94        | -                                       | -             | 0.52                     | 0.28          | 0.03                                  | 0.04          |

During the year the Corporation has sold individual loans amounting to ₹ 4,379 crores (Previous Year ₹ 4,870 crores) to HDFC Bank Ltd.

The nature and volume of material transactions during the year with the above related parties were as follows:

₹ in crores

| Particulars                            | Associate Companies |               | Investing Party and its Group Companies |               | Key Management Personnel |               | Relatives of Key Management Personnel |               |
|--|---------------------|---------------|---|---------------|--------------------------|---------------|---------------------------------------|---------------|
|  | Current Year        | Previous Year | Current Year                            | Previous Year | Current Year             | Previous Year | Current Year                          | Previous Year |
| <b>INCOME</b>                          |                     |               |   |               |                          |               |                                       |               |
| <b>Dividend</b>                        |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                       | 130.37              | 82.44         | -                                       | -             | -                        | -             | -                                     | -             |
| <b>Interest</b>                        |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                       | 6.26                | 1.16          | -                                       | -             | -                        | -             | -                                     | -             |
| - Credila Financial Services Pvt. Ltd. | -                   | 0.17          | -                                       | -             | -                        | -             | -                                     | -             |
| <b>Consultancy and Other Fees</b>      |                     |               |   |               |                          |               |                                       |               |
| - Standard Life Investments Ltd.       | -                   | -             | 0.56                                    | 2.64          | -                        | -             | -                                     | -             |
| <b>Rent</b>                            |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                       | 1.75                | 1.16          | -                                       | -             | -                        | -             | -                                     | -             |
| - Mr. Aditya D Parekh                  | -                   | -             | -                                       | -             | -                        | -             | -                                     | 0.20          |
| <b>Reinsurance</b>                     |                     |               |   |               |                          |               |                                       |               |
| - Munich Re                            | -                   | -             | 1.95                                    | 1.29          | -                        | -             | -                                     | -             |
| <b>Miscellaneous Services</b>          |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                       | 50.01               | 49.73         | -                                       | -             | -                        | -             | -                                     | -             |

## Schedule 14 (Continued)

### NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The nature and volume of material transactions during the year with the above related parties were as follows:

₹ in crores

| Particulars                      | Associate Companies |               | Investing Party and its Group Companies |               | Key Management Personnel |               | Relatives of Key Management Personnel |               |
|----------------------------------|---------------------|---------------|---|---------------|--------------------------|---------------|---------------------------------------|---------------|
|                                  | Current Year        | Previous Year | Current Year                            | Previous Year | Current Year             | Previous Year | Current Year                          | Previous Year |
| <b>EXPENDITURE</b>               |                     |               |   |               |                          |               |                                       |               |
| <b>Interest</b>                  |                     |               |   |               |                          |               |                                       |               |
| - Mr. Deepak S Parekh            | -                   | -             | -                                       | -             | -                        | 0.22          | -                                     | -             |
| - Mr. Keki M Mistry              | -                   | -             | -                                       | -             | 0.39                     | 0.35          | -                                     | -             |
| <b>Bank and Other Charges</b>    |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                 | 15.26               | 3.66          | -                                       | -             | -                        | -             | -                                     | -             |
| <b>Reinsurance</b>               |                     |               |   |               |                          |               |                                       |               |
| - Munich Re                      | -                   | -             | 8.54                                    | 5.71          | -                        | -             | -                                     | -             |
| <b>Dividend</b>                  |                     |               |   |               |                          |               |                                       |               |
| - Standard Life Investments Ltd. | -                   | -             | 29.19                                   | 22.14         | -                        | -             | -                                     | -             |
| <b>Remuneration</b>              |                     |               |   |               |                          |               |                                       |               |
| - Mr. Deepak S Parekh            | -                   | -             | -                                       | -             | -                        | 7.09          | -                                     | -             |
| - Mr. Keki M Mistry              | -                   | -             | -                                       | -             | 4.73                     | 3.92          | -                                     | -             |
| - Ms. Renu Sud Karnad            | -                   | -             | -                                       | -             | 4.38                     | 3.65          | -                                     | -             |
| - Mr. V Srinivasa Rangan         | -                   | -             | -                                       | -             | 2.16                     | -             | -                                     | -             |
| <b>Other Expenses</b>            |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                 | 846.03              | 653.85        | -                                       | -             | -                        | -             | -                                     | -             |

The nature and volume of material transactions during the year with the above related parties were as follows:

₹ in crores

| Particulars                                | Associate Companies |               | Investing Party and its Group Companies |               | Key Management Personnel |               | Relatives of Key Management Personnel |               |
|--|---------------------|---------------|---|---------------|--------------------------|---------------|---------------------------------------|---------------|
|  | Current Year        | Previous Year | Current Year                            | Previous Year | Current Year             | Previous Year | Current Year                          | Previous Year |
| <b>ASSETS</b>                              |                     |               |   |               |                          |               |                                       |               |
| <b>Investments</b>                         |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                           | 5,687.33            | 5,623.06      | -                                       | -             | -                        | -             | -                                     | -             |
| <b>Deposits</b>                            |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                           | 1,409.53            | 1,628.33      | -                                       | -             | -                        | -             | -                                     | -             |
| <b>Bank Balance</b>                        |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                           | 154.02              | 4.59          | -                                       | -             | -                        | -             | -                                     | -             |
| <b>Reinsurance</b>                         |                     |               |   |               |                          |               |                                       |               |
| - Munich Re                                | -                   | -             | 0.49                                    | 0.29          | -                        | -             | -                                     | -             |
| <b>Loans</b>                               |                     |               |   |               |                          |               |                                       |               |
| - Indian Association of Savings and Credit | 3.48                | 4.89          | -                                       | -             | -                        | -             | -                                     | -             |
| <b>Others</b>                              |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                           | 21.70               | 25.28         | -                                       | -             | -                        | -             | -                                     | -             |

**Schedule 14 (Continued)**

**NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

The nature and volume of material transactions during the year with the above related parties were as follows:

₹ in crores

| Particulars                            | Associate Companies |               | Investing Party and its Group Companies |               | Key Management Personnel |               | Relatives of Key Management Personnel |               |
|--|---------------------|---------------|---|---------------|--------------------------|---------------|---------------------------------------|---------------|
|  | Current Year        | Previous Year | Current Year                            | Previous Year | Current Year             | Previous Year | Current Year                          | Previous Year |
| <b>LIABILITIES</b>                     |                     |               |   |               |                          |               |                                       |               |
| <b>Deposits</b>                        |                     |               |   |               |                          |               |                                       |               |
| - Credila Financial Services Pvt. Ltd. | -                   | 4.00          | -                                       | -             | -                        | -             | -                                     | -             |
| - Mr. Keki M Mistry                    | -                   | -             | -                                       | -             | 3.80                     | 3.00          | -                                     | -             |
| - Mr. Ashok Sud                        | -                   | -             | -                                       | -             | 0.55                     | -             | -                                     | -             |
| <b>Reinsurance</b>                     |                     |               |   |               |                          |               |                                       |               |
| - Munich Re                            | -                   | -             | 1.85                                    | 1.02          | -                        | -             | -                                     | -             |
| <b>Short Term Loans</b>                |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                       | -                   | 126.15        | -                                       | -             | -                        | -             | -                                     | -             |
| <b>Others</b>                          |                     |               |   |               |                          |               |                                       |               |
| - HDFC Bank Ltd.                       | 47.70               | 107.90        | -                                       | -             | -                        | -             | -                                     | -             |

14. In accordance with the Accounting Standard on 'Leases' (AS 19), notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures are made in respect of Operating and Finance Leases :

- (i) Income from Leases includes ₹ 3.16 crores (Previous Year ₹ 8.66 crores) in respect of properties and certain assets leased out under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows :

₹ in crores

| Particulars                                       | Current Year | Previous Year |
|---|--------------|---------------|
| Not later than one year                           | 2.16         | 1.66          |
| Later than one year but not later than five years | 5.40         | 3.63          |
| Later than five years                             | 1.05         | 1.88          |

- (ii) a) Certain motor cars, Information Technology equipment and Software have been acquired under Finance Lease by a subsidiary for an aggregate fair value of ₹ 0.74 crore (Previous Year ₹ 0.92 crore). The total minimum lease payments (MLP) in respect thereof and the present value of the future lease payments, discounted at the interest rate implicit in the lease are:

₹ in crores

| Particulars                                       | Total MLP    |               | Interest     |               | Principal    |               |
|---|--------------|---------------|--------------|---------------|--------------|---------------|
|   | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Not later than one year                           | 0.27         | 0.27          | 0.08         | 0.10          | 0.19         | 0.17          |
| Later than one year but not later than five years | 0.47         | 0.65          | 0.05         | 0.12          | 0.42         | 0.53          |

- b) Certain motor cars have been acquired under Operating Lease by a subsidiary company. In respect of these operating leases, the lease rentals charged to the Profit and Loss Account are ₹ 0.40 crore (Previous Year ₹ 0.44 crore). The minimum future lease rentals payable for specified duration in respect of such leases amount to the following :



# Schedule 14 (Continued)

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in crores

| Particulars                                       | Current Year | Previous Year |
|---|--------------|---------------|
| Not later than one year                           | 0.33         | 0.38          |
| Later than one year but not later than five years | 0.47         | 0.59          |

- (iii) Properties under non-cancellable operating leases have been acquired, both for commercial and residential purposes. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to **₹ 109.51 crores** (Previous Year ₹ 117.22 crores). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof included under Other Income amount to **₹ 0.07 crore** (Previous Year ₹ 1.01 crores).

The future lease payments in respect of the above are as follows:

₹ in crores

| Particulars                                       | Current Year | Previous Year |
|---|--------------|---------------|
| Not later than one year                           | 68.04        | 115.27        |
| Later than one year but not later than five years | 125.91       | 285.25        |
| Later than five years                             | 5.21         | 46.38         |

15. In accordance with the Accounting Standard 20 on 'Earnings Per Share' notified by the Companies (Accounting Standards) Rules, 2006 :

- (i) In calculating the Basic Earnings Per Share the Profit After Tax attributable to the Group of **₹ 4,528.41 crores** (Previous Year ₹ 3,240.98 crores) has been adjusted for amounts utilised out of Shelter Assistance Reserve of **₹ 11.48 crores** (Previous Year ₹ 8.48 crores).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to the Group of **₹ 4,516.93 crores** (Previous Year ₹ 3,232.50 crores) and the weighted average number of shares during the year of **145,71,70,870** (Previous Year 142,61,76,790).

- (ii) The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Rupees

| Particulars                         | Current Year | Previous Year |
|-------------------------------------|--------------|---------------|
| Basic Earnings Per Share            | 31.00        | 22.67         |
| Effect of Outstanding Stock Options | (0.66)       | (0.66)        |
| Diluted Earnings Per Share          | 30.34        | 22.01         |

- (iii) The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted net Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options and FCCBs for the respective periods. The relevant details as described above are as follows :

| Particulars   | Current Year  | Previous Year |
|---|---------------|---------------|
| Weighted average number of shares for computation of Basic Earnings Per Share   | 145,71,70,870 | 142,61,76,790 |
| Diluted effect of outstanding Stock Options and FCCBs                           | 3,16,06,515   | 4,26,61,230   |
| Weighted average number of shares for computation of Diluted Earnings Per Share | 148,87,77,385 | 146,88,38,020 |

**Schedule 14 (Continued)**

**NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

16. In compliance with the Accounting Standard 22 on 'Accounting for Taxes on Income' notified by the Companies (Accounting Standards) Rules, 2006, credit has been taken for **₹ 14.60 crores** (Previous Year **₹ 21.01 crores**) in the Profit and Loss Account for the year ended March 31, 2011 towards deferred tax asset (net) for the year, arising on account of timing differences.

Major components of deferred tax assets and liabilities arising on account of timing differences are :

₹ in crores

| Sr. No. | Particulars                     | Assets / (Liabilities) |               |
|---------|---------------------------------|------------------------|---------------|
|         |                                 | Current Year           | Previous Year |
| a)      | Depreciation                    | (50.80)                | (49.03)       |
| b)      | Provision for Contingencies     | 406.93                 | 263.10        |
| c)      | Provision for Employee Benefits | 19.94                  | 16.45         |
| d)      | Accrued Redemption Loss (net)   | 7.56                   | 8.04          |
| e)      | Unabsorbed Depreciation         | 5.76                   | 2.87          |
| f)      | Others (net)                    | 83.11                  | 73.06         |
|         | Total                           | 472.50                 | 314.49        |

In respect of a subsidiary company (HDFC Ergo General Insurance Company Limited), in view of the existence of unabsorbed depreciation and carried forward business loss as at the year end, the recognition of deferred tax assets is restricted to the extent of deferred tax liability arising from timing differences on account of depreciation, reversal of which is virtually certain.

17. (i) As on March 31, 2011, the Corporation has foreign currency borrowings (excluding FCCBs) of **USD 1,103.90 million** equivalent (Previous Year USD 945.43 million). The Corporation has undertaken principal only swaps, currency options and forward contracts on a notional amount of **USD 963.30 million** equivalent (Previous Year USD 787.99 million) to hedge the foreign currency risk. Further, interest rate swaps on a notional amount of **USD 15 million** equivalent (Previous Year USD 90 million) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings. As on March 31, 2011, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).
- (ii) As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **₹ 23,255 crores** (Previous Year **₹ 16,065 crores**) as on March 31, 2011 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into cross currency swaps of a notional amount of **USD 697.50 million** equivalent (Previous Year USD 694 million) wherein it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.
- (iii) Monetary assets and liabilities denominated in foreign currencies net of risk management arrangement are revalued at the rate of exchange prevailing at the year end. Cross currency Swaps are fair valued at the year end and loss is recognised in the Profit and Loss Account while the gains are not recognised keeping in view the principles of prudence as enumerated in Accounting Standard (AS 1) notified by the Companies (Accounting Standard) Rules, 2006. For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts.

The amount of exchange difference in respect of such contracts to be recognised as expense in the Profit and Loss Account over subsequent accounting periods is **₹ 0.50 crore** (Previous Year **₹ 1.85 crores**). This shall be amortised over the next 1 year.

## Schedule 14 (Continued)

### NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- (iv) A net loss of ₹ **27.58 crores** (Previous Year Net Gain of ₹ 29.57 crores) has been recognised in the Profit and Loss Account being net gain on year end translation of foreign currency monetary assets and liabilities and fair value loss on derivatives as shown below:

| Particulars   | Current Year | Previous Year |             |
|---|--------------|---------------|-------------|
|   | ₹ in crores  | ₹ in crores   | ₹ in crores |
| Net Gain on derivative revaluation not recognised in earlier years                                      | (52.29)      |               | -           |
| Amortisation of Premium on Options and Forward Contracts  | 1.35         |               | (34.80)     |
| Net (gain) / loss on Translation of Foreign Currency Denominated Assets and Foreign Currency Borrowings | (47.64)      |               | 95.88       |
| Fair Value Loss/(Gain) on Derivatives (Cross Currency swaps)  | 126.16       | (142.94)      |             |
| Amounts retained in Advance Payments (as per note below)  | -            | 52.29         | (90.65)     |
| Net Loss / (Gain)   | 27.58        |               | (29.57)     |

The net gain of ₹ **Nil** (Previous Year ₹ 52.29 crores) on fair value of Cross Currency Swaps is included under Advance Payments (Schedule No. 7) and not recognised in the Profit and Loss Account in view of the announcement by the Institute of Chartered Accountants of India (ICAI) which required the principle of prudence to be followed in accounting for mark to market gains/losses on derivatives.

18. (i) Additional Tax on dividend 2009-10, ₹ **1.07 crores**, pertains to the shortfall of dividend tax of the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961. [Previous Year credit taken of ₹ 15.16 crores pertains to the dividend tax paid by the subsidiary companies of the Corporation on dividend paid to the Corporation].
- (ii) In respect of equity shares issued pursuant to Employee Stock Option Schemes and conversion of FCCBs, HDFC Ltd. paid dividend of ₹ **13.82 crores** for the year 2009-10 (₹ 0.32 crore for the year 2008-09) and tax on dividend of ₹ **2.30 crores** (Previous Year ₹ 0.05 crore) as approved by the shareholders at the Annual General Meeting held on July 14, 2010 and GRUH Finance Ltd. paid dividend of ₹ **0.09 crore** for the year 2009-10 (₹ Nil for the year 2008-09) and tax on dividend of ₹ **0.01 crore** (Previous Year ₹ Nil) as approved by the Shareholders at the Annual General Meeting held on June 28, 2010.

# INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

19. Information with regard to Subsidiary Companies in terms of approval u/s 2(28) of the Companies Act, 1956 granted by the Ministry of Company Affairs vide letter No. 47/9/2011 - CL-III dated January 24, 2011  
(As on / for the year ended March 31, 2011)

| (As on / for the year ended March 31, 2011) |   |                    |               |          |            |              |                   |                                      |              |                             |                        |                              | ₹ in crores       |
|---|---|--------------------|---------------|----------|------------|--------------|-------------------|--------------------------------------|--------------|-----------------------------|------------------------|------------------------------|-------------------|
| Sl. No.                                     | Name of the Subsidiary Company                  | Reporting Currency | Exchange Rate | Capital  | Reserves   | Total Assets | Total Liabilities | Investments included in Total Assets | Total Income | Profit/Loss before Taxation | Provision for Taxation | Profit/(Loss) after Taxation | Proposed Dividend |
| 1   | HDFC Standard Life Insurance Co. Ltd.           | INR                | -             | 1,994.88 | (1,344.85) | 28,060.94*   | 27,410.91         | 26,558.09*                           | 11,085.72*   | (99.00)                     | -                      | (99.00)                      | -                 |
| 2   | HDFC Asset Management Co. Ltd.                  | INR                | -             | 25.17    | 478.87     | 1,058.69     | 554.65            | 425.61                               | 680.77       | 355.78                      | 113.60                 | 242.18                       | -                 |
| 3   | HDFC Trustee Co. Ltd.                           | INR                | -             | 0.10     | 0.07       | 8.76         | 8.59              | -                                    | 11.37        | -                           | -                      | -                            | -                 |
| 4   | HDFC ERGO General Insurance Co. Ltd.            | INR                | -             | 486.00   | (99.19)    | 1,528.88     | 1,142.07          | 1,223.61                             | 686.75       | (36.43)                     | -                      | (36.43)                      | -                 |
| 5   | GRUH Finance Ltd.                               | INR                | -             | 35.16    | 282.78     | 3,389.84     | 3,071.90          | 34.66                                | 360.37       | 125.57                      | 34.06                  | 91.51                        | 38.67             |
| 6   | HDFC Developers Ltd.                            | INR                | -             | 0.05     | 3.07       | 3.70         | 0.58              | -                                    | 0.70         | (1.10)                      | 0.01                   | (1.11)                       | -                 |
| 7   | HDFC Venture Capital Ltd.                       | INR                | -             | 0.50     | 12.43      | 16.88        | 3.95              | 2.90                                 | 20.07        | 17.91                       | 5.70                   | 12.21                        | -                 |
| 8   | HDFC Ventures Trustee Co. Ltd.                  | INR                | -             | 0.05     | 0.62       | 0.87         | 0.20              | -                                    | 0.42         | 0.38                        | 0.11                   | 0.27                         | 0.10              |
| 9   | HDFC Property Venture Ltd.                      | INR                | -             | 1.00     | 6.32       | 11.41        | 4.09              | 1.00                                 | 17.07        | 4.77                        | 1.38                   | 3.39                         | -                 |
| 10  | HDFC Realty Ltd.                                | INR                | -             | 5.75     | (5.61)     | 0.15         | 0.01              | -                                    | 0.02         | 0.01                        | -                      | 0.01                         | -                 |
| 11  | HDFC Investments Ltd.                           | INR                | -             | 26.67    | 196.32     | 223.35       | 0.36              | 87.78                                | 170.21       | 169.84                      | 25.96                  | 143.88                       | -                 |
| 12  | HDFC Holdings Ltd.                              | INR                | -             | 0.80     | 44.12      | 51.24        | 6.33              | 13.56                                | 39.50        | 39.39                       | 13.10                  | 26.29                        | 5.20              |
| 13  | HDFC Sales Pvt. Ltd.                            | INR                | -             | 4.01     | 4.58       | 45.11        | 36.53             | -                                    | 110.22       | 4.56                        | 1.62                   | 2.94                         | -                 |
| 14  | Credila Financial Services Pvt. Ltd.            | INR                | -             | 48.41    | (16.09)    | 188.54       | 156.23            | -                                    | 16.08        | (11.27)                     | -                      | (11.27)                      | -                 |
| 15  | Griha Investments                               | USD                | 50.95         | 0.20     | 40.76      | 41.31        | 0.35              | -                                    | 57.76        | 45.31                       | 1.36                   | 43.95                        | -                 |
| 16  | HDFC Asset Management Co. (Singapore) Pte. Ltd. | SGD                | 35.98         | 0.45     | (0.34)     | 0.16         | 0.05              | -                                    | -            | (0.06)                      | -                      | (0.06)                       | -                 |

## NOTE:

\* Includes Investments of Shareholders' and Assets held to cover Linked Liability

\* Includes Premium Income (Net), Investment Income and other Income

20. Figures for the previous year have been regrouped wherever necessary.

## Schedule 15

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. ACCOUNTING CONVENTION

These accounts have been prepared in accordance with historical cost convention, except for revaluation of Investment in Properties of one of the subsidiaries, applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

#### 2. GAIN OR LOSS ON DILUTION

The gain or loss on account of dilution of stake of HDFC Ltd. in its subsidiaries, associates and entities over which control is exercised is accounted through General Reserve.

#### 3. SYSTEM OF ACCOUNTING

The Group adopts the accrual concept in the preparation of the accounts.

The Balance Sheet and the Profit and Loss Account of the Group are prepared in accordance with the provisions contained in Section 211 of the Companies Act, 1956 read with Schedule VI thereto to the extent possible (except the insurance subsidiaries), and the approvals granted under the Section by the Company Law Board.

#### 4. INFLATION

Assets and liabilities are recorded at historical cost to the Group. These costs are not adjusted to reflect the changing value in the purchasing power of money.

#### 5. INTEREST ON HOUSING LOANS

Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed either on an annual or on a monthly rest basis.

#### 6. PREMIUM INCOME FROM INSURANCE BUSINESS

##### (i) LIFE INSURANCE BUSINESS

Premium income is recognised when due from Policyholders, if there is no uncertainty of collectability. Premium on lapsed policies is recognised as income if policies are reinstated. Top up premiums are considered as single premium. Income from linked policies, which include asset management fees and other charges, if any, are recovered from linked funds in accordance with the terms and conditions of the policies and recognised when due.

Reinsurance premium ceded is accounted for at the time of recognition of premium income in accordance with the treaty or in-principle agreement with the reinsurer.

##### (ii) GENERAL INSURANCE BUSINESS

Premium (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Reinsurance premium ceded is accounted for in the year in which the risk commences and over the period of risk in accordance with the treaty agreement with the reinsurer.

#### 7. INCOME FROM LEASES

Lease rental income in respect of leases is recognised in accordance with the Accounting Standard 19 on 'Leases' notified by the Companies (Accounting Standards) Rules, 2006.

#### 8. INCOME FROM INVESTMENTS

The gain / loss on account of Investments in Preference Shares, Debentures / Bonds and Government Securities held as long-term investments and acquired at a discount / premium, is recognised over the life of the security on a pro-rata basis.

**Schedule 15 (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**9. BROKERAGE ON DEPOSITS**

Brokerage on deposits, other than incentive brokerage, is amortised over the period of the deposit except in respect of brokerage paid by one of the subsidiary companies. Incentive brokerage, which is payable to agents who achieve certain collection targets, is charged to the Profit and Loss Account.

**10. TRANSLATION OF FOREIGN CURRENCY**

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever HDFC Ltd. has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Cross currency swaps and other derivatives have been fair valued at the year end. The net loss on translation of assets and liabilities in foreign currencies and mark to market of derivatives is debited to Profit and Loss Account.

**11. INVESTMENTS**

**(i) OTHER THAN INSURANCE COMPANIES**

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long-term. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard 13 on 'Accounting for Investments' notified by the Companies (Accounting Standards) Rules, 2006, and is recognised through the Provision for Contingencies Account. The investment in properties is net of provision for depreciation.

**(ii) INSURANCE COMPANIES**

Investments are made in accordance with the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001 and various other circulars / notifications issued by the Insurance Regulatory and Development Authority in this context from time to time.

Investments are recorded at cost, which include brokerage, stamp duty and excludes broken period interest. Investments maturing within twelve months from the balance sheet date and investment made with the specific intention to dispose of within twelve months from the balance sheet date are classified as short-term investments.

All debt securities are considered as "held to maturity" and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the revenue account and the profit and loss account over the period of maturity / holding.

All mutual fund investments are valued at realisable net asset value.

Equity shares are valued at fair value being the lower of the last quoted closing prices on the National Stock Exchange (NSE) and the Mumbai Stock Exchange (BSE).

In case of one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.), Investment property represents land or building held for use other than in services or for administrative purposes. The investment in the real estate investment property is valued at historical cost plus revaluation if any. Revaluation of the investment property is done at least once in three years. The change in the carrying amount of the investment property is taken to Revaluation Reserve.

**12. FIXED ASSETS**

Fixed Assets are capitalised at cost inclusive of legal and / or installation expenses. Assets acquired under Finance Leases are accounted in accordance with the Accounting Standard 19 on 'Leases' notified by the Companies (Accounting Standards) Rules, 2006.

**13. INTANGIBLE ASSETS**

Intangible Assets comprise of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation and Goodwill arising on account of a scheme of

## Schedule 15 (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity. Any expenses on such software for support and maintenance payable annually are charged to revenue account.

#### 14. DEPRECIATION AND AMORTISATION

##### Fixed Assets

Depreciation on all Fixed Assets other than Leased Assets and Leasehold Improvements, is provided for the full year in respect of assets acquired during the year. No depreciation is provided in the year of sale.

In respect of Leased Assets and Leasehold Improvements, depreciation is provided on a pro-rata basis from the date of installation / acquisition.

Depreciation on Buildings, Computers, Leased Assets and Leasehold Improvements is calculated as per the straight line method; and on other assets as per the reducing balance method. All assets except Computers and Leased Assets are depreciated at rates specified by the Companies Act, 1956. Depreciation on Computers is calculated at the rate of 25 per cent per annum. Depreciation in respect of finance leases is provided on the straight line method over the primary period of lease or over the specified period, as defined under Section 205(5)(a) of the Companies Act, 1956, whichever is shorter. Depreciation in respect of Leasehold Improvement is provided on the straight line method over the primary period of the lease.

In respect of jointly controlled entity, Fixed assets that are to be used exclusively for customers and over which they have a lien are depreciated over the shorter of the estimated useful life or the tenure of contract. Fixed assets acquired on hire purchase basis are amortised over the tenure of the agreement. Leasehold Improvements are amortised over the period of lease or ten years whichever is shorter.

##### Intangible Assets

Capitalised software is amortised over a period of four years on a straight-line basis. Goodwill arising on account of a scheme of amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity has been amortised on a straight-line basis over a period of 20 years and 10 years respectively.

#### 15. PROVISION FOR CONTINGENCIES

It is ensured that the balance in Provision for Contingencies account is adequate to cover the total principal amount outstanding in respect of all non-performing assets, as also all other contingencies. All loans and other credit exposures where the instalments are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank. The provisioning policy of HDFC Ltd. and GRUH Finance Ltd. covers the minimum provisioning required as per the NHB guidelines.

#### 16. EMPLOYEE BENEFITS

##### Provident Fund and Superannuation Fund Contributions

The contributions paid / payable during the year towards Provident Fund and Superannuation Fund are charged in the Profit and Loss Account every year. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. In respect of certain subsidiaries Provident Fund contributions are made to the Regional Provident Fund Authority at prescribed rates and are expensed when due.

##### Gratuity and Post Retirement Pension

The net present value of the obligation towards gratuity to employees and post retirement pension scheme for whole time directors is actuarially determined based on the projected unit credit method, except in case of Dubai branch of HDFC Ltd. where the provision for gratuity is made in accordance with the prevalent local laws. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

##### Other Employee Benefits

Compensated absences in form of short term benefits are determined on an undiscounted basis and recognised over the period of service, which entitles the employees to such benefits. Any such benefits which are long term in nature are actuarially determined.



**Schedule 15 (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**17. CLAIMS PAID AND OTHER EXPENSES PERTAINING TO INSURANCE BUSINESS**

**(i) LIFE INSURANCE BUSINESS**

Claims costs consist of the policy benefit amount and claim settlement cost, where applicable. Death and rider claims are accounted for on receipt of intimation. Annuity benefits and maturity claims are accounted when due. Surrenders under conventional policies are accounted on consent from the insured to the court provided by the company. Surrenders and withdrawals under linked policies are accounted on the receipt of intimation. Surrenders also include amounts payable on lapsed policies which is accounted for on the date of lapse. Surrenders and lapsation are disclosed at net of charges recoverable. Reinsurance claims are accounted for in the period in which the claims are settled.

Policy acquisition costs are expensed in the period in which they are incurred. Acquisition costs consists of commission to insurance intermediaries, sales staff costs, rent, medical cost, policy printing expenses, stamp duty, and other related expenses to source and issue the policy. Claw back, if any for the first year commission is recognised in the year in which it is decided that it has become recoverable.

**(ii) GENERAL INSURANCE BUSINESS**

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) and specific settlement cost comprising survey, legal and other attributable expenses.

Claims (net of amounts receivables from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The liability for claims IBNR and claims IBNER has been estimated by Appointed Actuary in compliance with guidelines issued by IRDA vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of the guidance note 21 issued by the Institute of Actuaries of India.

**18. INCOME-TAX**

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

**19. POLICY LIABILITIES**

These are determined by the Company's (HDFC Standard Life Insurance Co. Ltd.) appointed Actuary following his annual investigation of the Company's insurance policies.

**20. PRELIMINARY EXPENSES**

Preliminary Expenses are being written off over a period of 5 years in accordance with the provisions of Section 35D of the Income-tax Act, 1961.

## Social Initiatives

Today, more than ever there is an increasing necessity for the business sector to include 'socially responsible actions' as a part of their organisation's agenda. However, at HDFC this commitment was embraced in its nascent years and has since grown in leaps and bounds. Right from its inception years, HDFC has made consistent efforts towards social upliftment by maintaining an active Social Initiatives portfolio. It is only fair to deduce that the credit for crossing the confines of a mere profit making entity to embracing interrelated social concerns rests on the vision and leadership of our founder Chairman Mr. H. T. Parekh. As we commemorate his birth centenary, we salute his vision and intense determination with which he created HDFC as an organisation meeting a socially relevant and essential need.

HDFC has never had a so-called definition or a policy specific to the notion of 'corporate social responsibility'. Instead we have perceived it to be an evolving concept. Each intervention is perceived as a new, fresh experience

that progressively adds on to us understanding how best to structure a mechanism so as to cater to the evolving needs and concerns of society.

Through the year, HDFC continued partnering with development organisations for a variety of programs in the social sphere. The following pages will illustrate some of the projects supported by HDFC through the Shelter Assistance Reserve.

### SHELTER ASSISTANCE RESERVE

Close to 190 social and development initiatives were supported during FY 2010-11 through the Shelter Assistance Reserve. The overall utilisation from the Reserve stood at ₹ 8.88 crore. The segment-wise break-up of the utilisation is illustrated in the chart below:

Cited below are a few cases, in no specific order, of development projects supported under the Shelter Assistance Reserve during 2010-11:

### DEEDS

Silence - they say is golden, but have we ever wondered about the effects of

silence in the lives of the hearing impaired? The bitter truth is that there are 5 million hearing impaired individuals in India with over 20,000 babies adding to this number each year. DEEDS works with hearing impaired individuals by making them financially self-reliant and contributing members of main stream society.

DEEDS holds the credit for starting the '*First ever catering institute for the Deaf in India*'. Students who have successfully completed their tenth standard examinations are eligible for this one-year Diploma Course in Catering designed especially for the hearing impaired and certified by the Maharashtra State Vocation Board. After completion of their course, most students are absorbed in the hospitality sector.

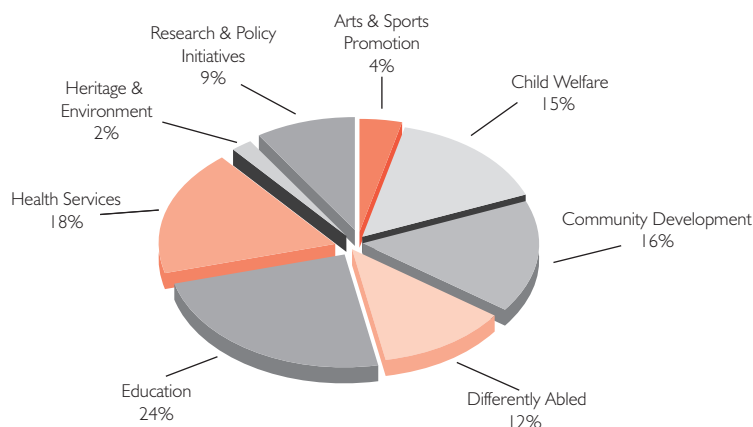
HDFC has been supporting various programs being undertaken by DEEDS over the years and has supported the Institute since its inception.

### Project Chirag

Recognising that India's progress depends a great deal on the progress & development of rural India students of Mumbai's H.R. College of Commerce & Economics have come up with a 5-point Rural Transformation Model titled *Project Chirag*. This model deals with five areas - Environment, Education, Healthcare & Sanitation, Social Upliftment, and Economic Empowerment, with the aim of truly "lighting up rural lives in India".

In order to implement these changes in any village, the primary requirement is electricity and thus Phase I of the project was taken up to light up dark villages, which have never had any electricity, through Solar Energy. In phase 2 of this program, economic upliftment activities would be carried out

Segment-wise Utilisation of the reserve for 2010-11



along with establishing public kitchens, improving educational infrastructure and aids, adult literacy programmes as well as other skillset enhancement training programs.

The organisation approached HDFC to partner lighting of villages in Wada Taluka, Thane District. The unique feature of this initiative is that the solar lanterns provided to the villages are made by physically & mentally challenged individuals from economically backward communities, thus contributing to a raise in their incomes as they earn Rs. 30/lantern they assemble. This community otherwise has a very rare chance of being gainfully employed and hence this revenue-generation will uplift them economically too.

HDFC strongly believes that the youth of this country plays a pivotal role in India's development. This initiative sees the youth participating at every stage of *Project Chirag* - right from strategising, planning and execution of this village transformation program.

#### **St. Jude India Child-Care Centres**

The Centre caters to a huge unmet social need to provide a safe and clean environment for children to recuperate following treatment for serious chronic diseases. Whilst hospitals are able to provide therapy to the most needy of children in India through the generosity of a plethora of charities, the children and parents often have no place to stay and have to 'sleep rough' on the streets. With people suffering from chronic diseases, the environment in which they convalesce is important to ensure that treatment is effective. The organisation runs 7 centres housing children suffering from cancer.

The project ensures that the neediest of children are cared for whilst they

recover from this disease. The accommodation is provided to needy children (and their immediate family) free of cost. The rationale behind such an organisation is the lack of treatment options for diseases in rural areas, the escalating cost of such treatment and the lack of shelter for the immediate family of the child in Mumbai.

HDFC has been supporting the ongoing running expenses of the Centres for the past several years.

#### **Dabhon School**

A group of professionals came together to reflect on how to strengthen numerous NGOs in their efforts to deliver a variety of social services. Thus was born the idea to set up a support organisation, which would help NGOs overcome their handicaps so that they could carry out their mission of helping others more effectively.

This initiative saw an association with the Savarkar Trust in running schools for tribal children who otherwise have no access to any form of education in the interiors of Maharashtra. HDFC in association with the Trust is supporting a residential school in Dabhon, District Dahanu. The school caters to children of migrant workers providing free education, stay, clothing, food and medical treatment for all students. The school caters to over 300 children upto Std. VI. There are a total of 8 classrooms (3200 sq.ft.) spaces with a compound. A new computer room is in the process of being built. Over 85% of the students have passed their exams.

HDFC supported the running of this school for a period of 1 year.

#### **Alert-India**

Alert-India is an NGO working pan India towards the control and eradication of

leprosy for the last 28 years. Since its inception, it has worked extensively with leprosy patients undertaking projects like early detection, spreading awareness about the disease, conducting surveys and most importantly administering complete treatment to patients diagnosed with leprosy. Alert-India also undertakes T.B. control projects and AIDS awareness campaigns across India.

Alert-India runs a Leprosy Elimination Centre towards disability prevention and control, in addition to providing the much needed treatment for leprosy. This centre is a one of a kind in the country. Alert-India is in contact with over a 1,000 patients living in their project areas. Several patients are provided with aids and appliances as a part of their physical rehabilitation to prevent or correct their deformities.

HDFC has been regularly supporting the ongoing activities of Alert-India.

#### **SPACE**

SPACE is an NGO running a workshop for the betterment of adults affected by Cerebral Palsy in Pune. SPACE is an Institute for Education and Rehabilitation of Spastics operating under the aegis of the Ravi Paranjpe Foundation. SPACE is dedicated to help the affected reach their potential through their workshop with the help of special educators, therapists and well wishers. Activities at the workshop include counseling and assessment of the degree of spasticity, developmental and recreational activities, hands on training in simple occupations to generate employment, creative pursuits such as music, yoga and painting. The wards engage in making decorative files and folders, diaries, tie and die products, greeting cards etc. SPACE also works with the parents and close family on encouraging the adults to reach their true potential.

SPACE also aims to create further awareness in society on Cerebral Palsy.

HDFC supported the running expense of the workshop for a period of one year.

### **The Bhavishya – Yaan Mission**

The Rotary Club of Bombay's education mission has started its fourth batch of training students in the English language and in computers for their growth and development. HDFC continued its association with the Club to further enhance this initiative. The program focuses on the overall development of the children helping them to shed their inhibitions and motivate them to move ahead in life. This project is an apt example of a public private initiative that sees The Municipal Corporation of Greater Mumbai (MCGM) joins hands with The Rotary Club of Bombay and HDFC to provide quality education to children towards a brighter future.

HDFC continued supporting this mission which aims at growing leaps and bounds each year to include more number of children.

### **Save The Children**

On August 5, 2010, the district of Leh in the remote mountainous Ladakh region of Jammu and Kashmir suffered a series of extremely rare cloudbursts which caused extensive flooding and landslides in the district capital and at least 42 villages in the surrounding area. Over 180 lives were lost, many more injured and missing. Property, infrastructure, the electricity supply and telecommunications systems were severely damaged. Widespread loss of agriculture crops and livestock was also reported.

Save The Children was the leading NGO responder to the flash flooding. Within 48 hours of the flood, an

emergency assessment team was deployed to the region to co-ordinate relief efforts. Save The Children reached out to 1700 families with essential relief items, targeting the poorest and most vulnerable households in the remote rural areas of Ladakh.

With the initial phase of relief drawing to a close, Save The Children approached HDFC for a project focusing on long-term recovery initiatives including livelihood support and school rehabilitation. With the help of a local partner Save The Children immediately set up child friendly Spaces at Himank, Tashi Gyatsal and Skampari. In the absence of regular schools, these spaces have helped children deal with the trauma of the situation as well restore some normalcy in a difficult environment. Over the next few months, 18 temporary schools were set up at Igoo, Basgo, Skurbuchan, Phyang and Saspotse with an aim to reach 24 temporary schools (15 in Leh and 9 in Kargil).

Save The Children has tied up with HDFC and 8 other corporates for this education initiative.

### **Folk Arts Rajasthan**

Folk Arts Rajasthan partners with Lok Kala Sagar Sansthan (LKSS) a community folk arts society based in Jaisalmer, Rajasthan with an aim to eradicating illiteracy, fostering community development, and celebrating cultural understanding through preservation of the Merasi traditional artistic legacy.

In their remote desert region of Jaisalmer District, members of LKSS are born being called Manganiyar. From birth, they are considered untouchable beggars and will bear this social stigmatism their entire lives. Daily harassment and intense marginalisation

remove all opportunity. The Merasi, as they have chosen to call themselves, have held the role of oral genealogists, storytellers, and musicians for upper caste communities in the same geographic area for more than 37 generations. Today the Merasi artistic tradition is their gift to the world.

The main aim of Folk Arts Rajasthan is to preserve, promote and exhibit traditional Rajasthani music, art and culture. It also aims to provide opportunities for education and empowerment for upcoming generations.

HDFC partnered with Folk Arts Rajasthan to provide scholarship to children to pursue higher education and also learn their traditional artistic legacy.

### **SNEHA**

100,000 children die before their 5<sup>th</sup> birthday in Mumbai. This alarming number raises questions on our fundamental right to lead a healthy life.

SNEHA was founded by a group of dedicated doctors and social workers led by neonatologist and former dean of Lokmanya Tilak Municipal General Hospital and Medical College, Mumbai - Dr. Armida Fernandez. SNEHA was founded in 1999 in Dharavi, Mumbai to address the concerns of unhealthy newborn babies and unhealthy lactating mothers. SNEHA aims to impact quality of care and influence urban health policies through innovative solutions to problems in nutrition, education and health in urban communities. SNEHA builds sustainable and replicable models of intervention and partnerships that empower women to change their lives and those around them.

One of the projects that SNEHA focuses on is Maternal and New Born Health. The aim is to improve the health and

survival of mothers and newborns in underprivileged communities in Mumbai through effective community action and quality, standardised health care. The program is run in 9 wards of Mumbai specifically with health posts covering a population of approximately 100,000 and with maternity homes/tertiary hospitals covering a radius of 6-7 kms. The Community Mobilisation component covers approximately a population of 150,000 from 1,000 households in 24 slum localities.

HDFC partnered SNEHA in its initiative of providing solutions to issues of nutrition and health in urban slum communities.

#### **Single Teachers Schools**

Education, for thousands of children in this country, remains a distant dream. Single Teacher Schools is a unit of the Swami Vivekananda Rural Development Society which is engaged in promoting broad-based and cost-effective education in arithmetic and languages for under privileged children in rural areas along with the provision of nutrition and health-care. The organisation identifies the best educated

youth in the village who is willing and able to become a teacher, gives this person the requisite basic training in teaching, apprises him/her of the school syllabus prepared by educationists of repute, finds a convenient location in the village and sets up a Single Teacher School.

The Society has been running schools in 500 villages in Tiruvallur and Kanchipuram districts of Tamil Nadu. The organisation now plans to extend this scheme to 1500 more villages. A total of 45,000 more children will benefit from this increase. The aim is to ensure that every single child in all of Tamil Nadu enjoys the benefits of education and good health.

HDFC partnered this initiative by supporting 10 schools in one block of Kanchipuram district.

#### **Vishwas**

Vishwas is a not-for-profit organisation working in the field of disability and development in Gurgaon. The bedrock of the organisation is its fundamental belief in equal opportunity and inclusion. The belief is that everyone has a right to access basic health care and education

irrespective of disability, gender, class or caste. Even within vulnerable groups those with disabilities are most likely to get excluded and discriminated against. Vishwas aims to address this glaring gap, which forms a significant challenge.

In 2008, Vishwas responded to a government offer for a proposal to lease and run an educational institution from an existing building constructed by the government on a 4.5 acres site as a senior secondary school. The Government of Haryana leased the school building to Vishwas to run an inclusive primary school and resource centre for training and community-based programmes.

Vishwas Vidyalaya is operational from this new building where every child has a right to meaningful and quality education. The aim of the Vidyalaya is to work towards an equitable and inclusive school system. In line with this aim, the organisation is trying to make an accessible playground which can cater to children with all types of disabilities.

HDFC partnered with Vishwas to support this initiative.

## Secretarial Audit Report

The Board of Directors  
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

We have examined the registers, records, books and papers of Housing Development Finance Corporation Limited (HDFC) (the Company) having its registered office at 'Ramon House', H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020 and having Corporate Identity Number (CIN) L70100MH1977PLC019916, as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the period from April 1, 2010 to March 31, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers and records as required under the provisions of the Act and the Rules made thereunder and the entries therein have been duly recorded.

2. The Company has duly filed the forms, returns and documents with the Registrar of Companies, Maharashtra / Ministry of Corporate Affairs and other authorities as required under the Act and Rules made thereunder.

3. All the requirements relating to the meetings of Board of Directors, Committee of Directors and Shareholders as well as relating to the minutes of the proceedings thereat have been complied with.

4. The Board of Directors of the Company is duly constituted. During the financial year, Mr. Keki M. Mistry was re-appointed as the Managing Director (designated as the 'Vice Chairman &

Chief Executive Officer') for a period of 5 years w.e.f. November 14, 2010 and Mr. D. M. Satwalekar has resigned and cease to be a Director of the Company w.e.f. November 13, 2010.

5. The Directors of the Company have made all the required disclosures under Sections 299, 305 and 274(1)(g) of the Act. The Company has also complied with the requirements in pursuance of the disclosure made by its Directors.

6. The issue of capital and securities is in conformity with the requirement of the Act. The issues of share certificate and the transfer and transmission thereof have been registered properly.

7. The Company has obtained all the necessary approvals of Directors, Shareholders and other authorities as required under the Act.

8. The Company has complied with all the provisions of the listing agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

9. During the financial year, the nominal face value of the equity shares of the Company was sub-divided from ₹10 per equity share to ₹ 2 per equity share. Accordingly Capital Clauses in the Memorandum and Articles of Association of the Company have been altered.

10. The Company has transferred the dividend declared on July 14, 2010 to a separate dividend account on July 15, 2010 and all the unpaid / unclaimed dividend accounts have been reconciled.

11. During the year under review, the Company has transferred to the Investor Education and Protection Fund, unclaimed dividend amounting to ₹ 33,96,231/- that have not been claimed by the Shareholders for the

financial year 2002-03, in accordance with the provisions of the Act.

12. The Company has framed an insider trading code called '**HDFC - Share Dealing Code**' strictly on the lines of model code prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended and the same has been implemented during the year under review. Mr. Girish V. Koliyote, Company Secretary acts as the Compliance Officer.

13. The Company has complied with the disclosure requirements of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992.

14. The Company is registered with the Securities and Exchange Board of India (SEBI) as '**Category II – In House Share Transfer Agent**' and has established connectivity with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). The Company has complied with SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. The registration is valid upto April 30, 2011. The Company has applied to the Securities and Exchange Board of India for renewal of the registration and the same is awaited.

15. The Company has complied with the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 during the year under review.

For N. L. Bhatia & Associates  
Company Secretaries

N. L. Bhatia

MUMBAI  
April 27, 2011

FCS - 1176  
CP - 422



## Shareholders' Information

This section *inter alia* provides information pertaining to the Corporation, its shareholding pattern, means of dissemination of information, service standards, share price movements and such other information, in terms of point no. 9 of Annexure IC to Clause 49 of the Listing Agreements relating to Corporate Governance.

| Registered Office   | Investor Services Department (ISD)   |
|---|--|
| Ramon House,<br>H. T. Parekh Marg,<br>169, Backbay Reclamation,<br>Churchgate, Mumbai 400 020.<br>Tel. Nos. : 022-2282 0282, 6631 6000<br>Fax Nos. : 022-2204 6834, 2281 1203<br>Website : www.hdfc.com | Tel Rasayan Bhavan,<br>Gr. Floor, Opp. BEST Workshop Gate No. 4,<br>Tilak Road Extn., Dadar T.T.,<br>Dadar (E), Mumbai 400 014.<br>Tel. Nos. : 022-2414 6267/68, 6141 3900<br>Fax No. : 022-2414 7301<br>Email : investorcare@hdfc.com |

### 34th Annual General Meeting (AGM)

Day/Date : Friday, July 8, 2011

Time : 3.00 p.m.

Venue : Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020.

### Payment of Dividend

The Board of Directors of the Corporation has recommended payment of dividend of ₹ 9 per equity share of ₹ 2 each, for the financial year ended March 31, 2011, for the approval of the shareholders at the AGM [Previous Year ₹ 36 per equity share of ₹ 10 each (₹ 7.20 per equity share of ₹ 2 each)].

### Book Closure

Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Corporation will remain closed from **Friday, June 24, 2011** to **Friday, July 8, 2011** (both days inclusive) for the purpose of payment of dividend for the financial year 2010-11.

The dividend of ₹ 9 per equity share of ₹ 2 each as recommended by the Board of Directors, if approved by the Members, will be dispatched / remitted commencing from the day after the AGM to those members whose names appear in the Register of Members of the Corporation / the statements of beneficial ownership maintained by the Depositories, as at the close of business hours on **Thursday, June 23, 2011**.

### Financial Calendar for the Year 2011-12

The tentative schedule for holding meetings of the Audit Committee / Board of Directors of the Corporation and the 35<sup>th</sup> Annual General Meeting are as under:

| Nature of meeting               | Purpose  | Probable date                     |
|---------------------------------|--|-----------------------------------|
| Audit Committee / Board Meeting | To review and approve the un-audited financial results of the Corporation for the quarter ending June 30, 2011, subject to a limited review by the auditors of the Corporation.                  | By the second week of July 2011   |
| Audit Committee / Board Meeting | To review and approve the un-audited financial results of the Corporation for the quarter / half-year ending September 30, 2011, subject to a limited review by the auditors of the Corporation. | By the third week of October 2011 |



| Nature of meeting                       | Purpose  | Probable date                     |
|---|--|-----------------------------------|
| Audit Committee / Board Meeting         | To review and approve the un-audited financial results of the Corporation for the quarter / nine months ending December 31, 2011, subject to a limited review by the auditors of the Corporation.  | By the third week of January 2012 |
| Audit Committee / Board Meeting         | To review and approve <i>inter alia</i> the audited financial results of the Corporation and the consolidated financial results for the year ending March 31, 2012 and recommend dividend, if any, for the financial year ending March 31, 2012. | By the second week of May 2012    |
| Audit Committee / Board Meeting         | To review and approve the un-audited financial results of the Corporation for the quarter ending June 30, 2012, subject to a limited review by the auditors of the Corporation.  | By the third week of July 2012    |
| 35 <sup>th</sup> Annual General Meeting | Adoption of annual accounts, declaration of dividend, if any, re-appointment of directors, re-appointment of statutory auditors, etc.  |                                   |

In addition to the above, meetings of Board or Committee of Directors of the Corporation may be convened as and when deemed necessary.

### Listing on Stock Exchanges

#### Equity Shares

The equity shares of the Corporation are listed on the following stock exchanges and are tradable on all other recognised stock exchanges in India.

|  |   |
|--|---|
| <b>Bombay Stock Exchange Limited (BSE)</b><br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai 400 001.<br>Tel. Nos. : 022- 2272 1233/34<br>Fax Nos. : 022- 2272 3121/1919<br>Email : is@bseindia.com<br>Website : www.bseindia.com | <b>National Stock Exchange of India Limited (NSE)</b><br>Exchange Plaza, Plot No. C/1, G. Block,<br>Bandra-Kurla Complex,<br>Bandra (East), Mumbai 400 051.<br>Tel. No. : 022-2659 8190<br>Fax No. : 022-2659 8191<br>Email : ignse@nse.co.in<br>Website : www.nseindia.com |
|--|---|

| Stock Exchange Codes: | Reuters Codes: | Bloomberg Codes: |
|-----------------------|----------------|------------------|
| BSE - 500010          | BSE - HDFC.BO  | BSE - HDFC       |
| NSE - HDFC EQ         | NSE - HDFC.NS  | NSE - NHDFC      |

ISIN: INE001A01036

#### Listing Fees

The listing fees have been paid to the BSE and NSE for the financial year 2011-12.

**Foreign Currency Convertible Bonds (FCCB)**

In September 2005, the Corporation concluded the issue of USD 500 million zero coupon FCCB. The bonds were convertible into equity shares of the Corporation of the face value of ₹ 10 each up to the close of business hours on July 29, 2010 at the option of the holders, at ₹ 1,399 per equity share, representing a conversion premium of 50% over the initial reference share price.

All the bonds were lodged with the Corporation for conversion into equity shares on or prior to the last date for conversion. In aggregate, the Corporation allotted 1,56,23,732 equity shares of ₹ 10 each pursuant to the conversion of the FCCB. Hence, there are no outstanding FCCB.

**Investor Services Department (ISD)**

HDFC is committed to engaging the best talent, adopting and reviewing best practices and ensuring effective use of available resources for the benefit of its investors.

HDFC's in-house ISD is registered with the Securities and Exchange Board of India (SEBI) as an in-house Share Transfer Agent – Category II and has connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISD has a dedicated and a well trained staff to cater to the needs of over 2,10,000 shareholders representing a market capitalisation of ₹ 1,02,858 crores and 3,615 debenture holders with a portfolio of ₹ 44,499 crores (all figures as on March 31, 2011).

The ISD offers services pertaining to share transfers, transmissions, transposition, dematerialisation / rematerialisation of shares, issue of duplicate / re-validated dividend warrants, issue of duplicate / replaced / consolidated / split share certificates, change of address and bank account details, nomination facility and other related matters apart from facilitating value added services like remitting dividend through Electronic Clearing Service (ECS), National Electronic Clearing Service (NECS), Direct Credit Service (DCS), Real Time Gross Settlement (RTGS) and issuing reminders to members regarding their unclaimed dividend and unclaimed share certificate.

Shareholders holding shares in physical form may contact the ISD for any of the aforesaid services. However, those holding shares in electronic form, are required to contact their Depository Participant(s) (DP).

**Share Transfer System**

In terms of Clause 49 (IV) (G) (iv) of the Listing Agreements, the Board of Directors of the Corporation, has constituted an Investors Services Committee (ISC) comprising the company secretary and senior officers of the Secretarial Department. The board has also constituted a Share Transfer Committee (STC), which comprises the Chairman and all Executive Directors of the Corporation.

The ISC approves transfer, transmission, transposition, dematerialisation and rematerialisation of shares and places the same before the STC for its ratification. The ISC also recommends the issuance of split, replaced, consolidated and duplicate share certificates to the STC, for its approval, in accordance with the applicable provisions of the Companies Act, 1956 and the Companies (Issue of Share Certificates) Rules, 1960.

A statement of transactions ratified/approved by the STC is tabled at the subsequent meeting of the board for its noting/ratification.

**Service Standards**

HDFC is committed to provide effective and prompt service to its investors. The ISC has been entrusted with the responsibility of ensuring that the investors of the Corporation are serviced in accordance with the standard operating procedures and within the service standards adopted by the Corporation. Listed below are the service standards adopted by the Corporation in respect of shares held in physical form.

| Nature of Service*  | Mode of receipt of request |                  |
|---|----------------------------|------------------|
|   | Through post               | Over the counter |
| Transfer of shares  | 3 working days             | 20 minutes       |
| Transmission of shares / Deletion of name                   | 3 working days             | 20 minutes       |
| Transposition of names                                      | 3 working days             | 20 minutes       |
| Issue of duplicate / re-validation of dividend warrant(s)   | 3 working days             | 20 minutes       |
| Change of address / ECS / Bank details                      | 3 working days             | 20 minutes       |
| Split / Replacement / Consolidation of share certificate(s) | 7 working days             | -                |
| Dematerialisation of shares                                 | 8 working days             | -                |
| Rematerialisation of shares                                 | 8 working days             | -                |
| Issue of duplicate share certificate(s)                     | 30 working days            | -                |

\* Subject to receipt and verification of valid documents and receipt of requisite approvals.

The investors are requested to contact the ISD for availing any of the said services. The Corporation has designated an exclusive e-mail address viz. **investorcare@hdfc.com**, which would enable investors to post their grievance and monitor its redressal. Senior Officers of the ISD have been entrusted with the task of monitoring the correspondence / complaints received and ensuring its redressal in accordance with the standard operating procedures and within the said service standards.

A status report on adherence to the said service standards is reviewed by the company secretary on a quarterly basis and tabled at the meetings of the Investor Relations & Grievance Committee of Directors, for its review and noting.

#### Investors' Grievances

During the year under review, the Corporation received 13,066 correspondence from shareholders and other persons regarding change in bank account particulars, dematerialisation of shares, transfer of shares, change of address, non-receipt of dividend warrants / sub-divided share certificates / annual reports / bonus shares etc.

During the year, the Corporation also received 1,104 e-mails addressed to the dedicated e-mail address **investorcare@hdfc.com**, enquiring status of dematerialisation of shares, requesting for annual reports, enquiring status of sub-divided share certificates, dispatch of dividend warrants etc.

The details of investor complaints received and redressed by the Corporation during the last three financial years, are as under:

| Received from                                      | No. of complaints received |           |           | No. of complaints unresolved as on March 31, 2011 |
|--|----------------------------|-----------|-----------|---|
|  | 2008-09                    | 2009-10   | 2010-11   |   |
| Stock Exchanges and SEBI                           | 13                         | 6         | 15        | Nil   |
| NHB, RBI, MCA and others                           | 1                          | 5         | 3         | Nil   |
| Directly received from investors relating to:      |                            |           |           |   |
| 1. Non-receipt of share certificates               | Nil                        | 1         | 2         | Nil   |
| 2. Non-receipt of sub-divided share certificate(s) | Nil                        | Nil       | Nil       | Nil   |
| 3. Delay in Dematerialisation of shares            | Nil                        | Nil       | Nil       | Nil   |
| 4. Non-receipt of dividend warrants                | Nil                        | Nil       | Nil       | Nil   |
| 5. Non-receipt of annual reports                   | Nil                        | Nil       | Nil       | Nil   |
| 6. Change of Shareholders details                  | Nil                        | Nil       | 1         | Nil   |
| 7. Non-receipt of bonus shares                     | Nil                        | Nil       | Nil       | Nil   |
| <b>Total No. of complaints received</b>            | <b>14</b>                  | <b>12</b> | <b>21</b> | Nil   |
| <b>Total No. of complaints redressed</b>           | <b>14</b>                  | <b>11</b> | <b>22</b> | Nil   |

There was one investor complaint that was unresolved as on April 1, 2010. During the year, the Corporation received 21 investor complaints. All the said investor complaints were resolved and as such there was no unresolved investor complaint as at March 31, 2011.

The status of correspondence / complaints received and attended to by the Corporation are tabled at the meetings of the Investor Relations & Grievance Committee / board, for their review and noting.

### **Legal Proceedings**

Presently, the Corporation has been made a party to litigations filed by / against six of its shareholders, relating to dispute over title to shares. The Corporation is not in agreement with the claims made by the concerned shareholders. The said litigations are not material in nature.

As at March 31, 2011, there was no litigation against the Corporation or any of its managing / whole-time directors, for any of the alleged offences under the enactments specified in Part I of Schedule XIII to the Companies Act, 1956.

### **Secretarial Compliance**

The Corporation has complied with the applicable provisions of the Companies Act, 1956 and the rules framed thereunder, SEBI Act, 1992, rules, regulations and guidelines issued thereunder and the Listing Agreements. In this connection, Messrs N. L. Bhatia & Associates, Practising Company Secretaries has conducted a Secretarial Audit for the financial year ended March 31, 2011, the report of which is given elsewhere in the annual report.

### **Control of the Corporation**

The Corporation is neither owned nor controlled, directly or indirectly, by any person, entity or government and also does not owe allegiance to any promoter or promoter group. To the best of its knowledge and belief, the Corporation does not have any arrangement, the operation or consequence of which might directly or indirectly result in a change in its ownership, control or management.

Further, during the year under review, the Corporation has not received any disclosure under Regulation 8 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

### **Voting Rights**

All the shares issued by the Corporation carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of 'One Member-One Vote'. If majority of members raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded.

The fundamental voting principle in a company, in case voting takes place by a poll, is 'One Share-One Vote'. On a poll being taken, any decision arrived thereat is final, thus overruling any decision taken on a show of hands. No poll has been demanded at any general meeting of the members of the Corporation. No business has been transacted through postal ballot.

### **Website**

Information regarding the Corporation can also be accessed on its website, [www.hdfc.com](http://www.hdfc.com).

The 'Investors' section on the website of the Corporation contains an array of information on investor services, financials, corporate profile, shareholding pattern, listing of securities, dividend, warrants, debentures, disclosures made to stock exchanges and answers to frequently asked questions (FAQs).

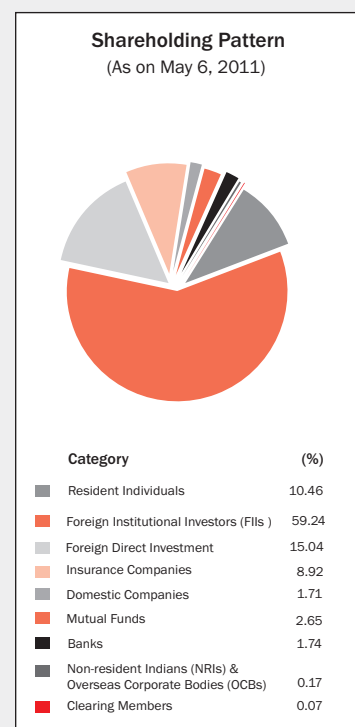
The 'Corporate Governance' section on the website of the Corporation contains the report on corporate governance for the financial year 2010-11, information regarding the financial calendar 2011-12, number of directorships held by the directors of the Corporation, details of the meetings of Board of Directors, Audit Committee and Investor Relations & Grievance Committee held during the current financial year and the code of conduct, which is applicable to all the directors and senior management of the Corporation.

## Distribution of Shareholding

Details of shareholding based on category, holding and location as on May 6, 2011, are given below:

### According to Category:

| Category   | No. of share-holders | Shares held in physical form | Shares held in dematerialised form | Total No. of shares held | % to capital  |
|--|----------------------|------------------------------|------------------------------------|--------------------------|---------------|
| Resident Individuals   | 1,96,994             | 2,14,89,745                  | 13,19,02,649                       | 15,33,92,394             | 10.46         |
| Foreign Institutional Investors (FIIs)                         | 880                  | —                            | 86,90,25,832                       | 86,90,25,832             | 59.24         |
| Foreign Direct Investment                                      | 16                   | —                            | 22,06,44,672                       | 22,06,44,672             | 15.04         |
| Insurance Companies  | 30                   | 500                          | 13,09,12,920                       | 13,09,13,420             | 8.92          |
| Domestic Companies/Trusts                                      | 2,385                | 5,01,685                     | 2,45,42,938                        | 2,50,44,623              | 1.71          |
| Mutual Funds   | 199                  | 6,750                        | 3,87,29,863                        | 3,87,36,613              | 2.65          |
| Financial Institutions/Banks                                   | 55                   | 11,900                       | 2,55,17,437                        | 2,55,29,337              | 1.74          |
| Non-resident Indians (NRIs) / Overseas Corporate Bodies (OCBs) | 3,137                | 21,500                       | 25,40,955                          | 25,62,455                | 0.17          |
| Clearing Members (in the depository)                           | 270                  | —                            | 10,37,344                          | 10,37,344                | 0.07          |
| <b>Total</b>   | <b>2,03,966</b>      | <b>2,20,32,080</b>           | <b>144,48,54,610</b>               | <b>146,68,86,690</b>     | <b>100.00</b> |



### According to Holding:

| No. of shares held | Physical form       |                    | Dematerialised form |                      | Total               |                      |               |
|--------------------|---------------------|--------------------|---------------------|----------------------|---------------------|----------------------|---------------|
|                    | No. of shareholders | No. of shares      | No. of shareholders | No. of shares        | No. of shareholders | No. of shares        | % to capital  |
| Upto 100           | 633                 | 55,850             | 1,15,870            | 38,90,863            | 1,16,503            | 39,46,713            | 0.27          |
| 101 - 500          | 3,729               | 14,44,750          | 32,227              | 90,61,665            | 35,956              | 1,05,06,415          | 0.71          |
| 501 - 1,000        | 4,769               | 45,92,910          | 14,477              | 1,25,84,635          | 19,246              | 1,71,77,545          | 1.17          |
| 1,001 - 2,500      | 4,741               | 90,08,245          | 16,729              | 2,99,95,352          | 21,470              | 3,90,03,597          | 2.66          |
| 2,501 - 5,000      | 1,129               | 39,13,175          | 5,165               | 1,85,38,696          | 6,294               | 2,24,51,871          | 1.53          |
| 5,001 - 10,000     | 193                 | 13,46,675          | 1,756               | 1,24,01,850          | 1,949               | 1,37,48,525          | 0.94          |
| 10,001 - 50,000    | 63                  | 10,59,825          | 1,431               | 3,19,84,176          | 1,494               | 3,30,44,001          | 2.25          |
| 50,001 - 1,00,000  | 5                   | 3,97,250           | 302                 | 2,13,84,116          | 307                 | 2,17,81,366          | 1.49          |
| 1,00,001 and above | 2                   | 2,13,400           | 745                 | 130,50,13,257        | 747                 | 130,52,26,657        | 88.98         |
| <b>Total</b>       | <b>15,264</b>       | <b>2,20,32,080</b> | <b>1,88,702</b>     | <b>144,48,54,610</b> | <b>2,03,966</b>     | <b>146,68,86,690</b> | <b>100.00</b> |

## According to Location:

| City*        | No. of shareholders | % to total shareholders | No. of shares held   | % to capital  |
|--------------|---------------------|-------------------------|----------------------|---------------|
| Mumbai       | 55,906              | 27.41                   | 135,85,84,873        | 92.62         |
| Pune         | 12,535              | 6.15                    | 97,43,809            | 0.66          |
| Delhi        | 9,616               | 4.71                    | 1,35,85,463          | 0.93          |
| Bengaluru    | 8,672               | 4.25                    | 1,08,45,118          | 0.74          |
| Ahmedabad    | 8,191               | 4.02                    | 65,90,838            | 0.45          |
| Kolkata      | 7,833               | 3.84                    | 1,16,70,868          | 0.80          |
| Chennai      | 7,707               | 3.78                    | 84,70,464            | 0.58          |
| Vadodara     | 5,374               | 2.63                    | 45,10,471            | 0.31          |
| Hyderabad    | 4,219               | 2.07                    | 26,18,767            | 0.18          |
| Surat        | 1,885               | 0.93                    | 10,53,368            | 0.07          |
| Dombivli     | 1,582               | 0.78                    | 6,18,096             | 0.04          |
| Nagpur       | 1,544               | 0.76                    | 9,43,379             | 0.06          |
| Nashik       | 1,453               | 0.71                    | 7,83,708             | 0.05          |
| Jaipur       | 1,398               | 0.69                    | 10,76,888            | 0.07          |
| Lucknow      | 1,396               | 0.68                    | 7,44,855             | 0.05          |
| Indore       | 1,249               | 0.61                    | 8,43,107             | 0.06          |
| Rajkot       | 1,207               | 0.59                    | 8,07,011             | 0.05          |
| Chandigarh   | 905                 | 0.44                    | 12,86,490            | 0.09          |
| Other Cities | 71,294              | 34.95                   | 3,21,09,117          | 2.19          |
| <b>Total</b> | <b>2,03,966</b>     | <b>100.00</b>           | <b>146,68,86,690</b> | <b>100.00</b> |

\* In case of FIIs, NRIs, OCBs & Foreign Investors who have invested under the FDI route, their address in India has been considered.

## Major Shareholders

Details of shareholders holding more than 1% of the total issued and paid-up share capital of the Corporation (as on May 6, 2011), are given below:

| Sr. No. | Name of the shareholder   | Number of shares held | % to capital |
|---------|---|-----------------------|--------------|
| 1       | Citigroup Strategic Holdings Mauritius Limited  | 12,94,69,705          | 8.83         |
| 2       | CMP Asia Limited  | 7,70,00,000           | 5.25         |
| 3       | Europacific Growth Fund   | 6,56,96,730           | 4.48         |
| 4       | Life Insurance Corporation of India   | 4,52,15,333           | 3.08         |
| 5       | Citigroup Holdings Mauritius Limited  | 3,73,88,100           | 2.55         |
| 6       | Aberdeen Asset Managers Limited A/C Aberdeen International India Opportunities Fund (Mauritius) Limited | 2,89,50,000           | 1.97         |
| 7       | The Growth Fund of America, Inc   | 2,49,00,000           | 1.70         |
| 8       | Oppenheimer Developing Markets Fund   | 2,42,92,951           | 1.66         |
| 9       | JP Morgan Funds - Emerging Markets Equity Fund  | 2,41,77,265           | 1.65         |
| 10      | Carmignac Gestion A/c Carmignac Patrimoine  | 1,88,27,070           | 1.28         |
| 11      | Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Inde X Fund       | 1,70,66,678           | 1.16         |
| 12      | Aberdeen Asset Managers Limited A/c Aberdeen Global - Emerging Markets Equity Fund                      | 1,55,52,785           | 1.06         |
|         | <b>Total</b>  | <b>50,85,36,617</b>   | <b>34.67</b> |

## Stock Market Price Data

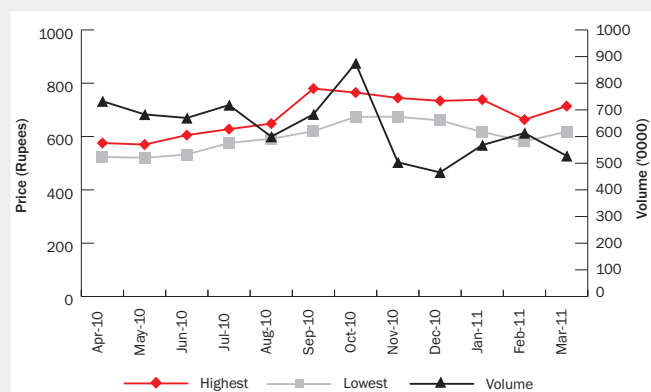
The monthly high and low price and the volume of shares traded on the BSE and NSE during the financial year 2010-11, are as under:

| Month        | BSE      |         |                      | NSE      |         |                      |
|--------------|----------|---------|----------------------|----------|---------|----------------------|
|              | High (₹) | Low (₹) | No. of shares traded | High (₹) | Low (₹) | No. of shares traded |
| April-10*    | 575.60   | 524.11  | 73,26,595            | 576.34   | 523.69  | 6,18,21,345          |
| May-10*      | 570.00   | 520.00  | 68,30,010            | 569.80   | 520.00  | 5,92,44,125          |
| June-10*     | 605.40   | 532.60  | 66,97,060            | 608.00   | 532.02  | 6,50,18,760          |
| July-10*     | 627.80   | 576.00  | 71,81,590            | 629.00   | 576.00  | 6,10,07,280          |
| August-10*   | 648.50   | 591.60  | 59,96,043            | 668.70   | 591.22  | 6,05,99,217          |
| September-10 | 780.05   | 620.10  | 68,35,891            | 742.50   | 621.00  | 7,33,30,906          |
| October-10   | 764.90   | 674.05  | 87,51,936            | 860.80   | 672.10  | 7,77,83,430          |
| November-10  | 745.00   | 674.10  | 50,33,131            | 744.95   | 673.75  | 5,58,06,765          |
| December-10  | 733.80   | 660.60  | 46,54,685            | 734.00   | 660.05  | 4,88,46,301          |
| January-11   | 738.45   | 617.00  | 56,79,963            | 738.80   | 616.10  | 5,73,33,594          |
| February-11  | 663.50   | 582.25  | 61,32,573            | 663.80   | 582.30  | 7,45,58,897          |
| March-11     | 714.15   | 618.00  | 52,75,097            | 715.00   | 617.35  | 6,54,90,703          |

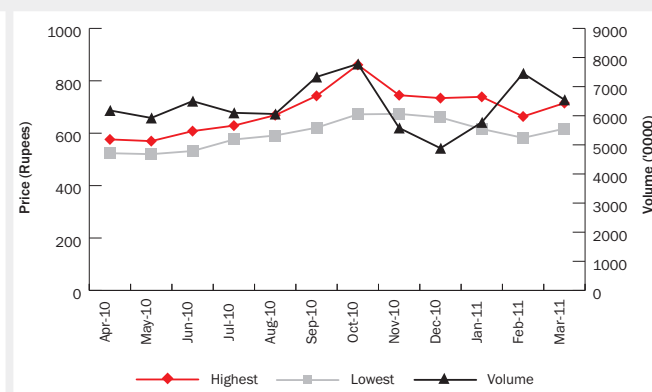
\* The nominal face value of the equity shares of the Corporation was sub-divided from ₹ 10 per equity share to ₹ 2 per equity share, with effect from August 21, 2010. The ex-date for sub-division of the equity shares was August 18, 2010. The share price and number of shares traded have been adjusted in the ratio of sub-division to make the same comparable.

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

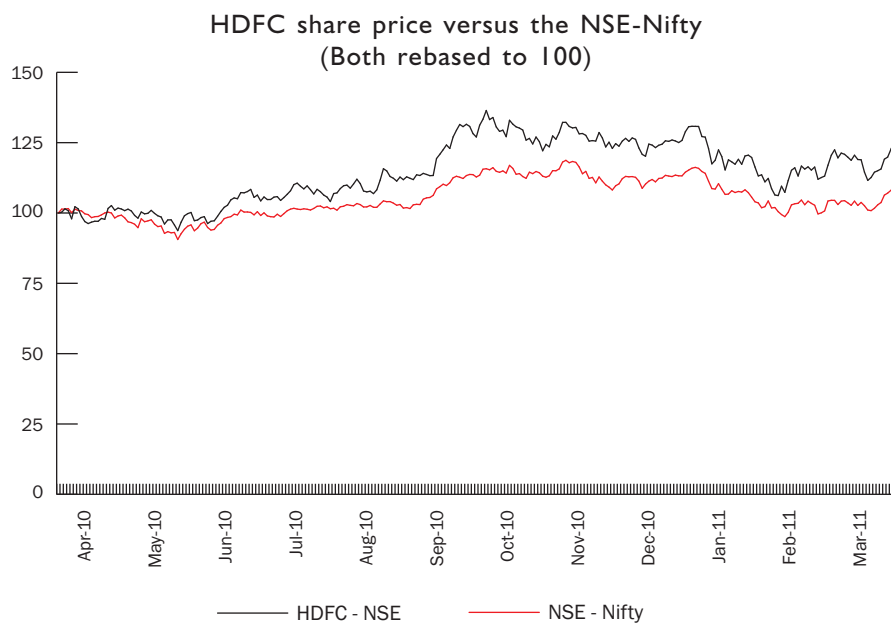
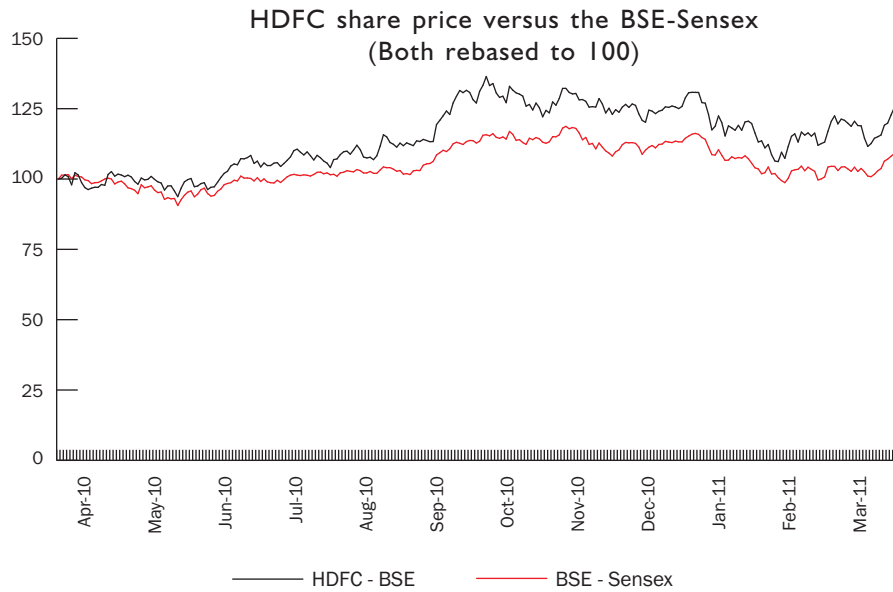
Share Price movement on the BSE during 2010-11



Share Price movement on the NSE during 2010-11







**Note:** The nominal face value of the equity shares of the Corporation was sub-divided from ₹ 10 per equity share to ₹ 2 per equity share, with effect from August 21, 2010. The ex-date for sub-division of the equity shares was August 18, 2010. The share price and number of shares traded have been adjusted in the ratio of sub-division to make the same comparable.

### Capital Appreciation

The following table shows the opening price of HDFC equity share as quoted on the BSE, on the first trading day of every financial year since 2001 (adjusted to the issue of bonus shares in December 2002, in the ratio of 1:1 and sub-division of the nominal face value from ₹ 10 per equity share to ₹ 2 per equity share in August 2010) and BSE-Sensex and NSE-Nifty on the said dates.

| Date          | HDFC Share Price on BSE (₹) | % of appreciation | BSE – Sensex | % of appreciation | NSE – Nifty | % of appreciation |
|---------------|-----------------------------|-------------------|--------------|-------------------|-------------|-------------------|
| April 2, 2001 | 53.30                       | 1,203.85          | 3,491.41     | 457.46            | 1,148.10    | 408.23            |
| April 1, 2002 | 68.50                       | 914.53            | 3,482.94     | 458.81            | 1,129.85    | 416.44            |
| April 1, 2003 | 66.10                       | 951.36            | 3,037.54     | 540.75            | 977.40      | 496.99            |
| April 1, 2004 | 129.00                      | 438.72            | 5,599.12     | 247.61            | 1,771.45    | 229.39            |
| April 1, 2005 | 149.26                      | 365.60            | 6,506.60     | 199.13            | 2,035.90    | 186.61            |
| April 3, 2006 | 268.00                      | 159.31            | 11,342.96    | 71.59             | 3,403.15    | 71.46             |
| April 2, 2007 | 296.00                      | 134.78            | 12,811.93    | 51.91             | 3,820.00    | 52.75             |
| April 1, 2008 | 482.00                      | 44.18             | 15,771.72    | 23.41             | 4,735.65    | 23.21             |
| April 1, 2009 | 285.00                      | 143.84            | 9,745.77     | 99.71             | 3,023.85    | 92.97             |
| April 1, 2010 | 547.00                      | 27.05             | 17,555.04    | 10.87             | 5,249.20    | 11.16             |
| April 1, 2011 | 694.95                      |                   | 19,463.11    |                   | 5,835.00    | —                 |

From the above table it can be deduced that:

- Price of HDFC share has appreciated by 1,203.85%, compared to appreciation of 457.46% in BSE – Sensex and 408.23% in NSE – Nifty;
- An investment of ₹ 5,330 made on April 1, 2001 in 10 equity shares of ₹ 10 each of HDFC has appreciated to ₹ 69,495.00 on April 1, 2011 (100 equity shares of ₹ 2 each). Further, the investor has earned ₹ 3,865.00 by way of dividend on the said investment.

### Equity History

| Particulars                                 | No. of shares issued (of ₹ 2 each) | Year / date |
|---|------------------------------------|-------------|
| Initial Issue                               | 5,00,00,000                        | 1978        |
| Public cum Rights Issue                     | 5,00,00,000                        | 1987        |
| Public cum Rights Issue                     | 12,50,00,000                       | 1990        |
| Rights Issue of Fully Convertible Debenture | 23,62,50,000                       | 1992        |

| Particulars                                 | No. of shares issued<br>(of ₹ 2 each) | Year / date  |
|---|---------------------------------------|--|
| Private Placement to Financial Institutions | 4,50,00,000                           | 1993   |
| Private Placement to Foreign Investors      | 8,93,20,000                           | 1995   |
| Allotment under ESOS                        | 1,42,33,565                           | Between March 2001 and November 2002                           |
| Bonus Issue (1:1)                           | 60,98,03,565                          | December 30, 2002  |
| Allotment under ESOS                        | 1,34,78,475                           | Between January 2003 and March 2004                            |
| Allotment under ESOS                        | 1,25,18,055                           | During Financial Year 2004-05                                  |
| Allotment under ESOS                        | 22,16,005                             | During Financial Year 2005-06                                  |
| Allotment under ESOS                        | 1,72,13,370                           | During Financial Year 2006-07                                  |
| Allotment on a preferential basis           | 7,62,50,000                           | July 11, 2007 - CMP Asia Limited                               |
| Allotment on a preferential basis           | 1,37,50,000                           | July 24, 2007 - Citigroup Strategic Holdings Mauritius Limited |
| Allotment under ESOS                        | 54,89,840                             | During Financial Year 2007-08                                  |
| Allotment pursuant to conversion of FCCB    | 5,96,67,050                           | During Financial Year 2007-08                                  |
| Allotment under ESOS                        | 9,07,850                              | During Financial Year 2008-09                                  |
| Allotment pursuant to conversion of FCCB    | 11,71,775                             | During Financial Year 2008-09                                  |
| Allotment under ESOS                        | 1,01,56,830                           | During Financial Year 2009-10                                  |
| Allotment pursuant to conversion of FCCB    | 31,24,730                             | During Financial Year 2009-10                                  |
| Allotment pursuant to conversion of FCCB    | 1,41,55,105                           | During Financial Year 2010-11 (up to July 29, 2010)            |
| Allotment under ESOS                        | 1,71,80,475                           | During Financial Year 2010-11                                  |
| <b>Total : (as on May 6, 2011)</b>          | <b>146,68,86,690</b>                  |  |

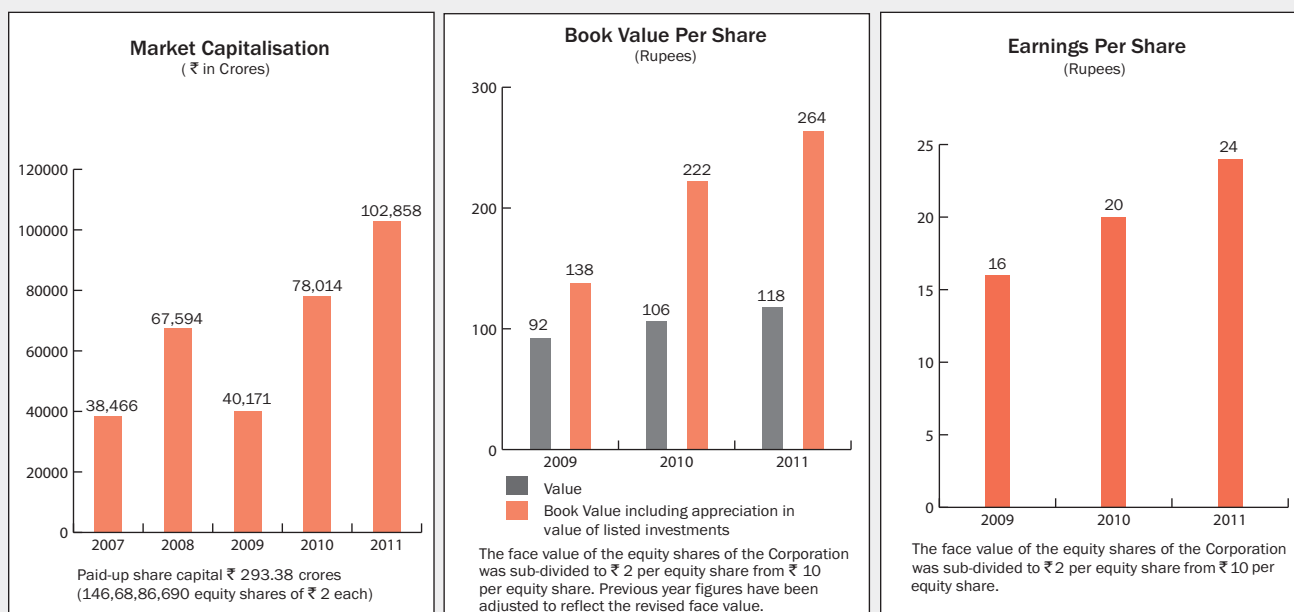
Note: The nominal face value of the equity shares of the Corporation was sub-divided from ₹ 100 per equity share to ₹ 10 per equity share, with effect from August 25, 1999 and thereafter from ₹ 10 per equity share to ₹ 2 per equity share, with effect from August 21, 2010. Accordingly, for ease of comparison, all issues have been represented by equity shares of ₹ 2 each.

#### Details of Warrant Holders

Details of Warrant holders of the Corporation based on category as on May 6, 2011, are given below:

| Category                               | No. of Warrant holders | Total No. of Warrants held | % to total Warrants |
|--|------------------------|----------------------------|---------------------|
| Resident Individuals                   | 1,185                  | 95,81,881                  | 17.50               |
| Foreign Institutional Investors (FIIs) | 5                      | 1,19,54,700                | 21.83               |
| Insurance Companies                    | -                      | -                          | -                   |
| Domestic Companies / Trust             | 122                    | 80,90,815                  | 14.77               |
| Mutual Funds                           | 28                     | 2,45,71,380                | 44.86               |
| Banks                                  | -                      | -                          | -                   |
| Non Resident Indians (NRIs)            | 32                     | 2,96,000                   | 0.54                |
| Clearing Members (in the depository)   | 46                     | 2,73,754                   | 0.50                |
| <b>Total</b>                           | <b>1,418</b>           | <b>5,47,68,530</b>         | <b>100.00</b>       |

Note: Consequent to the sub-division of the nominal face value of the equity shares of the Corporation from ₹ 10 per equity share to ₹ 2 per equity share, with effect from August 21, 2010, the Warrant Exercise Price was adjusted from ₹ 3,000 per equity share of ₹ 10 each to ₹ 600 per equity share of ₹ 2 each, to be paid by the Warrant holder at the time of exchange of each Warrant at any time on or before August 24, 2012.



### Dematerialisation of Shares and Liquidity

The equity shares of the Corporation are in the list of scrips specified by SEBI to be compulsorily traded in the dematerialised form. As on May 6, 2011, 98.50% of the total issued and paid-up equity share capital of the Corporation is held by 1,88,702 shareholders in dematerialised form and the balance 1.50% is held by 15,264 shareholders in physical form.

### OTHER IMPORTANT INFORMATION

#### Sub-Division

Pursuant to the approval of the members of the Corporation at the 33<sup>rd</sup> Annual General Meeting (AGM) held on July 14, 2010, the Corporation sub-divided the nominal face value of its equity shares from ₹ 10 per share to ₹ 2 per share, with effect from August 21, 2010. Pursuant to the said sub-division, the members were issued 5 (five) equity shares of ₹ 2 each of the Corporation in lieu of 1 (one) equity share of ₹ 10 each held by them as on the record date i.e., August 20, 2010, fixed for the said purpose.

Shareholders, who were holding the equity shares of ₹ 10 each of the Corporation in electronic form as on the said record date, were given credit of the sub-divided equity shares of ₹ 2 each [i.e. 5 equity shares of ₹ 2 each in lieu of 1 equity share of ₹ 10 each held as on the said record date] on August 21, 2010 in their respective depository account. A confirmation to this effect was also dispatched to the concerned shareholders in September 2010.

Shareholders, who were holding the equity shares of ₹ 10 each of the Corporation in physical form as on the said record date, were issued composite sub-divided share certificates of the face value of ₹ 2 each [i.e. 5 equity shares of ₹ 2 each in lieu of 1 equity share of ₹ 10 each held as on the said record date] and the same were dispatched in September 2010 to their address registered with the Corporation.

Shareholders are requested to note that some of the composite sub-divided share certificates dispatched to the shareholders have been returned as undelivered by the postal authorities. Shareholders who have not received the said composite sub-divided share certificate are requested to write to the ISD at the earliest.

Pursuant to the said sub-division, the share certificates of ₹ 10 each of the Corporation are deemed as cancelled and invalid.

### **Warrants**

Consequent to the sub-division of the face value of the equity shares of the Corporation from ₹ 10 per share to ₹ 2 per share in terms of the Placement Document dated August 21, 2009 in respect of the simultaneous offer of Non-Convertible Debentures with Warrants to Qualified Institutional Buyers (QIBs) on a Qualified Institutions Placement (QIP) basis in accordance with the provisions of Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000, the Warrant Exercise Price was reduced from ₹ 3,000 per equity share of ₹ 10 each to ₹ 600 per equity share of ₹ 2 each, to be paid by the Warrant holder at the time of exchange of the Warrants.

As on date, no Warrant has been lodged with the Corporation for exchange with the equity shares of the Corporation. The last date for exchange of Warrants with the equity shares is Friday, August 24, 2012.

### **National Electronic Clearing Service (NECS)**

The Reserve Bank of India (RBI) vide its circular 376-DPSS.(CO).EPPD. No. 191-04.01.01-2009-2010 dated July 29, 2009 has instructed banks to move to the National Electronic Clearing Service (NECS) platform w.e.f. October 1, 2009.

In light of the above, members are requested to furnish to the ISD, the new bank account number, if any, allotted to them, by their bank after it has implemented Core Banking Solutions (CBS) together with name of the bank, branch, 9 digit MICR bank / branch code, account type by quoting their folio number and a photocopy of the cheque pertaining to their bank account, so that the dividend can be credited to the said bank account.

Members holding shares in electronic form are requested to provide the said details to their DP.

Please note that, in case the members do not provide the said details as aforesaid, credit of dividend through NECS to their old bank account number may be rejected or returned by the banking system. In such cases, the Corporation would issue physical dividend warrants to the concerned members post such rejection.

After credit of dividend, a confirmation will be sent to the concerned members.

### **Particulars of Bank Account**

Members holding shares in physical form are requested to furnish their bank account details to the ISD for updating the records and incorporating the same on the dividend warrants, to prevent its fraudulent encashment.

Members holding shares in electronic form are requested to furnish the said details to their DP.

### **Direct Credit System (DCS)**

Under DCS, the dividend amount in respect of members maintaining bank account with HDFC Bank Limited will be credited directly to their respective bank accounts.

After credit of dividend, a confirmation will be sent to the concerned members.

### **Unclaimed Dividend**

Dividend not encashed or claimed, within seven years from the date of its transfer to the unpaid dividend account, will, in terms of the provisions of Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Corporation or the said Fund after the said transfer.

The Corporation has been sending reminders to the concerned members requesting them to claim their dividend before it is due for transfer to the IEPF. The details of the unclaimed dividend and the last date for claiming the same, prior to its transfer to the IEPF, are as under:

| Financial Year | No. of Members who have not claimed their dividend | Unclaimed dividend as on March 31, 2011 (₹) | Unclaimed dividend as % to total dividend | Date of declaration | Last date for claiming the dividend prior to its transfer to IEPF |
|----------------|--|---|---|---------------------|---|
| 2003-04        | 1,693  | 47,83,807                                   | 0.14                                      | July 19, 2004       | August 24, 2011   |
| 2004-05        | 1,801  | 66,26,252                                   | 0.16                                      | July 15, 2005       | August 22, 2012   |
| 2005-06        | 2,014  | 84,04,260                                   | 0.17                                      | July 18, 2006       | August 24, 2013   |
| 2006-07        | 2,192  | 1,02,04,524                                 | 0.18                                      | June 27, 2007       | August 4, 2014  |
| 2007-08        | 2,923  | 1,32,57,250                                 | 0.19                                      | July 16, 2008       | August 22, 2015   |
| 2008-09        | 3,211  | 1,78,58,190                                 | 0.21                                      | July 22, 2009       | August 28, 2016   |
| 2009-10        | 4,078  | 2,48,26,860                                 | 0.24                                      | July 14, 2010       | August 20, 2017   |

As per the provisions of Section 205C of the Companies Act, 1956, unclaimed dividend amounting to ₹ 33,96,231 for the financial year 2002-03 was transferred to the IEPF on September 8, 2010. Further, the unclaimed dividend in respect of the financial year 2003-04 must be claimed by August 24, 2011, as it is due for transfer to the IEPF within a period of 30 days from the said date. In terms of said section, no claim would lie against the Corporation or the IEPF after any such transfer.

#### Unclaimed Shares

SEBI has vide circular no. CIR/CFD/DIL/10/2010 dated December 16, 2010, amended Clause 5A of the Listing Agreements, which requires every listed company to identify shares issued by it in physical form to its shareholders, pursuant to a public issue or any other issue, and which is lying unclaimed and send reminders before transferring the said shares to a suspense account with a DP.

Accordingly, the Corporation has identified the composite sub-divided share certificates issued by it in physical form to its shareholders, which are lying unclaimed and sent a reminder to the concerned shareholders requesting them to write to the ISD to claim their shares, subject to submission and verification of requisite documents and compliance with the procedures as prescribed in the said clause. The subsequent reminders will be sent in due course in compliance with the said clause.

#### Nomination Facility

Every shareholder in a company may at any time, nominate in the prescribed manner, a person to whom his shares in the company shall vest in the event of his death. Individual shareholders holding shares either singly or jointly can make a nomination. If the shares are held jointly, all the shareholders may jointly nominate any individual person as their nominee. Nomination stands automatically rescinded on transfer / dematerialisation of the shares.

Shareholders holding shares in single name are advised to nominate any individual by submitting the prescribed nomination form i.e. Form 2B, in duplicate, to the ISD. Shareholders holding shares in demat form are requested to contact their DP. The prescribed nomination form can be downloaded from the 'Investors' section on the website of the Corporation or shareholders may contact the ISD.

#### Issue of Duplicate Dividend Warrants

A duplicate dividend warrant can be issued only after the expiry of the validity period of the original warrant. In case the original warrant is not submitted to the Corporation, a duplicate warrant may be issued after the concerned shareholder(s) submits a letter of undertaking to the Corporation in the prescribed format and subject to verification of the signature(s) of the concerned shareholder(s).

**Folio Consolidation**

Shareholders holding shares under more than one folio may write to the ISD to consolidate their folios. In case of joint holdings even if the order of names are different, shareholders can have them transposed without payment of stamp duty by sending a letter duly signed by all the shareholders. This will facilitate safekeeping and save cost at the time of dematerialisation. The above would be subject to verification of the signature(s) of the concerned shareholders.

**Green Initiative**

The MCA vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively (the said Circulars) has clarified that a company will be deemed to have complied with the provisions of Sections 53 and 219 (1) of the Companies Act, 1956, in case documents like notice, annual report, etc., are sent in electronic form to its shareholders, subject to compliance with the conditions stated therein.

The Corporation has intimated the adoption of the said initiative to members who hold equity shares in electronic form and whose email address have been made available to the Corporation by the Depositories. The Corporation will be sending the notice and the annual report for the financial year 2010-11 in electronic form to the said members, in terms of the said circulars.

Members holding shares in electronic form but who have not registered their email address with their DP and members holding shares in physical form are requested to refer to the letter enclosed with the Notice convening the 34<sup>th</sup> AGM and endeavour to register their e-mail address with their DP/the Corporation, as the case may be.

Members who have registered their e-mail address with their DP/ the Corporation but wish to receive the said documents in physical form are requested to write to **investor.services@hdfc.com** duly quoting their DP ID and Client ID/ Folio No., as the case may be, to enable the Corporation to record their decision.

Please note that a shareholder of the Corporation is entitled to receive on request, a copy of the said documents, free of cost, in accordance with the provisions of the Companies Act, 1956.



If you need any assistance, please walk in or call any of our offices to experience the warmth, courtesy and professionalism of HDFC.

**REGISTERED OFFICE:** Mumbai 400 020. Tel: 66316000, 22820282

**BRANCH OFFICES:**

**AGRA** Tel: 2526769/70. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm) **AHMEDABAD (Navrangpura)** Tel: 66307000. **AHMEDABAD (Maninagar)** Tel: 64501855. (Working Days & Hours: Mon to Fri; 10.30 am to 5.30 pm & Sat; 10.30 am to 2.00 pm) **AHMEDABAD (Satellite)** Tel: 64501864. (Working Days & Hours: Mon to Fri; 10.30 am to 5.30 pm & Sat; 10.30 am to 2.00 pm) **AHMEDNAGAR** Tel: 2320818/9. (Working Days & Hours: Mon to Friday 9.30 am to 5.15 pm and Saturday 9.30 am to 1 pm) **AJMER** Tel: 2624994/2433392. **AKOLA** Tel: 2442454, 2430244. **ALWAR** Tel: 2702739. **ALLAHABAD** Tel: 2260325. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm, Sat; 9.30 am to 1.30 pm) **AMBALA** Tel: 0171-2630880, 2630711. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm) **AMRAVATI** Tel: 2666009/987. **AMRITSAR** Tel: 5010512, 2500851. **ANAND** Tel: 255514/7. **ANKLESHWAR** Tel: 227771/2. (Working Days & Hours: Mon to Fri; 11 am to 7 pm) **AURANGABAD (Jalna Road)** Tel: 6616510, 2358500. **BAREILLY** Tel: 2477496. **BEAWAR** Tel: 251691, 513888, 513788. **BENGALURU (Kasturba Road)** Tel: 41183000, 41183232. **BENGALURU (Basaveswaranagar)** Tel: 23584222. (Working Days & Hours: Mon to Fri; 10.15 am to 5.30 pm & Sat; 10.15 am to 1.30 pm) **BENGALURU (Electronic City)** Tel: 9900950600. (Working Days & Hours: Mon to Fri; 10.00 am to 5.15 pm & Sat 10.00 am to 1.00 pm) **BENGALURU (Jayanagar)** Tel: 26544471. (Working Days & Hours: Mon to Fri; 10 am to 6 pm; Sat: 10 am to 1 pm) **BENGALURU (Koramangala)** Tel: 25633478. (Working Days & Hours: Mon to Fri; 10.15 am to 5.30 pm & Sat; 10.15 am to 1 pm) **BENGALURU (Marathahalli)** Tel: 41183000/25400232. (Working Days & Hours: Mon to Fri; 10.15 am to 5.30 pm & Sat 10.15 am to 1.00 pm) **BENGALURU (Sahakarnagar)** Tel: 23626361/62. (Working Days & Hours: Mon to Fri; 10.15 am to 5.30 pm & Sat 10.15 am to 1.00 pm) **BHARUCH** Tel: 238444, 238555. **BHATINDA** Tel: 501 2218-19. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm & Sat: 10 am to 1 pm) **BHILAI** Tel: 4040840/1. (Working Days & Hours: Mon, Tue & Fri; 9.30 am to 5.15 pm) **BHILWARA** Tel: 232902. **BHIWADI** Tel: 512739, 512849. **BHOPAL (MP Nagar)** Tel: 4277772, 4273330. **BHOPAL (Kamla Bhawan)** Tel: 4229990. (Working Days & Hours: Mon to Fri; 12 noon to 6 pm) **BHUBANESWAR** Tel: 2395060. **BIKANER** Tel: 5130716, 6450909. **BILASPUR** Tel: 400707, 400210. **BULDHANA** Tel: 246301/2. **CALICUT** Tel: 2367656/7. **CHANDIGARH** Tel: 3989123, 3011300. **CHANDRAPUR** Tel: 271563-5. **CHENNAI (Anna Salai)** Tel: 28599300. **CHENNAI (Adyar)** Tel: 23452003. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat. 10 am to 2 pm) **CHENNAI (Anna Nagar)** Tel: 23451998/9. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat; 10 am to 2 pm) **CHENNAI (Kodambakkam)** Tel: 24815656, 24815005. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat. 10 am to 2 pm) **CHENNAI (OMR)** Tel: 23454004/4003. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **CHENNAI (Tambaram)** Tel: 23454001-05. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat; 10 am to 2 pm) **CHENNAI (Velacherry)** Tel: 22435571/5615. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat; 10 am to 2 pm) **COIMBATORE (Kamaraj Road)** Tel: 4301100. **COIMBATORE (NSR Road)** Tel: 4399881/2. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat 10 am to 2 pm) **CUTTACK** Tel: 2332061, 2332093. **DEHRADUN (Rajpur Road)** Tel: 30552222. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 9.30 am to 1.30 pm) **DEHRADUN (Vasant Vihar Road)** Tel: 0135-320 5150. **DEWAS** Tel: 254550, 404285. (Working Days & Hours: Mon to Thu; 9.30 am to 5.15 pm) **DHULE** Tel: 273500. **DURGAPUR** Tel: 2549778. **ERODE** Tel: 2240928/29. **FARIDABAD** Tel: 0129-2226912/6. (Working Days & Hours: Mon; 11 am to 2 pm & Tue to Sat; 11 am to 7 pm) **GANDHIDHAM** Tel: 228704 / 5. (Working Days & Hours: Monday to Friday - 10.30 am to 6.15 pm & Saturday - 11.00 am to 1.15 pm) **GHAZIABAD (Lohia Nagar)** Tel: 2721446, 2723116. (Working Days & Hours: Mon; 11 am to 2 pm; Tue to Sat; 11 am to 7 pm) **GHAZIABAD (Vaishali)** Tel: 4233253-54. **GOA** Telefax: 0832-2421186. (Working Days & Hours: Mon to Fri; 10.30 am to 6 pm & Sat; 10.30 am to 2 pm) **GORAKHPUR** Tel: 551- 3248100 . (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm, Sat; 9.30 am to 1.30 pm) **GULBARGA** Tel: 241966. (Working Days & Hours: Mon to Fri; 10.45 am to 6 pm, Sat; 10.45 am to 2 pm) **GUNTUR** Tel: 2217538/2268628. (Working Days & Hours: Tues. to Sat; 11.00 am to 7.00 pm) **GURGAON (Mehrauli - Gurgaon Road)** Tel: 4061772-3, 4060961. (Working Days & Hours: Mon to Fri; 11 am to 7 pm; Sat; 11 am to 2 pm) **GURGAON (Sector 14)** Tel: 4367801/2. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm; Sat; 10 am to 1 pm) **GUWAHATI** Tel: 2666000, 2666915 / 795. **GWALIOR** Tel: 4011970/1/3. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm, Sat; 10 am to 1 pm) **HALDWANI** Tel: 311000. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 9.30 am to 1.30 pm). **HARIDWAR** Tel: 324100, 265325. (Working Days & Hours: Mon to Fri; 10 am to 5.45 pm & Sat: 10 am to 2 pm) **HISAR** Tel : 01662-313106 (Working Days & Hours: Mon to Fri; 10 am to 5.30 pm; Sat: 10 am to 2 pm) **HOSUR** Tel: 244888/247444. (Working Days & Hours: Mon to Fri; 10 am to 5.15 pm; Sat: 10 am to 1 pm) **HUBLI** Tel: 2356345. (Working Days & Hours: Mon to Fri; 10.30 am to 6 pm & Sat; 10.30 am to 2 pm) **HYDERABAD (Basheer Bagh)** Tel: 66475001 (10 lines). **HYDERABAD (Dilsukhnagar)** Tel: 040-24540845/47. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **HYDERABAD (Gachibowli)** Tel: 23006347, 23006348. (Working Days & Hours: Tuesday To Saturday 11.00 Am To 7.00 Pm) **HYDERABAD (Kukatpally)** Tel: 040-23155944. (Working Days & Hours: Mon to Sat; 11 am to 7 pm) **HYDERABAD (Panjagutta)** Tel: 23414855/6. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **SECUNDARABAD (Tarnaka)** Tel: 040-27014041, 27006950. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **INDORE (M G Road)** Tel: 4223300, 4433333. **INDORE (Vijaya Nagar)** Tel: 4026442, 4026789. (Working Days & Hours: Mon to Fri; 3 pm to 7 pm) **INDORE (Prabhu Nagar)** Tel: 4028222. (Working Days & Hours: Mon to Fri; 3 pm to 7 pm) **IRINJALAKUDA** Tel: 2821589 **JABALPUR** Tel: 4065771/7. **JAIPUR (Ashok Marg)** Tel: 5150888, 2377171-3. **JAIPUR (Jagatpura)** Tel: 5141888, 5141015, 5141017. **JAIPUR (Mansarovar)** Tel: 2781981, 2780989. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm) **JAIPUR (Vaishali Nagar)** Tel: 5110410, 5110411. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm) **JALANDHAR** Tel: 2277444/45/46. **JALGAON** Tel: 2220762, 2232015. **JAMMU** Tel: 2477707, 2477708, 2477709 (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat: 10 am to 1 pm) **JAMNAGAR** Tel: 2664212 / 13 / 14. (Working Days & Hours: Mon to Fri; 10.00 am to 6.00 pm & Sat: 10 am to 1 pm) **JAMSHEDPUR** Tel: 2424518, 6458733. **JHANSI** Tel: 3290532. **JODHPUR** Tel: 2644448/9. **KANHANGAD** Tel: 2200 599/699. **KANNUR** Tel: 2765850. **KANPUR** Tel: 3259998, 2306744. **KARNAL** Tel : 645 1231-32 (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm & Sat: 10 am to 1 pm) **KOCHI (M. G. Road)** Tel: 3011200. **KOCHI (Aluva)** Tel: 2629575, 4456999. **KOCHI (Kakkanad)** Tel: 2415555, 6493030. **KOCHI (Palarivattom)** Tel: 2346684/5. (Working Days & Hours: Tue to Sat: 11 am to 7 pm) **KOLHAPUR** Tel: 2664034/5. (Working Days & Hours: Mon to Friday 9.30 am to 5.15 pm and Saturday 9.30 am to 1 pm) **KOLKATA (Jeevandeep)** Tel: 23215060, 23018 300, 22886256, 22884645. **KOLKATA (Behala)** Tel: 24468392. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **KOLKATA (Cooke and Kelvey)** Tel: 22481308, 22481327. **KOLKATA (Garia)** Tel: 24351082, 24357011. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **KOLKATA (Salt Lake City)** Tel: 23215949, 23217009. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **KOLLAM** Tel: 3255000, 2762551/2. **KOTA** Tel: 6450909, 5130888. **KOTTAYAM** Tel: 2304985, 2566136. **LUCKNOW (Ashok Marg)** Tel: 3989123. **LUCKNOW (Aliganj)** Telefax: 0522-2763494. **LUCKNOW (Gomti Nagar)** Tel.: **LUDHIANA** Tel: 2429856, 5025184, 6543210.

**MADURAI** Tel: 2350715/6 (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 2 pm) **MALAPPURAM** Tel: 2738873/4. **MANGALORE** Tel: 2445220. (Working Days & Hours: Mon to Fri; 10.45 am to 6 pm & Sat; 10.45 am to 2.45 pm) **MEERUT** Tel: 4058791/2/3/4. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **MOGA** Tel: 238100/01. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm) **MOHALI** Tel: 0172-2220116, 2220130, 2225774. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **MUMBAI (Churchgate)** Tel: 66316000, 22820282. **MUMBAI [Churchgate (Deposits)]** Tel: 67546060 **MUMBAI (Andheri East)** \* Tel: 26830048/49/50. **MUMBAI (Andheri West)** Tel: 26733981-3. (Working Days & Hours: Mon & Wed to Sat; 12 noon to 8 pm) **MUMBAI (Andheri-Kurla Road)** Tel: 28304251-3. (Working Days & Hours: Mon & Wed to Sat; 12 noon to 8 pm) **MUMBAI (Borivli - Ramdas Sutrale Marg)** \* Tel: 2893 7152/55, 28907153 **Mumbai [Borivli - L T Road (Deposits)]** Tel : 28937000, 28937001. **MUMBAI (Chembur)** \* Tel: 25291188/8838. **Mumbai [Dadar (Investor Services Dept.)]** Tel: 24146267/68 **MUMBAI [Ghatkopar (Deposits)]** Tel: 25011284 **Mumbai (Goregaon)** Tel: 67546111. **MUMBAI (Lower Parel)** Tel: 6620 0000 (Working Days & Hours : Mon to Fri 11 am to 7 pm) **MUMBAI (Malad)** \* Tel: 65990487/88/89/90. **MUMBAI (Mira Road)** \* Tel: 65990265/66/67. **MUMBAI (Mulund)** \* Tel: 25655633/733. **MUMBAI (Parel – Credit Risk Management)** Tel: 66113000. **MUMBAI (Vikhroli)** Tel: 25186624/25/26 (Working Days & Hours : Mon & Wed to Sat 11.00 am To 7.00 pm) **MUMBAI (Virar)** Tel: 2511654-6. (Working Days & Hours: Tue to Sat; 12.30 pm to 8.30 pm) **AMBARNATH** \* Tel: 2603168/9. **DOMBIVLI** \* Tel: 2861473/74. **KALYAN** \* Tel: 2201580/3. **THANE (Gokhale Road)** \* Tel: 25451114-6. **THANE (Vikas Complex)** Tel: 25471568/70. (Working Days & Hours: Mon & Wed to Sat; 12.30 pm to 8.30 pm) **VASHI (Navi Mumbai)** Tel: 65165201-4. **KOPARKHAIRANE (Navi Mumbai)** Tel: 27550615-18. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **SEAWOODS (Navi Mumbai)** \* Tel: 27718787, 27718789. **NEW PANVEL** \* Tel: 65166242/3/4. **MUVATTUPUZHA** Tel: 0485 2833533. **MYSORE** Tel: 2433770. (Working Days & Hours: Mon to Fri; 10.45 am to 6 pm & Sat 10.45 am to 2.45 pm) **NAGERCOIL** Tel: 325500, 237192/93, 227044. (Working Days & Hours: Mon to Fri; 11 am to 7 pm). **NAGPUR (Civil Line)** Tel: 2566000, 2527888, 2522123. **NAGPUR (Butibori)** Tel: 07103-202630 **NAGPUR (Kadbi Chowk)** Tel: 2542918. (Working Days & Hours: Tue to Sat ; 11 am to 7 pm & Sun 11 am to 2 pm). **NAGPUR (Khamla Ring Road)** Tel: 2289220. (Working Days & Hours: Tue to Sat ; 11 am to 7 pm & Sun 11 am to 2 pm). **NASHIK (Sharanpur Link Road)** Tel: 6606000. **NASHIK (Indira Nagar)** Tel: 2325301, 2325310. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **NASHIK (Panchavati)** Tel: 2621953/4. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **NASHIK ROAD** Tel: 2467994/5. (Working Days & Hours: Tue to Sat; 11.30 am to 7.15 pm) **NELLORE** Tel: 2302347. (Working Days & Hours: Tues. to Sat.; 11 am to 7 pm) **NEW DELHI (Munirka)** Tel: 41115111. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **NEW DELHI (Dwarka)** Tel: 45572405, 45572406. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **NEW DELHI (Lodhi Road)** Tel: 43792100/24601577/24643755. (Working Days & Hours: Mon to Fri ; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **NEW DELHI (Rohini)** Tel: 47528415/16/18, 9810718624. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **NEW DELHI (Vikas Puri)** Tel: 28540989/90. **NOIDA** Tel: 4351299/302/303/304. (Working Days & Hours: Mon; 11 am to 2 pm & Tue to Sat; 11 am to 7 pm) **PALAKKAD** Tel: 2536481/2. **PANCHKULA** Tel: 0172-2556464/26. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **PATIALA** Tel: 2209273, 5002786. **PATHANAMTHITTA** Tel: 2271372. **PATNA** Tel: 2320378. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm). **PITHAMPUR** Tel: 252127, 400964. (Working Days & Hours: Mon to Thu; 9.30 am to 5.15 pm) **PUDUCHERRY** Tel: 2205421/2205431. **PUNE (University Road)** Tel: 25505000. **PUNE (Baner)** Tel: 27292969/70. **PUNE (Camp)** Tel: 26351738, 26348602. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm) **PUNE (Chinchwad)** Tel: 27371736, 27370219. **PUNE (Hadapsar - Magarpatta City)** Tel: 26898395, 26898412. (Working Days & Hours: Mon to Friday 9.30 am to 5.15 pm and Saturday 9.30 am to 1 pm) **PUNE (Kothrud)** Tel: 25453592/3. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm). **PUNE (Nagar Road)** Tel: 26685258, 26699149. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm) **Rajahmundry** Tel: 2461200. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **RAIPUR** Tel: 4092585/6, 2520091. **RAJKOT** Tel: 2472337/8. (Working Days & Hours: Mon to Fri; 10 am to 6.15 pm) **RANCHI** Tel: 2331055. **RATLAM** Tel: 406666. **RATNAGIRI** Tel: 224022, 224023. **ROPAR** Tel: 224986, 226986. **SAGAR** Tel: 406093/227503. **SALEM** Tel: 2314486/7. **SANGLI** Tel: 2329892/3. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm) **SATARA** Tel: 226400, 227901. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm) **SILIGURI** Tel: 2640716. **SIMLA** Tel: 2626711. **SOLAPUR** Tel: 2316804/5 (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm). **SURAT (Majura Gate)** Tel: 2479371, 2475954. **SURAT (Adajan)** Tel: 2772258/59. (Working Days & Hours: Tue to Fri; 11 am to 7 pm & Sat 10 am to 6 pm). **SURAT (City Light)** Tel: 2213201/2. **THIRUVANANTHAPURAM (Vazhuthacaud)** Tel: 3255000, 2325731. **THIRUVANANTHAPURAM (Technopark)** Tel: 2700701. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat 10 am to 2 pm). **THRISSUR** Tel: 2442565/6. **TIRUCHIRAPALLI** Tel: 2412744, 2414744. **TIRUNELVELI** Tel: 0462-3255000, 2577822/833. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **TIRUPPUR** Tel: 4242901-2 (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1.30 pm) **TUTICORIN** Tel: 3255000, 2300707/807. Fax: 0461- 2300907. (Working Days & Hours: Mon to Fri; 11 am to 7 pm) **UDAIPUR** Tel: 2561060/1. **UJJAIN** Tel: 4010222. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm) **VADODARA (Race Course)** Tel: 2308400, 2356397, 2320240. **VADODARA (Waghodia Road)** Tel: 2514164, 2512364. (Working Days & Hours: Mon to Fri; 11 am to 7 pm) **VAPI** Tel: 2462573/93. **VARANASI** Tel: 2420485/86. **VIJAYAWADA** Tel: 2483262. (Working Days & Hours: Tue. to Sat.; 11 am to 7 pm) **VISAKHAPATNAM** Tel: 2552876. (Working Days & Hours: Tue to Sat; 10.30 am to 7 pm) **WASHIM** Tel: 231302/03. **YAMUNA NAGAR** Tel: 01732-320547. **YAVATMAL** Tel: 239941.

(Normal working days & Hours: Monday to Friday;  
9.30 am to 5.15 pm, except mentioned otherwise)

\* Working Days & Hours: Tuesday to Saturday; 12 noon to 8 pm.  
(Ambarnath, Kalyan, Thane, Vashi, Koparkhairane, Seawoods  
and New Panvel are listed under Mumbai).

#### International office:

**DUBAI** Tel: (009714) 3961825.

**LONDON** Tel: + 44 (0) 20 7872 5542/45/47.

**SINGAPORE** Tel: + 65 65367000

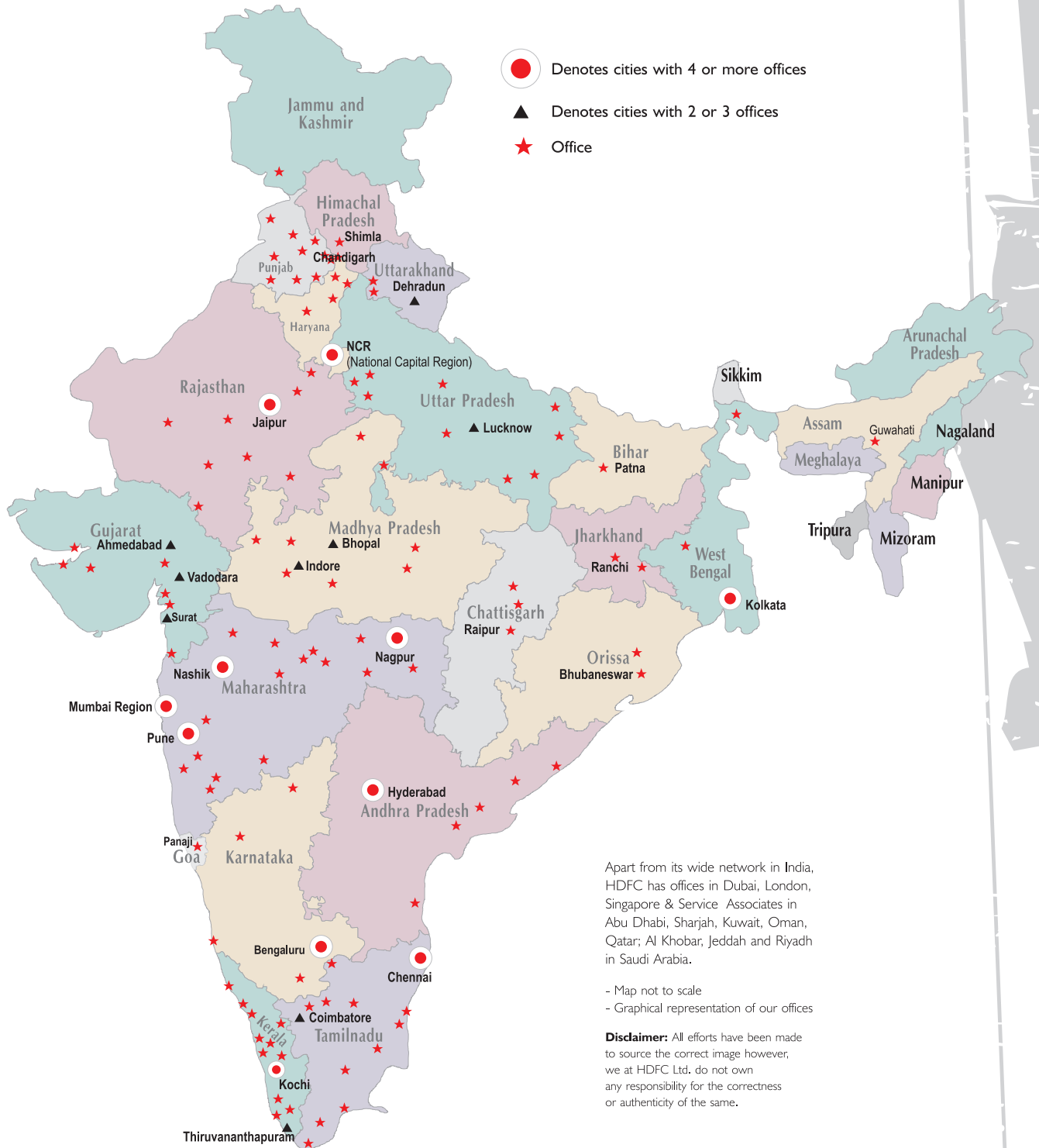
Service associates in Kuwait, Oman, Qatar, Sharjah, Abu Dhabi;  
Al Khobar, Jeddah and Riyadh in Saudi Arabia.

(As of May 2011.)

## Notes

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## HDFC's Network of Offices in India





REPORTS AND ACCOUNTS  
OF SUBSIDIARY COMPANIES



THIRTY FOURTH ANNUAL REPORT 2010-11

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# HDFC Standard Life Insurance Company Limited

A Subsidiary of Housing Development Finance Corporation Limited



## Board of Directors

Mr. Deepak S. Parekh  
**Chairman**

### Directors

Mr. Keki M. Mistry  
Ms. Renu Sud Karnad  
Mr. David Nish  
Mr. Nathan Parnaby  
Mr. Norman K. Skeoch  
Mr. Gautam R. Divan  
Mr. Ranjan K. Pant  
Mr. Ravi Narain  
Mr. A. K. T. Chari  
Mr. Gerald E. Grimstone  
(Alternate to Mr. David Nish)  
Mr. Michael G. Connarty  
(Alternate to Mr. Norman K. Skeoch)

Mr. Amitabh Chaudhry  
**Managing Director &  
Chief Executive Officer**

Mr. Paresh S. Parasnis  
**Executive Director &  
Chief Operating Officer**

### Auditors

SB Billimoria  
Chartered Accountants  
Kalyaniwalla & Mistry  
Chartered Accountants

### Bankers

HDFC Bank Ltd.  
Bank of Baroda  
Union Bank of India  
State Bank of India  
Indian Bank  
The Saraswat Co-op. Bank Ltd.  
Federal Bank  
State Bank of Travancore  
Central Bank of India  
Indian Overseas Bank  
South Indian Bank

### Registered Office

Ramon House, H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate, Mumbai 400 020.

### Corporate Office

HDFC Standard Life Insurance  
Company Ltd.  
12th & 13th Floor, Lodha Excelus,  
Apollo Mills Compound,  
NM Joshi Marg, Mahalaxmi,  
Mumbai- 400011  
Tel. No. : +91 22 67516666  
Fax. No. : 022 -267516861  
Email : response@hdfclife.com  
Website : www.hdfclife.com

## Directors' Report

TO THE MEMBERS,

The Directors have pleasure in presenting the Eleventh Annual Report with the audited accounts of the Company for the year ended March 31, 2011.

### Business Performance Highlights

FY10-11 saw significant regulatory changes that impacted the availability of products, the economics of distribution channels and the customer disposition towards the insurance sector. These structural changes that were focused on long term customer interests would improve the health of the industry in future. The speed of the implementation of these changes, however, did impact the new business premium collections for the industry. The industry (including LIC) witnessed a degrowth of almost 20% on individual new business (weighted received premium) in the second half (Oct 10 – Mar 11) of this financial year.

Despite the dynamic external environment, your Company saw strong growth in new business premium and renewal premium during the FY 10-11. The first year premium income grew by 21% (over FY 09-10) to ₹ 4,059 crore and renewal premium collected grew by 36% (over FY 09-10) to ₹ 4,945 crore. The strong performance in the renewal collections helped the company improve its conservation ratio of individual business to 81% from 72% in the previous year. Total premium (including Group business) registered a 29% growth to ₹ 9,004 crore during the current year. The sum assured in force for the overall business at the end of the current year stood at ₹ 98,917 crore as compared to ₹ 72,610 crore for the previous year.

The Company was ranked #1 amongst private life insurers on individual new business (weighted received premium) during the second half of the year. On a full year basis, the company increased its market share (weighted received

premium of individual business) in private life insurance space to 13% from 9% in the previous year. This was the largest market share gain among the top 10 private insurers (on new business premium) over the previous year.

The Company continued its focus on improving operational efficiencies and cost containment. Operating expense ratio (total expenses excluding service tax to total premium) reduced from 20% in 2009-10 to 16% in 2010-11. The company launched a raft of efficiency enhancement initiatives that included tightening span of control, automation, vendor consolidation and stronger alignment of performance with incentives.

The annual losses as per Indian GAAP reduced from ₹ 275 crore in 2009-10 to ₹ 99 crore in 2010-11.

During the year the Company continued with its ongoing efforts on customer service and building awareness about insurance. There were industry leading initiatives that were carried out on providing multiple payment options to customers, offering a 30 day free look-in period instead of the mandated 15 day period, need based selling, coaching amongst the sales force and welcome calling to every new policy holder to ensure there are no expectations mismatch at the time of buying a policy. Our Underwriting and Claims Management practices were rated best-in-class in a benchmarking survey done by Swiss Re during the year.

The Company undertook a revamp of its visual identity based on market research to make it more appealing and relevant to the target demographics. The new visual identity that positioned the company as 'HDFC Life' was launched along with the 10th year anniversary celebration during the year. The new identity has been well received by all the key stakeholders.

The Company also received significant recognition and accolades during the year for its people practices, brand promise, quality and process maturity and enabling technology.

### Performance Comparison (FY 10-11 and FY 09-10)

(₹ in crores)

| Particulars of Policyholders Fund | Financial Year ended<br>March 31, 2011 | Previous Year ended<br>March 31, 2010 |
|-----------------------------------|--|---------------------------------------|
| New Business Premium              |  |                                       |
| – Individual business             |  |                                       |
| a. Regular Premium                | 2,272                                  | 1,962                                 |
| b. Single Premium                 | 434                                    | 66                                    |
| – Group business                  |  |                                       |
| a. Regular Premium                | 305                                    | 439                                   |
| b. Single Premium                 | 104                                    | 6                                     |
| – Pensions                        |  |                                       |
| a. Regular Premium                | 762                                    | 690                                   |
| b. Single Premium                 | 182                                    | 201                                   |
| Renewal Premium                   | 4,945                                  | 3,641                                 |
| Total Premium                     | 9,004                                  | 7,005                                 |

### New Business

The Company issued over 8.3 lac policies (including policies sold in rural areas) amounting to ₹ 4,059.3 crore of new business regular premium during the financial year. The Group business received ₹ 591 crores of premiums during the year.

During the year, IRDA introduced new guidelines regarding ULIP products to be followed by all life insurers, effective September 1, 2010. These guidelines made the industry review and revamp existing products, distribution channels and cost models. The guidelines on Group ULIP led to almost 3 months of no group product being available for customers.

An entire range of new individual ULIP products had to be launched since September 1, 2010 that impacted the

growth momentum of the life insurance industry. Pressures on channel cost, low commission payout to advisors and the absence of a viable regular premium pension product led to the private insurance industry showing a negative growth of 41% in weighted received premium (WRP) terms in the second half of FY11 and ended the year with a degrowth of 20% over the previous year.

Your company was able to navigate through the change in business environment and emerged as the leader among private players in individual new business weighted received premium terms in H2' FY11. This was achieved through a well thought out product launch schedule, speed in embracing the new regime within operations, sales and training teams, focused efforts on strengthening new channels and delivering the right advice and service to the customers.

The long term story for life insurance in India stays strong. The industry is on track to adjust to the 'new normal'. Your company plans to build on its solid performance in FY 10-11 and outperform the industry growth in the next year.

### Individual Renewal Business

The company's efforts on persistency management helped it achieve a conservation ratio of 81% and a growth of 36% in renewal premium. This was achieved through a dedicated Persistency 'vertical' that analysed customer disposition, delivered timely communication to customer through different media and proactively supported the customers to move into self payment modes. The vertical plans to pioneer innovative practices in FY 11-12 on mid-term benefit illustrations, advanced analytics to spot trends and last mile engagement of customers to maintain the high levels of conservation ratio.

### Distribution

#### Offices

During the year, the Company focused on containing the operating costs of all its offices. As a part of this exercise the Company carried out a Lean Branch initiative that reduced the total rented area and the overhead costs associated with the branches. This lean branch model will be used for all relocation and future expansion. The Company has also reworked its branch closing and opening process and the new process will ensure the policyholders, financial consultants and employees attached to the respective branch are kept informed and that there is no impact on the continuity in customer service. The Company has ensured that all of the above is done within guidelines set by the regulator.

The Company currently has 498 offices across the country and through the network of these offices the company's

financial consultants, corporate agents and brokers are able to service customers in over approximately 700 cities and towns across the country.

#### **Financial Consultants**

The Company's distribution strategy continues to lay emphasis on the development of the tied agency channel. The Company is currently implementing a large scale transformation programme called Manthan to dramatically improve the productivity, customer focus and the effectiveness of the channel.

The Company had around 1,38,000 Financial Consultants as of March 31, 2011. The Company provides extensive and thorough training to them to ensure they correctly assess the customer's needs and offer the right advice relevant to them.

As an ongoing process, the front line sales and Financial Consultants of HDFC Life are being trained on a specialized 'need based selling approach' called EDGE. The focus of all communication to our distribution partners and customers is on maximizing long term value by staying invested in the contract. The company has also launched an online learning portal "GOAL" and conducts assessments through the same. This initiative has improved the conservation ratio of policy premiums.

Your company has introduced an all-round Sales Management Process, called "Sales Activity Manager (SAM)" to measure and monitor productivity of sales staff supporting channel sales. It helps to track prospects better, improves conversion rate and helps in monitoring and enhancing the productivity expectations from the field staff. SAM helps the sales force in aligning their daily activities with the achievement of organization objectives and brings a discipline and rigor in selling process that will help the channel.

#### **Corporate Agents**

The Company continued its strong association with its bancassurance partners including HDFC Bank, Indian Bank, Saraswat Bank, HDFC Limited, HDB Financial Services Ltd and HDFC Securities Ltd. The bancassurance channel has contributed handsomely to the growth of the Company during 2010-11. Your Company is in process of further expanding its reach in the bancassurance channel by exploring arrangements to bring in new partners.

Your company has also started to forge relationships with leading insurance brokers. It has also invested in direct and loyalty channels during the course of the year.

The company would continue to focus on fortifying its existing relationships and diversify its channel mix by investing in new channels and relationships.

#### **Rural and Social Sector Obligations**

As per the regulatory requirement, we have met the 20% rural target. During the current financial year, the company has covered 99,335 lives under the social sector category.

#### **Product Offering**

The Company introduced a completely new range of products post September 1, 2010 that are collectively called the Version 7 range. The company now has a portfolio of 26 retail and 6 group products along with 5 optional rider benefits catering to the savings, investment, protection and retirement needs of the customer. Most retail products are offered on both the conventional and unit linked platforms.

#### **Servicing the customer**

During the year, your company continued its focus on providing quality service. Your company has adopted multiple customer centric initiatives to provide a unique

customer experience. Few such initiatives are:

1. A welcome call to customers to get a first hand feel of the customer's expectations and if he is satisfied with our sales process and if the right product has been sold to him.
2. Online portal for customers ('My Account') for transactions, view of policy information and E-services accessible at any time and place of their choice
3. "SMS on the move" - access of policy information on customer mobile phones
4. Strict measures that act as a deterrent to curb mis-sale (including termination, claw back of incentives/commissions, etc. as part of a defined malpractice matrix)
5. Robust grievance handling system with comprehensive investigations/ counseling to customers in case of complaints

The company continued its endeavor to provide consistent and high quality service across all customer touch points - branches, call centers, internet and the customer portal. The same was closely monitored through periodic service audits conducted across regional offices and at the call centers. This also helped us gain useful insights in understanding customer requirements which in turn helps the company improve its service levels.

Your company's performance rating in the claims management benchmarking study has been rated as either 'Outstanding' or 'Excellent' by Swiss Re on 7 of 9 performance levers. This is reflected in claim repudiation, which stood at 5% for FY 09-10, of the total number of claims and was amongst the lowest in the private life insurance space.

Your company also introduced new features such as a 30-day free look period on select products as part of its objective of making insurance more customer friendly.

Your company has continued to strengthen its presence in the virtual world, both for creating awareness and facilitating self service. Various new initiatives were launched during the year on the customer portal to facilitate self-servicing.

During the year, the IRDA also introduced Outsourcing guidelines prescribing categories of Core and non Core activities thereby allowing only non core activities and certain core activities which need external expert assistance to be outsourced. Your company continues to explore avenues with a focus on handling volumes and reaping economies of scale. During the year, your company explored outsourcing partnerships for certain servicing processes to achieve further improvement in service turnaround times.

Your company continues to explore partnerships with Non-Governmental Organisations employing rural workforce as part of its Corporate Social Responsibility. The Corporate Social Responsibility framework of your organisation has been finalised and there is a team in place to ensure implementation of the plans.

### Investments

Investments of insurance companies are regulated under the IRDA (Investment) Regulations, 2000 as amended from time to time. The total assets under management (AUM) as on March 31, 2011 were ₹ 27,177 crore. These include assets of ₹ 20,323 crore under the unit linked products and ₹ 6,175 crore under the conventional products and shareholder funds. The corresponding numbers for last year were ₹ 15,661 crore and ₹ 5,106 crore.

The total equity AUM being managed by the Company as of March 31, 2011 is ₹ 14,316 crore. Under the unit linked

products, the Company offers a series of funds ranging from pure equity to money market funds, thus providing

policyholders the flexibility to choose the asset allocation as per their requirements.

### Bonus

The Company declared the following reversionary (RB) and interim bonus (IB) rates for the with-profits policies.

| Product                               | RB rate declared on March 31, 2010 | RB rate declared on March 31, 2011 | IB rate effective from May 1, 2010 to June 30, 2011 | New IB rate effective from July 1, 2011 until further notice |
|---------------------------------------|------------------------------------|------------------------------------|---|--|
| Endowments                            | 1.75%                              | 2.00%                              | 1.50%   | 2.00%  |
| Children's Plan A, B, C               | 2.00%                              | 2.00%                              | 2.00%   | 2.00%  |
| Money Back                            | 2.00%                              | 2.00%                              | 2.00%   | 2.00%  |
| Savings Assurance Plan                | 3.25%                              | 3.25%                              | 3.25%   | 3.25%  |
| HDFC Assurance Plan                   | 3.25%                              | 3.25%                              | 3.25%   | 3.25%  |
| Single Premium Whole of Life ("SPWL") | 4.50%                              | 4.50%                              | 4.50%   | 4.50%  |
| Pensions Single Premium               | 5.00%                              | 5.00%                              | 5.00%   | 5.00%  |
| Pensions Regular Premium              | 2.00%                              | 2.00%                              | 2.00%   | 2.00%  |
| Endowment Gain                        | N.A                                | 2.00%                              | N.A   | 2.00%  |
| New Money Back                        | N.A                                | 2.00%                              | N.A   | 2.00%  |
| Group Savings Plan                    | N.A                                | 2.00%                              | N.A   | 2.00%  |
| Classic Assure                        | N.A                                | 3.00%                              | N.A   | 3.00%  |

The Company also declared terminal bonus rates for the policies becoming claims by maturity. The applicable rates for the different contracts are given below.

### Single Premium Pensions contracts

| Policy Term/<br>Completed policy years | Existing TB rates | TB rates to be applied from 1st July 2011 till further notice |
|--|-------------------|---|
| <5yrs                                  | N/A               | 0%  |
| 5                                      | 10%               | 8%  |
| 6                                      | 14%               | 12%   |
| 7                                      | 16%               | 16%   |
| 8                                      | 20%               | 20%   |
| 9                                      | 24%               | 24%   |
| 10+                                    | N/A               | 28%   |

|                                     | Single Premium Whole of Life contracts |   | Regular Premium Endowments and Personal Pension contracts |   | Regular Premium Moneyback contracts |   |
|-------------------------------------|--|---|---|---|-------------------------------------|---|
| Policy Term/ Completed policy years | Existing TB rates                      | TB rates to be applied from 1 <sup>st</sup> July 2011 till further notice | Existing TB rates   | TB rates to be applied from 1 <sup>st</sup> July 2011 till further notice | Existing TB rates                   | TB rates to be applied from 1 <sup>st</sup> July 2011 till further notice |
| < 10 yrs<br>10+                     | N/A<br>10%                             | N/A<br>10%  | N/A<br>0%/N/A   | N/A<br>10%  | N/A<br>4%                           | N/A<br>10%  |

The terminal bonus would also be payable on Single Premium pension policies surrendering after completion of 5 years and Single Premium whole of life contracts surrendering after completion of 10 years. The rates applicable would be the corresponding rates applicable for maturing contracts with policy term equal to the completed duration of the surrendering contracts.

The Company has declared the following bonus rates for the 2 new Group Conventional products launched in this financial year.

**Annualised bonus rates before adjustments for immediate bonus recovery and commission recovery :**

| Accumulation Account Face Value | Annualised bonus rate Par Fund contracts | Annualised bonus rate Pensions Par Fund contracts |
|---------------------------------|--|---|
| 0-3 Cr                          | 7.01%                                    | 8.25%   |
| 3-5 Cr                          | 7.11%                                    | 8.35%   |
| 5-10 Cr                         | 7.26%                                    | 8.50%   |
| 10-20 Cr                        | 7.36%                                    | 8.60%   |
| >20 Cr                          | 7.51%                                    | 8.75%   |

**Upfront bonuses and subsequent adjustments to annualised bonuses**

|   | Upfront 1% bonus | Upfront 2% bonus | Upfront 3% bonus |
|---|------------------|------------------|------------------|
| Immediate bonus credited                        | 1.00%            | 2.00%            | 3.00%            |
| Adjustment to annualised bonus rate for 3 years | -0.33%           | -0.67%           | -1.00%           |

**Adjustments to annualised bonuses for policies sold on a commission basis**

|   | Policy sold with 2% commission paid |
|---|-------------------------------------|
| Adjustment to annualised bonus rate for 5 years | -0.40%                              |

## Solvency

The Company has continuously monitored its solvency margins and has ensured that at all times, in keeping with the requirements of IRDA (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2000 the margin is maintained at least at 150% of the statutory required level. As at March 31, 2011, the Company had a solvency ratio of 172%.

## Capital

During the year, the Company raised the paid-up equity share capital from ₹1,968 crore to ₹1,995 crore. HDFC Limited and the Standard Life Group hold 72% and 26% respectively of the equity capital of the Company.

## Human Resource and People Development

The Company had 12,548 employees as of March 31, 2011 as compared to 13,434 employees as of March 31, 2010. Under the provisions of Section 217 (2A) of the Companies Act, 1956 and the rules framed there under, the names and other particulars of employees are set out in the annexure to this Report.

In line with HDFCSL's key strategic objectives for FY 10-11, its people management practices focused on capability building to meet evolving business needs and workforce expectations.

To ensure quality talent on board, "Smart Recruitment process" was conceptualized and implemented which gave a structured and a much more scientific approach to recruitment of frontline sales. The company also relooked at talent acquisition strategies and identified innovative and cost effective sources of recruiting talent.

In addition to creating a culture of competency based talent processes during the year, the Company focused on



harnessing the potential of employees and developing a value proposition for retaining high caliber employees. Career development opportunities were extended based on fair and transparent performance based culture connecting to the organizational goals set at the start of the business year. Aligning to the philosophy of “pay for performance”, ESOP's and variable pay were granted. This enabled high performance and retention.

The Learning and development team played a pivotal role in channelizing their deliveries to the strategic needs of Sales and Operations in the form of need based training and structured induction programmes. Efforts were also directed towards improving managerial effectiveness, with the launch of significant endeavors noteworthy being 360 degree feedback and coaching for the senior leadership and LOTUS for line managers.

The company's engagement initiatives revolved around interaction on various facets of the work environment and communication updates on the Company and the industry. Employee friendly policies launched this year were well appreciated by the employees thus demonstrating people care.

In recognition to these efforts, HDFC life has been adjudged among top 50 best places to work for in 2011 and 1<sup>st</sup> in the insurance industry as a part of the study conducted by the Great Places to Work Institute.

The company's sustained growth and performance in the tough period of regulatory changes and reputation of being the “employer of choice” reaffirmed the linkages between the company's aims and its people strategy.

### Technology

The Company focused on using technology cost-effectively and optimally

and ensure smooth business operations and achievement of targets.

During the year, there were various initiatives taken towards providing differential customer experience through technology aided platforms like the Customer Portal and Corporate Website. New payment options using credit cards were introduced for our customers. Management and monitoring of sales activities, identified as a critical productivity measure for the sales force, was carried out through the Sales Activity Management system. A generic platform for the broker channel was created and a new policy administration system for rural policies was launched. The Policy and Commissions accounting was made more efficient and controls were enhanced. Risk mitigation measures were implemented using technology to ensure accurate data transfer from the policy administration system to the SAP ERP.

In the face of the fast paced IRDA regulations introduced during the year, the Company efficiently used its existing technology platforms to be ready with its list of compliant products within time and followed it up successfully with many more speedily launched products. Shifting to the new corporate office was well supported through timely migration and set-up of infrastructure.

The Company also won its first international award for its Business Process Management system from Celent.

### Corporate Governance

The company follows the Corporate Governance Policy prepared in line with the Corporate Governance Guidelines as prescribed by the Insurance Regulatory Development Authority vide a circular dated August 5, 2009. The Corporate Governance Report forms an annexure to the Directors' Report.

### Accolades and Awards

HDFC Life was adjudged one of the **Best Companies to Work for in India in 2010**.

The company participated in the Great Places to Work® study for the first time and ranked first in the insurance category. It ranked 34th in the Top 50 Best Companies to Work for, in India 2010 list. The company was also awarded for its unique employee initiative - Mission “In-Genius” national quiz. The study has shown that HDFC Life conscientiously develops employee talent programmes to engage and motivate its employees. The management is accessible to all employees and sincerely seeks feedback from its employees through programmes such as ‘Spash’, the study said. The Best Companies to Work in India is a study conducted by the Great Place to Work® Institute, India in partnership with The Economic Times.

Your company has been ranked as India's **Most Trusted Private Life Insurance Brand in 2010** in a survey conducted by Economic Times-Brand Equity and the Nielsen Company. Apart from trust and popularity, this award also signifies consumers' belief in HDFC Life for providing high quality service, unique product and service offering and worth the price we command.

Your company has been selected as the **Business Superbrand India 2010-11**. HDFC Life has received a score of 6.50 out of 10 and is ranked amongst the top 25% nationally (also ranked amongst the top quartile of all brands across all segments and all categories). Superbrand is an organization that started in 1993 in the UK to showcase case studies of exceptional brands and companies. Since then it has been replicated in 86 countries across six continents. So far 10,000 case studies and over 1 million copies of its books have already been published. The Indian operations started in 2003 and have so far released five volumes; three



editions of Consumer Superbrand with 283 case studies in all and two editions of Business Superbrand with 134 case studies in all.

HDFC Life's 'YoungStar Super' was voted **"Product of the Year 2010™"** in the 'Insurance' category by more than 30,000 consumers nationwide across 36 markets. YoungStar Super is a unit linked Child Plan with unique benefits being offered such as bumper additions, double and triple benefits, attractive allocations rates, and seven different funds to invest in. The consumer study on product innovation in India was conducted by A C Nielsen, the leading global research firm.

HDFC Life bagged the Indian Merchants' Chamber **Ramkrishna Bajaj National Quality Award (IMC RBNQA) 2010**. The company has been declared a winner of the Performance Excellence Trophy 2010 in the service category. The company participated in Indian Merchants Chamber Ramkrishna Bajaj National Quality Award (IMC RBNQA) 2009-10 cycle for the first time and won the award in the services category. The IMC Ramkrishna Bajaj National Quality Award is one of the most prestigious Quality Awards in the country.

Pinnacle was selected as the **InformationWeek EDGE 2010** winner. Pinnacle assists HDFC Life in staying ahead by having a flexible system that allows to change the processes for adapting to market dynamics. Addition of products and new partners can also be done on demand, which was a major concern prior to implementation of Pinnacle. It also allows for modifications in the workflow and the forms as per requirement. EDGE - Enterprises Driving Growth and Excellence (using IT) is an initiative by Information Week to identify, recognize and honor end-user companies in India that have demonstrated the best use of technology to solve a business

problem, improve business competitiveness, and deliver quantifiable ROI to stakeholders.

HDFC Life's system WONDERS has won the **Celent Model Insurer Award 2011**. This is first international recognition that HDFC Life has achieved as a company. Approximately 20 insurance companies have been selected globally across 12 categories. "WONDERS" - Workflow ON Demand and Enterprise Retrieval System. WONDERS is an enterprise wide workflow system integrated with a Document Imaging System which forms the backbone for our process automations. Celent is a research and consulting firm, focused on the application of information technology in the global financial services industry across US, UK and Asia.

#### **Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Expenditure**

Since the Schedule to the said Rules does not apply to life insurance industry, the particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

#### **Dividend**

As the Company has not earned profits, the directors do not recommend any dividend.

#### **Directors**

Mr. Keki M. Mistry, Mr. Ranjan Pant, and Mr. Keith Skeoch are the directors liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Necessary resolutions for the appointment / re-appointment of the aforesaid directors have been included in the notice convening the ensuing Annual General Meeting.

None of the directors of the Company are disqualified from being re-appointed as directors in accordance with Section 274(1)(g) of the Companies Act, 1956.

#### **Auditors**

M/s Kalyaniwalla & Mistry, Chartered Accountants and M/s. S B Billimoria & Company, Chartered Accountants - joint statutory auditors of the Company retire at the forthcoming Annual General Meeting.

As per IRDA regulation one Auditor can work with one Insurance Company for only five years at a stretch followed by a gap of two years for being eligible again for re-appointment. M/s. Kalyaniwalla & Mistry has completed five years period and hence they cannot be reappointed. Hence after review the Audit Committee has recommended and proposed that M/s Haribhakti & Company, Chartered Accountants, be appointed in place of M/s Kalyaniwalla & Mistry as joint statutory auditors.

The appointment of M/s. S B Billimoria & Company, Chartered Accountants & M/s Haribhakti & Co, Chartered Accountants is subject to the approval by the members at the forthcoming Annual General Meeting.

#### **Deposits**

The Company has not accepted any fixed deposits during the year under review.

#### **Appreciation**

The directors take this opportunity to thank all employees of the Company for their hard work, dedication and commitment. The directors also take this opportunity to thank Housing Development Finance Corporation Limited and Standard Life Group for their invaluable support. The directors also thank all the channel partners and the Policyholders for their continued support and trust reposed in the Company. The

directors also thank the Insurance Regulatory and Development Authority for its support, advice and direction provided from time to time.

**Directors' Responsibility Statement**

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, the Board of Directors wishes to state that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with

proper explanation relating to material departures (if any);

(ii) such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2011 and of the loss of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the 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 fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis.

On behalf of the Board of Directors

MUMBAI  
May 2, 2011

DEEPAK S. PAREKH  
Chairman

## Annexure to the Directors' Report

### Information relating to Corporate Governance

#### I. Corporate Governance at HDFC Standard Life

The Board of Directors of HDFC Standard Life Insurance Company Limited adopted the Corporate Governance Policy and Code of Ethics in 2008-09 and the same was amended in line with the requirements of Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority (IRDA) on August 05, 2009. Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens stakeholder's confidence and commitment to the Company.

At HDFC Standard Life, Corporate Governance philosophy stems from the belief that corporate governance is a key element in improving efficiency and growth as well as enhancing stakeholders' confidence – be it customers, distribution partners, employees, regulators, shareholders and other stakeholders. Accordingly, the Corporate Governance philosophy has been scripted as under:

"As a responsible corporate citizen, the Company is committed to sound corporate practices based on its vision, values & principles in building confidence of its various stakeholders, thereby paving the way for its long term success and sustenance."

At the core of its corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. The

Company believes that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

#### II. Board of Directors

The Board of Directors comprises twelve members, four of whom are independent Directors, six are non-executive Directors, including the Chairman and two are executive Directors.

The Directors bring to the Board a wide range of experience and skills. The Board believes that the current size is appropriate, based on the current circumstances. None of the Directors of the Company are related to each other.

Details of the Board of Directors in terms of their Directorships/ memberships in Committees of public companies in India are as under:

#### Composition of the Board

| Sr. No. | Name of Director  | No. of Other Directorships | No. of Committees \$ |             |
|---------|---|----------------------------|----------------------|-------------|
|         |   |                            | Member               | Chairperson |
| 1       | Mr. Deepak S Parekh<br>(Chairman & Non Executive Director)              | 12                         | 7                    | 5           |
| 2       | Mr. David Nish  | Nil                        | Nil                  | Nil         |
| 3       | Mr. Keki M. Mistry  | 12                         | 10                   | 3           |
| 4       | Mr. Nathan Parnaby  | Nil                        | Nil                  | Nil         |
| 5       | Ms. Renu Sud Karnad   | 13                         | Nil                  | Nil         |
| 6       | Mr. Norman K Skeoch   | 1                          | Nil                  | Nil         |
| 7       | Mr. Gautam R Divan  | 5                          | Nil                  | Nil         |
| 8       | Mr. Ranjan Pant   | 1                          | 1                    | Nil         |
| 9       | Mr. Ravi Narain   | 11                         | 3                    | Nil         |
| 10      | Mr. A K T Chari   | 5                          | 2                    | 2           |
| 11      | Mr. Gerald E Grimstone*   | Nil                        | Nil                  | Nil         |
| 12      | Mr. Michael G Connarty*   | Nil                        | Nil                  | Nil         |
| 13      | Mr. Amitabh Chaudhry<br>(Managing Director & Chief Executive Officer)   | Nil                        | Nil                  | Nil         |
| 14      | Mr. Paresh S Parasnis<br>(Executive Director & Chief Operating Officer) | Nil                        | Nil                  | Nil         |

\$ For the purpose of considering the limit of the Committee Memberships and chairmanships for a Director, the Audit Committee, and the Shareholders' Grievance Committee of public listed Companies alone has been considered. As per disclosure(s) received from the Directors, the Directors do not hold Memberships in more than 10 Committees and Chairmanships in more than 5 Committees.

\* Sr. No. 11 and 12 are Alternate Directors

### Tenure

The non executive Directors of the Company are eligible to retire by rotation. One third of the said Directors are liable to retire every year and if eligible, offer themselves for re-appointment.

### Responsibilities

The Board of Directors represents the interests of the Company's shareholders and policyholders in optimising long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The Board's mandate is to oversee the Company's strategic direction, review corporate performance, authorise and monitor strategic investments, ensure regulatory compliance and safeguard interests of all stakeholders.

### Role of Independent Directors

Independent Directors play a key role in the decision-making process of the Board as they contribute to the overall strategy of the Company and oversee the performance of management. The independent Directors are committed to acting in what they believe is in the best interest of the Company and its stakeholders.

The Independent Directors bring to the Company a wide range of experience, knowledge and judgment as they draw on their varied proficiencies in finance, management, accountancy, law and corporate strategy. This wide knowledge helps foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

Board members ensure that their work in other capacities do not impinge on their responsibilities as Directors of HDFC Standard Life.

### Board Meetings

The meetings of the Board of Directors are normally held at the Company's registered office in Mumbai. Meetings are generally scheduled well in advance and the notice of each Board meeting is given in writing to each director. The Board meets at least once a quarter to review the quarterly performance and the financial results of the Company.

The Company Secretary in consultation with the Chairman and the Principal Officer prepares a detailed agenda for the meetings. The Board is provided with the information as stipulated in the Corporate Governance Policy. The Board papers, agenda and other explanatory notes are circulated to the Directors in advance. The members of the Board have access to all information of the Company. The members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Senior

management is invited to attend the Board meetings so as to provide additional inputs to the items being discussed by the Board. The minutes of each Board/Committee meeting are recorded and draft minutes are circulated to all Directors for their confirmation before being recorded in the Minutes Book.

### Number of Board Meetings

During the year, the Board of Directors met four times on the following dates:-

|                                |                  |
|--------------------------------|------------------|
| 46 <sup>th</sup> Board Meeting | April 26, 2010   |
| 47 <sup>th</sup> Board Meeting | August 5, 2010   |
| 48 <sup>th</sup> Board Meeting | November 9, 2010 |
| 49 <sup>th</sup> Board Meeting | February 3, 2011 |

### Attendance of Directors:

| Name of Director       | Designation                                  | Meetings Attended |
|------------------------|--|-------------------|
| Mr. Deepak S. Parekh   | Chairman & Non Executive Director            | 4                 |
| Mr. Keki M. Mistry     | Non Executive Director                       | 4                 |
| Ms. Renu Sud Karnad    | Non Executive Director                       | 4                 |
| Mr. Nathan Parnaby     | Non Executive Director                       | 3                 |
| Mr. David Nish         | Non Executive Director                       | 1                 |
| Mr. Norman K Skeoch    | Non Executive Director                       | 1                 |
| Mr. Gautam R Divan     | Independent Director                         | 4                 |
| Mr. Ranjan Pant        | Independent Director                         | 3                 |
| Mr. Ravi Narain        | Independent Director                         | 4                 |
| Mr. A K T Chari        | Independent Director                         | 3                 |
| Mr. Gerald E Grimstone | Alternate to Mr. David Nish                  | 1                 |
| Mr. Michael G Connarty | Alternate to Mr. Norman K Skeoch             | 2                 |
| Mr. Amitabh Chaudhry   | Managing Director & Chief Executive Officer  | 4                 |
| Mr. Paresh S Parasnis  | Executive Director & Chief Operating Officer | 3                 |

## Board Committees

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to Committees of the Board set up for the purpose. These Committees prepare the groundwork for decision-making and report at the subsequent Board meeting.

### Audit Committee

The Company has set up the Audit & Risk Committee in compliance with provisions of the Companies Act, 1956 and the standards prescribed under the listing agreements with Stock Exchanges. In compliance of the IRDA Corporate Governance Guidelines, the Risk Management Committee was constituted and accordingly, the Board reconstituted the Audit & Risk Committee as Audit Committee of Directors. The Audit Committee of the Company comprises independent and non-executive Directors. The members of the Committee are Mr. Gautam R. Divan - Chairman, Mr. Keki M. Mistry, Mr. A. K. T. Chari and a director representing Standard Life. All the members of the Committee are financially literate and have accounting and financial management expertise. The quorum for the meeting of the Committee is two members. The Company Secretary is the Secretary to the Committee.

The Terms of Reference of the Audit Committee *inter alia* includes overseeing the Company's financial reporting process and disclosure of financial information to ensure that the Financial Statement is correct, sufficient and credible. The Committee is also responsible for recommending to the Board, the appointment, reappointment, if required, the replacement or removal of the

statutory auditor and the fixation of audit fees as well as to review their performances. The primary responsibility of the Audit Committee is to review with the management, the quarterly/annual financial statements prior to recommending the same to the Board for approval.

The Committee also recommends to the Board, the appointment or re-appointment of the statutory auditors and the audit fees payable. In addition, the Committee approves payment of fees for other services rendered by the statutory auditors. The Committee also approves the appointment or re-appointment of internal auditors of the Company and the fees payable thereon.

The Audit Committee's functions include reviewing the adequacy of internal control functions and systems, its structure, reporting process, audit coverage and frequency of internal audits. The responsibility of the Committee is to also review the findings of any internal investigation by the internal auditors in matters relating to suspected fraud or irregularity or failure in internal control systems of material nature and report the same to the Board.

The Committee reviews the reports of the internal and statutory auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the respective auditors. In addition, the Committee annually reviews the performance of the internal and statutory auditors to ensure that an objective, professional and cost effective relationship is being maintained.

The Committee plays a key role in reviewing the risk management policies

and practices of the Company and guiding the management on areas of vulnerability.

During the year under review, the Committee, *inter alia*, reviewed the quarterly financial statements, reports by internal auditors, concurrent auditors and findings of special audits, efficacy of the risk management framework along with risk mitigation measures, the statement of significant related party transactions and management letters issued by the statutory and internal auditors.

It is the Audit Committee's prerogative to invite senior executives whom it considers appropriate to be present at the meetings. Senior management and auditors are invited to participate in the meetings of the Committee, as and when necessary.

During the year under review, the Committee met four times. The meetings were held on April 26, 2010, August 5, 2010, November 9, 2010 and February 3, 2011. The Chairman of the Audit Committee was present at the 9<sup>th</sup> Annual General Meeting.

The details of the attendance of the members of the Committee are listed below:

| Members                       | Number of Meetings attended |
|-------------------------------|-----------------------------|
| Mr. Gautam R Divan (Chairman) | 4                           |
| Mr. Keki M. Mistry            | 4                           |
| Mr. A K T Chari               | 3                           |
| Mr. Nathan Parnaby*           | 2                           |
| Mr. Gerald Grimstone*         | 1                           |
| Mr. Michael Connarty*         | 1                           |

\* The members represented Standard Life.

### Remuneration Committee

The Remuneration Committee comprises independent and non-executive Directors. The members of the Remuneration Committee are Ms. Renu Sud Karnad - Chairperson, Mr. Ranjan Pant and a director representing Standard Life.

The Terms of Reference of the Committee are to review and recommend compensation payable to the whole time director(s) and also to formulate employee stock option schemes, including the review and grant of options to eligible employees under these schemes. The Committee may also formulate such policies as required for extending benefits, monetary and otherwise, to all or any class of employees.

The annual compensation of whole time director(s) is approved by the Committee and is subject to the overall limits as approved by the shareholders.

During the year under review, the Committee met on June 23, 2010. The details of the attendance of the members of the Committee are listed below:

| Members                           | Number of Meetings attended |
|-----------------------------------|-----------------------------|
| Ms. Renu Sud Karnad (Chairperson) | 1                           |
| Mr. Ranjan Pant                   | 1                           |
| Mr. Nathan Parnaby*               | 1                           |

\* The member represented Standard Life.

### Share Transfer and Allotment Committee

The Share Transfer and Allotment Committee comprises of Mr. Keki M. Mistry - Chairman, Mr. Deepak Parekh, Mr. Ravi Narain and Mr. Gautam Divan.

The Powers of the Share Transfer and Allotment Committee includes to approve / ratify allotment of the shares, to appoint / remove the Registrar / Shares Transfer Agent / Depositories etc. to approve the requests lodged with the Company for Transfer / Transmission / Dematerialisation / Rematerialisation of shares and to approve/ratify the issuance of duplicate, replaced, split, consolidated share certificates duly verified, confirmed and recommended by the Company Secretary, from time to time.

During the year under review, no meeting of the Committee was held.

### Risk Management Committee

Pursuant to the IRDA Corporate Governance Guidelines the Risk Management Committee was constituted. The Committee is responsible for formulating the company's Risk Management Strategy.

The Risk Management Committee comprises of Ms. Renu Sud Karnad - Chairperson, Mr. Gautam Divan, Mr. Amitabh Chaudhry, Mr. Paresh Parasnis and a director representing Standard Life. During the year under review, the Committee met on June 23, 2010, September 30, 2010, December 7, 2010 and March 30, 2011.

The broad functions of the Committee includes review and approval of the risk management policy and associated framework, processes and practices of the Company annually, to ensure the appropriateness of the company in taking measures to achieve prudent balance between risk and reward in both ongoing and new business activities, to evaluate significant risk exposure of the Company and assess the Management's

action to mitigate the exposure in timely manner.

| Members                           | Meetings held | Meetings attended |
|-----------------------------------|---------------|-------------------|
| Ms. Renu Sud Karnad – Chairperson | 4             | 3                 |
| Mr. Gautam Divan                  | 4             | 4                 |
| Mr. Amitabh Chaudhry              | 4             | 4                 |
| Mr. Paresh Parasnis               | 4             | 3                 |
| Mr. Michael Connarty*             | 4             | 1                 |
| Mr. Nathan Parnaby*               | 4             | 3                 |

\* The members represented Standard Life.

### Investment Committee

The Investment Committee comprises of Mr. Deepak S. Parekh - Chairman, Mr. Keki M. Mistry, Mr. A. K. T. Chari-Independent Director, Mr. Amitabh Chaudhry – Managing Director & CEO, Mr. Paresh Parasnis – Executive Director & COO, Ms. Vibha Padalkar – Chief Financial Officer, Mr. Ashley Rebello – Appointed Actuary and Mr. Prasun Gajri – Chief Investment Officer.

The Investment Committee is set-up in compliance with the provisions of the IRDA (Investment) Regulations, 2000. The primary function of the Investment Committee is to formulate the policies pertaining to liquidity, prudential norms, exposure limits, stop loss limits in securities trading, management of all investment & market risks, management of assets liabilities mismatch, investment audits and investment statistics, etc., to ensure adequate returns on Policyholders & Shareholders' funds consistent with the protection, safety and liquidity of such funds.



During the year under review, the Committee met four times. The meetings were held on June 29, 2010, August 4, 2010, November 23, 2010 and March 14, 2011. The details of the attendance of the members of the Committee are listed below:

| Members                         | Number of Meetings attended |
|---------------------------------|-----------------------------|
| Mr. Deepak S. Parekh (Chairman) | 4                           |
| Mr. Keki M. Mistry              | 3                           |
| Mr. Amitabh Chaudhry            | 4                           |
| Mr. Paresh S. Parasnis          | 2                           |
| Ms. Vibha Padalkar              | 4                           |
| Mr. Ashley Rebello              | 4                           |
| Mr. A. K. T. Chari              | 2                           |
| Mr. Prasun Gajri                | 4                           |

#### Policyholders' Protection Committee

The Policyholders Protection Committee comprises of Mr. Ravi Narain – Chairman, Mr. A K T Chari, Ms. Renu Sud Karnad, Mr. Amitabh Chaudhry, Mr. Paresh Parasnis and a director representing Standard Life.

The responsibilities of Policyholder Protection Committee includes formulating proper procedures and effective mechanisms to address complaints and grievances of policyholders, ensuring compliance with the statutory requirements as laid down in the regulatory framework, reviewing the redressal mechanisms at periodic intervals, reviewing the status of complaints at periodic intervals to the policyholders etc.

The Committee is granted power to frame policies and procedures to protect the interest of Policyholders and for

ensuring compliance with the advertisement and disclosure norms prescribed by the Regulatory Authorities and to review the complaints received from Policyholders on periodical basis.

Post the constitution of the committee in February 2010, the committee held three meetings on August 5, 2010, November 9, 2010 and February 3, 2011 as against a minimum of four meetings in a year.

The details of the attendance of the members of the Committee are listed below:

| Members                    | Number of Meetings attended |
|----------------------------|-----------------------------|
| Mr. Ravi Narain (Chairman) | 3                           |
| Mr. A. K. T. Chari         | 3                           |
| Ms. Renu Sud Karnad        | 3                           |
| Mr. Paresh S. Parasnis     | 2                           |
| Mr. Amitabh Chaudhry       | 3                           |
| Mr. Nathan Parnaby*        | 2                           |

\* The member represented Standard Life.

#### Nominations & Ethics Committee (Non Mandatory Committees)

The Nominations Committee & Ethics Committee were formed in February 2010. However no meeting was held during the year under review.

The Nominations Committee comprises of Mr. Keki M. Mistry – Chairman, Mr. Deepak S. Parekh, Mr. Ranjan Pant, Mr. Ravi Narain and a director representing Standard Life.

The Ethics Committee comprises of Ms. Renu Sud Karnad – Chairperson,

Mr. Ranjan Pant, Mr. Amitabh Chaudhry and Mr. Paresh Parasnis.

The first meeting of Nominations & Ethics Committee is scheduled in the Financial Year 2011-12.

#### IPO Committee (Non Mandatory Committee)

The IPO Committee comprises of Mr. Keki M. Mistry (Chairman), Ms. Renu Sud Karnad and Mr. Nathan Parnaby (representing Standard Life).

During the year under review, the Committee met on June 23, 2010, December 7, 2010 and March 30, 2011.

The primary function of the IPO Committee of Directors is defining milestones/major activities for IPO; appointment/removal/reviewing terms of Merchant Bankers/ Investment Bankers to the Issue or Book Running Lead Managers, Syndicate members, Registrars to the Issue, Bankers to the Issue, Underwriters to the Issue, solicitors, etc., reviewing progress of the various actionables leading to the Issue; providing guidance and consultation on any back-up plans; etc.

The details of the attendance of the members of the Committee are listed below:

| Members                       | Number of Meetings attended |
|-------------------------------|-----------------------------|
| Mr. Keki M. Mistry (Chairman) | 3                           |
| Ms. Renu Sud Karnad           | 3                           |
| Mr. Nathan Parnaby            | 3                           |



### Legal Compliance

In accordance with the legal and compliance Policy of the company, quarterly confirmation on regulatory as well as internal process compliances is obtained from members of the Senior Management. The Company Secretary places before the Audit Committee of Directors, a certificate confirming the details of compliances as well as instances of non-compliance alongwith the steps taken to rectify the non-compliance and prevention of the occurrence in future.

### Employee dealing policy

The Company has framed and adopted an Employee dealing policy (EDP). It requires all the Identified Members of Senior Management to provide quarterly and annual disclosures of their holdings and dealings in securities.

### Risk Management

The Company has formulated a Risk Management Framework, which lays the procedures for risk assessment and mitigation. The Risk Management Framework and the Risk Registers are reviewed quarterly by the Risk Management Council comprising senior management personnel. Based on the inputs from the Risk Management Council and the Head – Audit & Risk, the Risk Management Committee shall apprise the Board of the key risks associated with the business of the Company and measures to mitigate the same.

During the year, the Risk Management Committee reviewed key risks associated with the business of the Company, its root causes and the efficacy of the measures in place to mitigate the same. The Board of Directors also reviewed the

procedures adopted by the Company to assess risks and their mitigation mechanisms on a half yearly basis.

### Code of Conduct & Whistle Blower Policy

The Company has framed and adopted a Code of conduct, which is approved by the Board of Directors and the same is available on the website of the Company. The company, through the Whistle Blower Policy, has provided employees a channel for communicating any breaches of the Company's Values, Code of Conduct, Anti Money Laundering Policy and other regulatory and statutory requirements. Action is initiated against any violation of the Values, Code or Policies as per the malpractice matrix.

The Ethics Committee is responsible to review the implementation of Code of Conduct and instances of violation of the provisions of Code of Conduct and report the same to the Board on periodical basis. Ethics Committee shall also review the transactions involving potential conflict of interest between the Company and Director or Senior Management of the Company.

### Disclosures

#### Transactions with Non-Executive Directors

The non-executive and independent Directors of the Company do not have any material pecuniary relationships or transactions with the Company or its Directors, its Senior Management, other than insurance policies and ESOPs held by non-executive and independent Directors and sitting fees for attending Board & Committee Meetings.

### Related Party Transactions

There were no materially significant related party transactions with the Directors, the management, subsidiaries or relatives of the Directors that have a potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the normal course of business were placed annually before the Audit Committee hence forth it shall be placed before the Audit Committee. There were no material individual transactions with related parties, which were not in the normal course of business nor were there any material transactions with related parties or others, which were not on an arm's length basis. Details of related party transactions entered into by the Company in the normal course of business are included in the Notes to the Accounts.

#### Details of remuneration to all the non Whole-time Directors

| Name of Director     | Sitting Fees Paid (Amt. in ₹ ) |
|----------------------|--------------------------------|
| Mr. Deepak S. Parekh | 1,60,000                       |
| Mr. Keki M. Mistry   | 2,80,000                       |
| Ms. Renu Sud Karnad  | 2,80,000                       |
| Mr. Ravi Narain      | 1,40,000                       |
| Mr. Gautam R. Divan  | 2,40,000                       |
| Mr. Ranjan K. Pant   | 80,000                         |
| Mr. A. K. T. Chari   | 2,40,000                       |

Above Includes sitting fees of committees

## General Body Meetings

### (i) Details of Past Annual General Meetings

| Year    | AGM              | Location   | Date           | Time      |
|---------|------------------|--|----------------|-----------|
| 2009-10 | 10 <sup>th</sup> | Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400020. | August 5, 2010 | 5.00 p.m  |
| 2008-09 | 9 <sup>th</sup>  | Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400020. | May 21, 2009   | 6.00 p.m. |
| 2007-08 | 8 <sup>th</sup>  | Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400020. | April 23, 2008 | 6.00 p.m. |

### (ii) Details of Special Resolutions passed in the previous 3 AGMs

| Date of AGM    | AGM No.          | Business transacted by Special Resolution  |
|----------------|------------------|--|
| August 5, 2010 | 10 <sup>th</sup> | Appointment of Mr. Amitabh Chaudhry as Managing Director and Chief Executive Officer of the Company.   |
| May 21, 2009   | 9 <sup>th</sup>  | Appointment of Mr. Paresh Parasnis as a Wholetime Director of the Company.<br><br>Further issue of shares u/s 81(1A) of the Companies Act, 1956 – Issue of 33.3 crore shares on private placement basis.   |
| April 23, 2008 | 8 <sup>th</sup>  | Alteration of Capital Clause in Articles of Association of the Company under Section 31 of the Companies Act, 1956 – Alteration of Article 3 of the Articles of Association of the Company consequent to Increase in Authorised capital from ₹ 1,500 crore to ₹ 3,000 crore.<br><br>Further issue of shares u/s 81(1A) of the Companies Act, 1956 – Issue of 69.5 crore shares on private placement basis. |

(iii) Postal Ballot (under Section 192A):

None of the Business required to be transacted as Special Resolution through postal ballot was passed in last year.

#### Accounting Standards

The Company has complied with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006.

#### Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India, from time to time.

#### Going concern

The Board is satisfied that the Company has adequate resources to continue its

business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

#### Means of Communication

Quarterly results of the Company are submitted to the Insurance Regulatory and Development Authority. Details of new business financials are posted on the IRDA website [www.irdaindia.org](http://www.irdaindia.org).

The Company has its own web site [www.hdfclife.com](http://www.hdfclife.com) and all the vital information relating to the Company and its products is displayed at the web site.

#### “Certification for compliance of the Corporate Governance Guidelines”

I, Atul Juvle hereby certify that the company has complied with the Corporate Governance Guidelines

for insurance companies issued by the Insurance Regulatory and Development Authority and as amended from time to time, with the exceptions as disclosed in the report and nothing has been concealed or suppressed.

ATUL JUVLE  
Vice President –  
Legal & Compliance and  
Company Secretary

On behalf of the Board of Directors  
MUMBAI DEEPAK S. PAREKH  
May 2, 2011 Chairman

## Auditors' Report

### TO THE MEMBERS OF HDFC STANDARD LIFE INSURANCE COMPANY LIMITED

1. We have audited the attached Balance Sheet of HDFC STANDARD LIFE INSURANCE COMPANY LIMITED (the "Company") as at 31<sup>st</sup> March, 2011 and also the Revenue Account, Profit and Loss Account, and Receipts and Payments Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. In accordance with the provisions of Section 11 of the Insurance Act, 1938 (the "Insurance Act") read with the 'Insurance Regulatory and Development Authority, (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), and the provisions of sub-sections (1), (2) and (5) of Section 211 and sub-section (5) of Section 227 of the Companies Act, 1956 (the "Companies Act"), the Balance Sheet, Revenue Account and Profit and Loss account are not required to be, and are not, drawn up in accordance with Schedule VI of the Companies Act. The

Balance Sheet, Revenue Account and Profit and Loss Account are drawn up in conformity with the IRDA Financial Statements Regulations.

4. We report as follows:

(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 and have found them to be satisfactory.

(b) in our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books.

(c) the financial accounting systems of the Company are centralized and therefore accounting returns are not required to be submitted by branches and other offices.

(d) the Balance Sheet, Revenue Account, Profit and Loss Account and Receipts and Payments account referred to in this report are in agreement with the books of account.

(e) the actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of liabilities for life policies in force as at 31<sup>st</sup> March, 2011 has been duly certified by the Appointed Actuary. The Appointed Actuary has certified to the Company that the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ("IRDA") and the Actuarial Society of India in concurrence with IRDA. We have relied on the Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

(f) in our opinion and to the best of our knowledge and belief and according to the information and explanations given:

1. the accounting policies selected by the Company are appropriate and in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956 and the accounting principles prescribed in the IRDA Financial Statements Regulations and orders or directions issued by the IRDA in this behalf. The Balance Sheet, Revenue Account, Profit and Loss Account and Receipts and Payments Account referred to in this report are in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

2. investments of the Company have been valued in accordance with the provisions of the Insurance Act, 1938 and the regulations/ directions issued by IRDA in this behalf.

3. the said financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the IRDA Financial Statements Regulations and the Companies Act, 1956, to the extent applicable and in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:

i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;

ii. in the case of the Revenue Account, of the surplus (before contribution from the shareholders' account) for the year ended 31<sup>st</sup> March, 2011;

iii. in the case of the Profit and Loss Account, of the loss for the year ended 31<sup>st</sup> March, 2011; and

iv. in the case of the Receipts and Payments Account, of the Receipts and Payments for the year ended 31<sup>st</sup> March, 2011.

5. On the basis of the written representations received from the Directors of the Company, as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956.

6. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given and to the best of our knowledge and belief, we certify that:

(a) we have reviewed the Management Report attached to the financial statements for the year ended 31<sup>st</sup> March, 2011 and there is no apparent

mistake or material inconsistency with the financial statements.

(b) based on the information and explanations received during the normal course of audit, management's representations made to us and the compliance certificate submitted to the Board by the officers of the Company charged with compliance and the same being noted by the Board, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration as per sub-section 4 of Section 3 of the Insurance Act, 1938.

(c) we have verified the cash balances, to the extent considered necessary and securities relating to Company's loans and investments by actual inspection or on the basis of certificates/ confirmations received from the custodians and/or Depository Participants appointed by the Company, as the case may be. As at 31<sup>st</sup> March, 2011, the Company had no reversions and life interests.

(d) the Company is not a trustee of any trust.

(e) no part of the assets of the policyholders' funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders' funds.

For S.B.BILLIMORIA & CO.  
Chartered Accountants  
(Registration No. 101496W)

Z. F. Billimoria  
Partner  
Membership No. 42791

For KALYANIWALLA & MISTRY  
Chartered Accountants  
(Registration No.104607W)

Daraius Z. Fraser  
Partner  
Membership No. 42454

MUMBAI  
May 2, 2011

**Form A-BS**

Registration No. and Date of Registration with the IRDA: 101 23rd October 2000

**Balance Sheet as at March 31, 2011**

|   | Schedule | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|----------|--------------------------|---------------------------|
| <b>SOURCES OF FUNDS</b>   |          |                          |                           |
| <b>SHAREHOLDERS' FUNDS:</b>   |          |                          |                           |
| Share Capital   | 5        | 19,948,801               | 19,680,000                |
| Share application money received pending allotment of shares                          |          | —                        | —                         |
| Reserves and Surplus  | 6        | 2,206,790                | 552,892                   |
| Credit / [Debit] Fair Value Change Account  |          | (350)                    | 184,435                   |
| <b>Sub-Total</b>  |          | <b>22,155,241</b>        | <b>20,417,327</b>         |
| <b>BORROWINGS</b>   |          |                          |                           |
| POLICYHOLDERS' FUNDS:   | 7        | —                        | —                         |
| Credit / [Debit] Fair Value Change Account  |          | (15,447)                 | 205,087                   |
| Policy Liabilities  |          | 51,233,325               | 37,666,908                |
| Insurance Reserves  |          | —                        | —                         |
| Provision for Linked Liabilities  |          | 183,502,921              | 127,701,636               |
| Add: Fair value change  |          | 21,728,415               | 27,516,164                |
| Total Provision for Linked Liabilities  |          | 205,231,336              | 155,217,800               |
| <b>Sub-Total</b>  |          | <b>256,449,214</b>       | <b>193,089,795</b>        |
| Funds for Future Appropriations   |          | 1,917,148                | 1,490,013                 |
| Funds for future appropriation - Provision for lapsed policies unlikely to be revived |          | 2,555,106                | 1,064,831                 |
| <b>TOTAL</b>  |          | <b>283,076,709</b>       | <b>216,061,966</b>        |
| <b>APPLICATION OF FUNDS</b>   |          |                          |                           |
| <b>INVESTMENTS</b>  |          |                          |                           |
| Shareholders'   | 8        | 6,999,708                | 6,304,757                 |
| Policyholders'  | 8A       | 53,349,840               | 43,415,382                |
| Assets held to cover Linked Liabilities   | 8B       | 205,231,336              | 155,217,800               |
| <b>LOANS</b>  | 9        | 331,239                  | 40,366                    |
| <b>FIXED ASSETS</b>   | 10       | 2,395,729                | 1,143,777                 |
| <b>CURRENT ASSETS</b>   |          |                          |                           |
| Cash and Bank Balances  | 11       | 3,837,312                | 3,030,176                 |
| Advances and Other Assets   | 12       | 6,770,283                | 4,917,758                 |
| <b>Sub-Total (A)</b>  |          | <b>10,607,595</b>        | <b>7,947,934</b>          |
| <b>CURRENT LIABILITIES</b>  | 13       | 13,037,550               | 12,485,399                |
| <b>PROVISIONS</b>   | 14       | 150,102                  | 187,617                   |
| <b>Sub-Total (B)</b>  |          | <b>13,187,652</b>        | <b>12,673,016</b>         |
| <b>NET CURRENT (LIABILITIES) / ASSETS (C) = (A - B)</b>                               |          | <b>(2,580,057)</b>       | <b>(4,725,082)</b>        |
| MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)                 | 15       | —                        | —                         |
| DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT (Shareholders' account)                      |          | 15,654,987               | 14,664,966                |
| DEFICIT IN THE REVENUE ACCOUNT (Policyholders Account)                                |          | 1,693,927                | —                         |
| <b>TOTAL</b>  |          | <b>283,076,709</b>       | <b>216,061,966</b>        |

**Significant accounting policies & Notes to accounts**

16

Schedules referred to above and the notes to accounts form an integral part of the Accounts

In terms of our report of even date attached

For S. B. Billimoria & Co.  
Chartered AccountantsFor Kalyaniwalla & Mistry  
Chartered AccountantsDeepak S. Parekh  
ChairmanDirectors  
Keki M. Mistry  
Renu Sud Karnad  
G. R. Divan  
A. K. T. Chari  
David Nish  
Nathan Parnaby  
Michael Connarty  
Ravi NarainZ. F. Billimoria  
PartnerDaraius Z. Fraser  
PartnerAmitabh Chaudhry  
Managing Director & CEOParesh Parasnis  
Executive Director & COOAshley Rebello  
Chief Actuary & Appointed Actuary

MUMBAI, May 2, 2011

Vibha Padalkar  
CFO**CONTINGENT LIABILITIES****Particulars**

|  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| 1. Partly paid-up investments  | —                        | —                         |
| 2. Claims, other than against policies, not acknowledged as debts by the company | 4,838                    | 6,370                     |
| 3. Underwriting commitments outstanding (in respect of share and securities)     | —                        | —                         |
| 4. Guarantees given by or on behalf of the Company                               | —                        | —                         |
| 5. Statutory demands/liabilities in dispute, not provided for                    | 7,001,010                | 2,990,733                 |
| 6. Reinsurance obligations to the extent not provided for in the accounts        | —                        | —                         |
| 7. Others  | —                        | —                         |
| <b>Total</b>   | <b>7,005,848</b>         | <b>2,997,103</b>          |

**Form A-PL**

Registration No. and Date of Registration with the IRDA: 101 23rd October 2000

**Profit & Loss Account for the year ended March 31, 2011**
**SHAREHOLDERS' ACCOUNT (NON-TECHNICAL ACCOUNT)**

| Particulars  | Schedule | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|----------|--------------------------|---------------------------|
| Amounts transferred from the Policyholders Account (Technical Account) |          | 446,326                  | 472,930                   |
| Income from Investments  |          |                          |                           |
| (a) Interest, Dividends & Rent - Gross                                 |          | 399,900                  | 289,102                   |
| (b) Profit on sale / redemption of investments                         |          | 183,531                  | 49,152                    |
| (c) (Loss on sale / redemption of investments)                         |          | (1,697)                  | (487)                     |
| (d) Transfer / gain on revaluation / change in fair value              |          | —                        | —                         |
| (e) Amortisation of (premium)/discount on investments                  |          | (3,042)                  | (2,634)                   |
| <b>Sub Total</b>   |          | <b>578,692</b>           | <b>335,133</b>            |
| Other Income   |          | 29                       | 3,522                     |
| <b>TOTAL (A)</b>   |          | <b>1,025,047</b>         | <b>811,585</b>            |
| Expenses other than those directly related to the insurance business   | 3A       | 9,412                    | 3,981                     |
| Bad debts written off  |          | —                        | —                         |
| Provisions (other than taxation)                                       |          |                          |                           |
| (a) For diminution in the value of Investments (net)                   |          | —                        | —                         |
| (b) Provision for doubtful debts                                       |          | —                        | —                         |
| (c) Others   |          | —                        | —                         |
| Contribution to the Policyholders Fund                                 |          | 2,005,656                | 3,559,448                 |
| <b>TOTAL (B)</b>   |          | <b>2,015,068</b>         | <b>3,563,429</b>          |
| Profit / (Loss) before tax   |          | (990,021)                | (2,751,844)               |
| Provision for Taxation   |          | —                        | —                         |
| Profit / (Loss) after tax  |          | (990,021)                | (2,751,844)               |
| <b>APPROPRIATIONS</b>  |          |                          |                           |
| (a) Balance at the beginning of the Year                               |          | (14,664,966)             | (11,913,122)              |
| (b) Interim dividends paid during the Year                             |          | —                        | —                         |
| (c) Proposed final dividend  |          | —                        | —                         |
| (d) Dividend distribution tax  |          | —                        | —                         |
| Profit / (Loss) carried forward to the Balance Sheet                   |          | (15,654,987)             | (14,664,966)              |
| Earning per share - Basic / Diluted                                    |          | (0.50)                   | (1.51)                    |

(Refer note no.20 of Schedule 16 (B))

**Significant accounting policies & Notes to accounts**

16

Schedules referred to above and the notes to accounts form an integral part of the Accounts

In terms of our report of even date attached

For S. B. Billimoria & Co.  
Chartered Accountants

Z. F. Billimoria  
Partner

For Kalyaniwalla & Mistry  
Chartered Accountants

Daraius Z. Fraser  
Partner

Vibha Padalkar  
CFO

Deepak S. Parekh  
Chairman

Amitabh Chaudhry  
Managing Director & CEO

Paresh Parasnis  
Executive Director & COO

Ashley Rebello  
Chief Actuary & Appointed Actuary

Directors  
Keki M. Mistry  
Renu Sud Karnad  
G. R. Divan  
A. K. T. Chari  
David Nish  
Nathan Parnaby  
Michael Connarty  
Ravi Narain

MUMBAI, May 2, 2011



**Form A-RA**Registration No. and Date of Registration with the IRDA: **101 23rd October 2000****Revenue Account for the year ended March 31, 2011****POLICYHOLDERS' ACCOUNT (TECHNICAL ACCOUNT)**

| Particulars  | Schedule | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|----------|--------------------------|---------------------------|
| Premium earned (Net)                                       |          |                          |                           |
| (a) Premium  | I        | 90,041,725               | 70,051,044                |
| (b) Reinsurance ceded                                      |          | (494,556)                | (494,720)                 |
| (c) Reinsurance accepted                                   |          | —                        | —                         |
| <b>Sub Total</b>   |          | <b>89,547,169</b>        | <b>69,556,324</b>         |
| Income from Investments                                    |          |                          |                           |
| (a) Interest, Dividends & Rent - Gross                     |          | 9,204,070                | 6,214,217                 |
| (b) Profit on sale / redemption of investments             |          | 18,714,990               | 9,455,158                 |
| (c) (Loss on sale / redemption of investments)             |          | (1,377,977)              | (1,641,870)               |
| (d) Transfer / Gain on revaluation / change in fair value* |          | (5,771,152)              | 42,832,799                |
| (e) Appropriation / Expropriation Adjustment Account       |          | (302,114)                | 413,649                   |
| (f) Amortisation of (premium)/discount on investments      |          | 90,464                   | (45,764)                  |
| <b>Sub Total</b>   |          | <b>20,558,281</b>        | <b>57,228,189</b>         |
| Other Income   |          |                          |                           |
| (a) Contribution from the Shareholders' Account            |          | 2,005,656                | 3,559,448                 |
| (b) Other Income   |          | 173,035                  | 189,042                   |
| <b>Sub Total</b>   |          | <b>2,178,691</b>         | <b>3,748,490</b>          |
| <b>TOTAL (A)</b>   |          | <b>112,284,141</b>       | <b>130,533,003</b>        |
| Commission   | 2        | 4,768,115                | 5,254,973                 |
| Operating Expenses related to Insurance Business           | 3        | 14,952,066               | 14,976,588                |
| Provisions for doubtful debts                              |          | —                        | —                         |
| Bad debts written off                                      |          | —                        | —                         |
| Provisions for tax   |          | —                        | —                         |
| Provisions (other than taxation)                           |          |                          |                           |
| (a) For diminution in the value of investments (Net)       |          | —                        | —                         |
| (b) Others   |          | —                        | —                         |
| <b>TOTAL (B)</b>   |          | <b>19,720,181</b>        | <b>20,231,561</b>         |

**Form A-RA**Registration No. and Date of Registration with the IRDA: **101 23rd October 2000****Revenue Account for the year ended March 31, 2011 (Continued)****POLICYHOLDERS' ACCOUNT (TECHNICAL ACCOUNT)**

| Particulars  | Schedule | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|----------|--------------------------|---------------------------|
| Benefits Paid (Net)  | 4        | 28,309,074               | 13,378,943                |
| Interim Bonuses Paid   |          | 1,688                    | 1,013                     |
| Terminal Bonuses Paid  |          | 3,435                    | 2,725                     |
| Change in valuation of liability against life policies in force                          |          |                          |                           |
| (a) Gross **   |          | 63,904,506               | 95,263,954                |
| (b) Amount ceded in Reinsurance  |          | (324,552)                | (254,601)                 |
| (c) Amount accepted in Reinsurance   |          | —                        | —                         |
| <b>TOTAL (C)</b>   |          | <b>91,894,151</b>        | <b>108,392,034</b>        |
| <b>SURPLUS / (DEFICIT)</b>   |          |                          |                           |
| <b>(D) = (A) - (B) - (C)</b>   |          | <b>669,809</b>           | <b>1,909,409</b>          |
| <b>APPROPRIATIONS</b>  |          |                          |                           |
| Transfer to Shareholders' Account  |          | 446,326                  | 472,930                   |
| Transfer to Other Reserves   |          | —                        | —                         |
| Funds for future appropriation - Provision for lapsed policies unlikely to be revived    |          | 1,490,275                | 532,861                   |
| Balance being Funds For Future Appropriations  |          | 427,135                  | 903,618                   |
| Transfer to Balance Sheet being "Deficit in the Revenue Account (Policyholders Account)" |          | (1,693,927)              | —                         |
| <b>TOTAL (D)</b>   |          | <b>669,809</b>           | <b>1,909,409</b>          |

**Notes:**

\* Represents the deemed realised gain as per norms specified by the Authority

\*\* Represents changes in the mathematical Reserves after allocation of bonus

**The total surplus as mentioned below :**

|   |           |           |
|---|-----------|-----------|
| (a) Interim Bonuses Paid :                | 1,688     | 1,013     |
| (b) Terminal Bonuses Paid:                | 3,435     | 2,725     |
| (c) Allocation of Bonus to policyholders: | 2,144,404 | 1,582,529 |
| (d) Surplus shown in the Revenue Account: | 669,809   | 1,909,409 |
| (e) Total Surplus :[(a)+(b)+(c)+(d)].     | 2,819,336 | 3,495,676 |

**Significant accounting policies & Notes to accounts****16**

Schedules referred to above and the notes to accounts form an integral part of the Accounts

As required by Sec 40(B)(4) of the Insurance Act, 1938 we certify that all expenses of the Management incurred by the Company in respect of Life Insurance business transacted in India by the Company have been fully debited to the Policyholders Revenue Account as expenses.

In terms of our report of even date attached

**For S. B. Billimoria & Co.**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

**For Kalyaniwalla & Mistry**  
Chartered Accountants

**Daraius Z. Fraser**  
Partner

**Vibha Padalkar**  
CFO

**Deepak S. Parekh**  
Chairman

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**G. R. Divan**  
**A. K. T. Chari**  
**David Nish**  
**Nathan Parnaby**  
**Michael Connarty**  
**Ravi Narain**

MUMBAI, May 2, 2011

## Receipts and Payments Account for the year ended March 31, 2011

| CASH FLOW FROM OPERATING ACTIVITIES                        | Schedule | Current Year<br>₹ '000 | Previous Year<br>₹ '000 |
|--|----------|------------------------|-------------------------|
| Amounts received from Policyholders                        |          | 90,418,286             | 70,732,080              |
| Amounts paid to Policyholders                              |          | (28,551,378)           | (11,521,956)            |
| Amounts paid to Reinsurers                                 |          | (256,491)              | (312,168)               |
| Amounts paid as Commission                                 |          | (4,795,542)            | (5,417,619)             |
| Payments to Employees and Suppliers                        |          | (15,244,814)           | (13,228,846)            |
| Income Tax paid (TDS & Wealth Tax)                         |          | (439,002)              | (309,142)               |
| Other income   |          | 173,066                | 192,556                 |
| <b>Net Cash Flow from Operating Activities</b>             |          | <b>41,304,125</b>      | <b>40,134,905</b>       |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                 |          |                        |                         |
| Purchase of Fixed Assets                                   |          | (1,900,015)            | (217,752)               |
| Sale of Fixed Assets                                       |          | 45,903                 | 2,279                   |
| Loans Disbursed  |          | (290,873)              | (10,118)                |
| Investments (Net)  |          | (49,640,207)           | (48,698,780)            |
| Investment expenses  |          | (23,895)               | (165,313)               |
| Interest income  |          | 7,277,494              | 4,817,558               |
| Dividend income  |          | 2,111,431              | 1,338,737               |
| <b>Net Cash Flow from Investing Activities</b>             |          | <b>(42,420,162)</b>    | <b>(42,933,389)</b>     |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                 |          |                        |                         |
| Issue of Shares during the year                            |          | 268,801                | 1,720,000               |
| Share Premium  |          | 1,654,372              | —                       |
| <b>Net Cash Flow from Financing Activities</b>             |          | <b>1,923,173</b>       | <b>1,720,000</b>        |
| <b>Net Increase in Cash and Cash Equivalents</b>           |          | <b>807,136</b>         | <b>(1,078,484)</b>      |
| Cash and Cash Equivalents as at the beginning of the year  |          | <b>3,030,176</b>       | <b>4,108,660</b>        |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b> |          | <b>3,837,312</b>       | <b>3,030,176</b>        |
| <b>Note:</b>   |          |                        |                         |
| Cash and cash equivalents at end of the period includes:   |          |                        |                         |
| Cash and cheques in hand                                   |          | 593,971                | 279,148                 |
| Bank Balances  |          | 1,843,741              | 1,410,447               |
| Fixed Deposit  |          | 1,399,600              | 1,340,581               |
| <b>Total Cash and cash equivalents</b>                     |          | <b>3,837,312</b>       | <b>3,030,176</b>        |

### Significant accounting policies & Notes to accounts 16

Schedules referred to above and the notes to accounts form an integral part of the Accounts

In terms of our report of even date attached

**For S. B. Billimoria & Co.**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

**For Kalyaniwalla & Mistry**  
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**Michael Connarty**  
**Ravi Narain**

MUMBAI, May 2, 2011

## Schedules

Forming part of the financial statements

### Schedule 1

#### PREMIUM

| Particulars            | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|------------------------|--------------------------|---------------------------|
| 1. First year Premiums | 33,390,502               | 30,905,421                |
| 2. Renewal Premiums    | 49,448,465               | 36,409,461                |
| 3. Single Premiums     | 7,202,758                | 2,736,162                 |
| <b>Total Premiums</b>  | <b>90,041,725</b>        | <b>70,051,044</b>         |

### Schedule 2

#### COMMISSION EXPENSES

| Particulars                             | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| Commission Paid                         |                          |                           |
| Direct – First year premiums            | 3,682,803                | 4,453,455                 |
| – Renewal premiums                      | 972,534                  | 749,358                   |
| – Single premiums                       | 112,778                  | 52,160                    |
| Add: Commission on Reinsurance Accepted | –                        | –                         |
| Less: Commission on Reinsurance Ceded   | –                        | –                         |
| <b>Net Commission</b>                   | <b>4,768,115</b>         | <b>5,254,973</b>          |

#### Break up of the expenses (Gross) incurred to procure business :

|                  |                  |                  |
|------------------|------------------|------------------|
| Agents           | 1,297,882        | 1,507,436        |
| Brokers          | 30,549           | 6,459            |
| Corporate Agency | 3,438,187        | 3,728,677        |
| Referral         | 1,497            | 12,401           |
| Others           | –                | –                |
| <b>Total</b>     | <b>4,768,115</b> | <b>5,254,973</b> |

### Schedule 3

#### OPERATING EXPENSES RELATING TO INSURANCE BUSINESS

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| 1. Employees' remuneration & welfare benefits      | 6,242,187                | 6,102,963                 |
| 2. Travel, conveyance and vehicle running expenses | 168,936                  | 178,879                   |
| 3. Training expenses                               | 430,480                  | 434,488                   |
| 4. Rent, rates & taxes                             | 991,457                  | 1,071,362                 |
| 5. Repairs   | 15,825                   | 21,801                    |
| 6. Printing & stationery                           | 107,736                  | 128,817                   |
| 7. Communication expenses                          | 241,023                  | 314,045                   |
| 8. Legal & professional charges                    | 728,459                  | 624,697                   |
| 9. Medical fees                                    | 55,049                   | 58,306                    |

**Schedule 3 (Continued)****OPERATING EXPENSES RELATING TO INSURANCE BUSINESS**

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| 10. Auditors fees, expenses etc.                               |                          |                           |
| (a) as auditor   | 3,465                    | 2,038                     |
| (b) as advisor or in any other capacity in respect of          |                          |                           |
| (i) Taxation matters   | —                        | 5                         |
| (ii) Insurance matters   | —                        | —                         |
| (iii) Management services                                      | —                        | —                         |
| (c) in any other capacity                                      | 100                      | 8                         |
| 11. Advertisement and publicity                                | 3,359,509                | 2,765,982                 |
| 12. Interest & Bank Charges                                    | 31,325                   | 29,724                    |
| 13. Others   |                          |                           |
| (a) Computer Expenses  | 270,876                  | 206,814                   |
| (b) General Office & Other Expenses                            | 688,396                  | 685,572                   |
| (c) Business Development Expenses                              | 467,640                  | 602,679                   |
| (d) Loss on Sale of Fixed Assets                               | 45,499                   | 29,074                    |
| (e) Depreciation on fixed assets                               |                          |                           |
| — Depreciation on assets owned by Policyholders                | 545,189                  | —                         |
| — Reimbursement of Depreciation for use of shareholders assets | 10,998                   | 493,968                   |
| 14. Service Tax  | 547,917                  | 1,225,366                 |
| <b>Total</b>   | <b>14,952,066</b>        | <b>14,976,588</b>         |

**Schedule 3A****SHAREHOLDER EXPENSES**

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| 1. Employees' remuneration & welfare benefits         |                          |                           |
| 2. Travel, conveyance and vehicle running expenses    | —                        | —                         |
| 3. Training expenses                                  | —                        | —                         |
| 4. Rent, rates & taxes                                | —                        | —                         |
| 5. Repairs  | —                        | —                         |
| 6. Printing & stationery                              | —                        | —                         |
| 7. Communication expenses                             | —                        | —                         |
| 8. Legal & professional charges                       | —                        | 48                        |
| 9. Medical fees                                       | —                        | —                         |
| 10. Auditors fees, expenses etc.                      |                          |                           |
| (a) as auditor  | —                        | —                         |
| (b) as advisor or in any other capacity in respect of |                          |                           |
| (i) Taxation matters                                  | —                        | —                         |
| (ii) Insurance matters                                | —                        | —                         |
| (iii) Management services                             | —                        | —                         |
| (c) in any other capacity                             | —                        | —                         |
| 11. Advertisement and publicity                       | —                        | —                         |
| 12. Interest & Bank Charges                           | —                        | 2                         |

**Schedule 3A (Continued)****SHAREHOLDER EXPENSES**

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| 13. Others  |                          |                           |
| (a) Directors Fees  | 1,400                    | 920                       |
| (b) Preliminary Expenses amortised  | —                        | 1,820                     |
| (c) Wealth tax  | 108                      | 110                       |
| (d) Loss on Sale of Fixed Assets  | —                        | —                         |
| (e) Other General Expenses  | 7,904                    | 1,081                     |
| 14. Depreciation on fixed assets  |                          |                           |
| (a) Depreciation on Assets owned by Shareholders                                  | 10,998                   | 493,968                   |
| (b) Reimbursement of depreciation by Policyholders for use of Shareholders Assets | (10,998)                 | (493,968)                 |
| <b>Total</b>  | <b>9,412</b>             | <b>3,981</b>              |

**Schedule 4****BENEFITS PAID [NET]**

| Particulars                         | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|-------------------------------------|--------------------------|---------------------------|
| 1. Insurance Claims                 |                          |                           |
| (a) Claims by Death                 | 936,249                  | 849,545                   |
| (b) Claims by Maturity              | 17,354                   | 5,621                     |
| (c) Money back payment              | 152,859                  | 189,756                   |
| (d) Annuities / Pensions in payment | 20,601                   | 13,488                    |
| (e) Vesting of Pension policy       | 68,265                   | 53,729                    |
| (f) Surrenders / Lapsation          | 23,126,352               | 10,394,272                |
| (g) Critical Illness                | 32,692                   | 29,407                    |
| (h) Withdrawals                     | 4,115,859                | 2,067,537                 |
| <b>Sub Total (A)</b>                | <b>28,470,231</b>        | <b>13,603,355</b>         |
| 2. (Amount ceded in reinsurance)    |                          |                           |
| (a) Claims by Death                 | (146,375)                | (205,783)                 |
| (b) Claims by Maturity              | —                        | —                         |
| (c) Annuities / Pensions in payment | —                        | —                         |
| (d) Surrenders                      | —                        | —                         |
| (e) Critical Illness                | (14,782)                 | (18,629)                  |
| <b>Sub Total (B)</b>                | <b>(161,157)</b>         | <b>(224,412)</b>          |
| 3. Amount accepted in reinsurance   |                          |                           |
| (a) Claims by Death                 | —                        | —                         |
| (b) Claims by Maturity              | —                        | —                         |
| (c) Annuities / Pensions in payment | —                        | —                         |
| (d) Surrenders                      | —                        | —                         |
| (e) Critical Illness                | —                        | —                         |
| <b>Sub Total (C)</b>                | <b>—</b>                 | <b>—</b>                  |
| <b>Total (A+B+C)</b>                | <b>28,309,074</b>        | <b>13,378,943</b>         |

**Notes:** (a) Claims include specific claims settlement costs, wherever applicable.

(b) Legal, other fees and expenses also form part of the claims cost, wherever applicable.

**Schedule 5****SHARE CAPITAL**

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| 1. Authorised Capital  |                          |                           |
| Equity shares of ₹ 10 each   | 30,000,000               | 30,000,000                |
| 2. Issued Capital  |                          |                           |
| Equity shares of ₹ 10 each   | 19,948,801               | 19,680,000                |
| 3. Subscribed Capital  |                          |                           |
| Equity shares of ₹ 10 each   | 19,948,801               | 19,680,000                |
| 4. Called-up Capital   |                          |                           |
| Equity shares of ₹ 10 each   | 19,948,801               | 19,680,000                |
| Less: Calls unpaid   | —                        | —                         |
| Add: Shares forfeited (Amount originally paid up)                                    | —                        | —                         |
| Less: Par Value of Equity Shares bought back   | —                        | —                         |
| Less: Preliminary Expenses   | —                        | —                         |
| Expenses including commission or brokerage on underwriting or subscription of shares | —                        | —                         |
| <b>Total</b>   | <b>19,948,801</b>        | <b>19,680,000</b>         |

Share Capital amounting to ₹14,437,338 thousand (Previous Year : ₹14,280,560 thousand) is held by Housing Development Finance Corporation Limited, the holding company.

**Schedule 5A****PATTERN OF SHAREHOLDING  
(As certified by the Management)**

| Shareholder                | Current Year         |                | Previous Year        |                |
|----------------------------|----------------------|----------------|----------------------|----------------|
|                            | Number of Shares     | % of Holding   | Number of Shares     | % of Holding   |
| Promoters                  |                      |                |                      |                |
| • Indian / Holding Company | 1,443,733,842        | 72.37%         | 1,428,056,000        | 72.56%         |
| • Foreign                  | 518,668,824          | 26.00%         | 511,680,000          | 26.00%         |
| Others – Domestic          | 32,477,430           | 1.63%          | 28,264,000           | 1.44%          |
| <b>Total</b>               | <b>1,994,880,096</b> | <b>100.00%</b> | <b>1,968,000,000</b> | <b>100.00%</b> |

**Schedule 6****RESERVES AND SURPLUS**

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| 1. Capital Reserve   | —                        | —                         |
| 2. Capital Redemption Reserve  | —                        | —                         |
| 3. Share Premium   |                          |                           |
| Opening Balance  | —                        | —                         |
| Add: Additions during the year   | 1,654,372                | —                         |
| Less: Adjustments during the year                                      | —                        | —                         |
| 4. Revaluation Reserve   |                          |                           |
| Opening Balance  | 552,892                  | 552,892                   |
| Add: Additions during the year<br>(Refer note no.14 of Schedule 16(B)) | 20,255                   | —                         |
| Less: Adjustments during the year                                      | (20,729)                 | —                         |
| 5. General Reserves  | —                        | —                         |
| Less: Debit balance in Profit and Loss Account, if any                 | —                        | —                         |
| Less: Amount utilized for Buy-back                                     | —                        | —                         |
| 6. Catastrophe Reserve   | —                        | —                         |
| 7. Other Reserves  | —                        | —                         |
| 8. Balance of profit in Profit and Loss Account                        | —                        | —                         |
| <b>Total</b>   | <b>2,206,790</b>         | <b>552,892</b>            |



**Schedule 7****BORROWINGS**

| Particulars               | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---------------------------|--------------------------|---------------------------|
| 1. Debentures / Bonds     | —                        | —                         |
| 2. Banks                  | —                        | —                         |
| 3. Financial Institutions | —                        | —                         |
| 4. Others                 | —                        | —                         |
| <b>Total</b>              | <b>—</b>                 | <b>—</b>                  |

**Schedule 8****INVESTMENTS - SHAREHOLDERS**

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| <b>LONG TERM INVESTMENTS</b>  |                          |                           |
| 1. Government Securities and Government guaranteed bonds including Treasury Bills | <b>2,139,512</b>         | 2,471,702                 |
| 2. Other Approved Securities  | —                        | —                         |
| 3. Other Investments  |                          |                           |
| (a) Shares  |                          |                           |
| (aa) Equity   | <b>240,468</b>           | 457,377                   |
| (bb) Preference   | —                        | —                         |
| (b) Mutual Funds  | —                        | —                         |
| (c) Derivative Instruments  | —                        | —                         |
| (d) Debentures / Bonds  | <b>458,908</b>           | 208,675                   |
| (e) Other Securities  | —                        | —                         |
| (f) Subsidiaries  | —                        | —                         |
| (g) Investment Properties - Real Estate   | <b>413,721</b>           | 757,540                   |
| 4. Investments in Infrastructure and Social Sector                                | <b>1,124,111</b>         | 1,108,284                 |
| 5. Other than Approved Investments  | <b>80,613</b>            | 145,085                   |
| <b>Sub Total (A)</b>  | <b>4,457,333</b>         | <b>5,148,663</b>          |

**SHORT TERM INVESTMENTS**

|   |                  |           |
|---|------------------|-----------|
| 1. Government Securities and Government guaranteed bonds including Treasury Bills | —                | —         |
| 2. Other Approved Securities  | —                | —         |
| 3. Other Investments  |                  |           |
| (a) Shares  |                  |           |
| (aa) Equity   | —                | —         |
| (bb) Preference   | —                | —         |
| (b) Mutual Funds  | —                | 47,066    |
| (c) Derivative Instruments  | —                | —         |
| (d) Debentures / Bonds  | —                | 50,531    |
| (e) Other Securities  |                  |           |
| Commercial Paper  | <b>466,914</b>   | —         |
| Certificate of Deposit  | <b>1,462,421</b> | 1,057,608 |
| Repo Investments  | <b>213,496</b>   | 889       |
| (f) Subsidiaries  | —                | —         |
| (g) Investment Properties - Real Estate   | —                | —         |

**Schedule 8 (Continued)****SHORT TERM INVESTMENTS**

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| 4. Investments in Infrastructure and Social Sector | 399,544                  | —                         |
| 5. Other than Approved Investments                 | —                        | —                         |
| <b>Sub Total (B)</b>                               | <b>2,542,375</b>         | <b>1,156,094</b>          |
| <b>Total (A+B)</b>                                 | <b>6,999,708</b>         | <b>6,304,757</b>          |

**Notes :**

- 1) Aggregate book value and market value of Investments, other than listed equity shares, is ₹ 6,915,800 thousands (Previous Year : ₹ 4,989,835 thousands) and ₹ 6,906,320 thousands (Previous Year : ₹ 4,983,458 thousands) respectively.
- 2) Investments in holding company at cost is ₹ 534,797 thousands (Previous Year : ₹ Nil).
- 3) Investments made out of Catastrophe reserve is ₹ Nil (Previous Year : ₹ Nil).

**Schedule 8A****INVESTMENTS - POLICYHOLDERS**

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| <b>LONG TERM INVESTMENTS</b>  |                          |                           |
| 1. Government Securities and Government guaranteed bonds including Treasury Bills * | 28,477,365               | 21,799,472                |
| 2. Other Approved Securities  | —                        | —                         |
| 3. Other Investments  |                          |                           |
| (a) Shares  |                          |                           |
| (aa) Equity   | 1,388,235                | 1,683,113                 |
| (bb) Preference   | —                        | —                         |
| (b) Mutual Funds  | —                        | —                         |
| (c) Derivative Instruments  | —                        | —                         |
| (d) Debentures / Bonds  | 3,189,421                | 3,052,565                 |
| (e) Other Securities  | —                        | —                         |
| Deep Discount Bonds   | —                        | —                         |
| (f) Subsidiaries  | —                        | —                         |
| (g) Investment Properties - Real Estate   | 653,533                  | —                         |
| 4. Investments in Infrastructure and Social Sector                                  | 11,316,287               | 8,240,442                 |
| 5. Other than Approved Investments  | 426,553                  | 449,921                   |
| <b>Sub Total (A)</b>  | <b>45,451,394</b>        | <b>35,225,513</b>         |

**SHORT TERM INVESTMENTS**

|   |           |           |
|---|-----------|-----------|
| 1. Government securities and Government guaranteed bonds including Treasury Bills | 1,558,495 | 1,197,384 |
| 2. Other Approved Securities  | —         | —         |
| 3. Other Investments  |           |           |
| (a) Shares  |           |           |
| (aa) Equity   | —         | —         |
| (bb) Preference   | —         | —         |
| (b) Mutual Funds  | 353,739   | 2,082,071 |
| (c) Derivative Instruments  | —         | —         |
| (d) Debentures / Bonds  | 202,774   | 122,062   |

**Schedule 8A (Continued)****INVESTMENTS - POLICYHOLDERS**

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| (e) Other Securities                               | —                        | —                         |
| Commercial Paper                                   | —                        | 25,488                    |
| Certificate of Deposit                             | 1,643,280                | 1,644,945                 |
| Deep Discount Bonds                                | —                        | —                         |
| Repo Investments                                   | 2,650,336                | 2,463,091                 |
| (f) Subsidiaries                                   | —                        | —                         |
| (g) Investment Properties - Real Estate            | —                        | —                         |
| 4. Investments in Infrastructure and Social Sector | 1,489,822                | 267,070                   |
| 5. Other than Approved Investments                 | —                        | 387,758                   |
| <b>Sub Total (B)</b>                               | <b>7,898,446</b>         | <b>8,189,869</b>          |
| <b>Total (A+B)</b>                                 | <b>53,349,840</b>        | <b>43,415,382</b>         |

**Notes :**

- 1) Aggregate book value and market value of Investments, other than listed equity shares, is ₹ 53,365,441 thousands (Previous Year : ₹ 42,116,478 thousands) and ₹ 53,383,973 thousands (Previous Year : ₹ 42,014,140 thousands) respectively.
  - 2) Investments in holding company at cost is ₹ 1,207,677 thousands (Previous Year : ₹ 1,142,223 thousands).
  - 3) Investments made out of Catastrophe reserve is ₹ Nil (Previous Year : ₹ Nil).
- \* Includes ₹ 102,631 thousands of Securities under Section 7 of Insurance Act, 1938 (Previous Year : ₹ 102,631 thousands) (Refer note no.1 of Schedule 16(C)).

**Schedule 8B****ASSETS HELD TO COVER LINKED LIABILITIES**

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| <b>LONG TERM INVESTMENTS</b>  |                          |                           |
| 1. Government Securities and Government guaranteed bonds including Treasury Bills | 7,970,751                | 5,055,349                 |
| 2. Other Approved Securities  | —                        | —                         |
| 3. Other Investments  | —                        | —                         |
| (a) Shares  | —                        | —                         |
| (aa) Equity   | 118,586,796              | 88,033,750                |
| (bb) Preference   | —                        | —                         |
| (b) Mutual Funds  | —                        | —                         |
| (c) Derivative Instruments  | —                        | —                         |
| (d) Debentures / Bonds  | 6,676,987                | 4,646,683                 |
| (e) Other Securities  | —                        | —                         |
| Deep Discount Bonds   | 428,948                  | 225,822                   |
| Fixed Deposit   | 600,000                  | 250,000                   |
| (f) Subsidiaries  | —                        | —                         |
| (g) Investment Properties - Real Estate   | —                        | —                         |
| 4. Investments in Infrastructure and Social Sector                                | 29,753,885               | 30,294,363                |
| 5. Other than Approved Investments  | 4,085,865                | 8,876,643                 |
| <b>Sub Total (A)</b>  | <b>168,103,232</b>       | <b>137,382,610</b>        |

**Schedule 8B (Continued)****ASSETS HELD TO COVER LINKED LIABILITIES**

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| <b>SHORT TERM INVESTMENTS</b>   |                          |                           |
| 1. Government Securities and Government guaranteed bonds including Treasury Bills | 2,591,275                | 803,040                   |
| 2. Other Approved Securities  | —                        | —                         |
| 3. Other Investments  |                          |                           |
| (a) Shares  |                          |                           |
| (aa) Equity   | —                        | —                         |
| (bb) Preference   | —                        | —                         |
| (b) Mutual Funds  | —                        | 2,718,531                 |
| (c) Derivative Instruments  | —                        | —                         |
| (d) Debentures / Bonds  | 1,486,768                | 969,305                   |
| (e) Other Securities  |                          |                           |
| Fixed Deposit   | 5,720,000                | 3,684,640                 |
| Commercial Paper  | 95,274                   | 361,447                   |
| Certificate of Deposit  | 12,562,917               | 2,402,579                 |
| Deep Discount Bonds   | 239,502                  | —                         |
| Repo Investments  | 2,953,475                | 4,227,845                 |
| (f) Subsidiaries  | —                        | —                         |
| (g) Investment Properties - Real Estate   | —                        | —                         |
| 4. Investments in Infrastructure and Social Sector                                | 6,778,848                | 402,837                   |
| 5. Other than Approved Investments  | —                        | 151,675                   |
| <b>Sub Total (B)</b>  | <b>32,428,059</b>        | <b>15,721,899</b>         |
| <b>OTHER ASSETS (NET)</b>   |                          |                           |
| 1 Interest Accrued and Dividend Receivable  | 1,501,268                | 1,374,465                 |
| 2 Other Liabilities (Net)   | (313,305)                | (110,873)                 |
| 3 Other - Receivable (Refer note no.25 of Schedule 16(B))                         | 1,890,924                | 1,750,806                 |
| 4 Appropriation Adjustment Account  | 210,751                  | 413,649                   |
| 5 Expropriation Adjustment Account  | (99,216)                 | —                         |
| 6 Investment Sold Awaiting Settlement   | 2,008,527                | 606,530                   |
| 7 Investment Purchased Awaiting Settlement  | (498,904)                | (1,921,286)               |
| <b>Sub Total (C)</b>  | <b>4,700,045</b>         | <b>2,113,291</b>          |
| <b>Total (A+B+C)</b>  | <b>205,231,336</b>       | <b>155,217,800</b>        |

**Notes :**

- Investments in holding company at cost is ₹ 3,536,839 thousands (Previous Year : ₹ 2,836,666 thousands).
- Investments made out of Catastrophe reserve is ₹ Nil (Previous Year : ₹ Nil).

**Schedule 9****LOANS**

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| <b>1. SECURITY-WISE CLASSIFICATION</b>                      |                          |                           |
| <i>Secured</i>  |                          |                           |
| (a) On mortgage of property                                 |                          |                           |
| (aa) In India   | 293                      | 395                       |
| (bb) Outside India  | —                        | —                         |
| (b) On Shares, Bonds, Government Securities, etc.           | —                        | —                         |
| (c) Loans against policies                                  | 43,171                   | 38,837                    |
| (d) Others  | —                        | —                         |
| <i>Unsecured</i>  | 287,775                  | 1,134                     |
| <b>Total</b>  | <b>331,239</b>           | <b>40,366</b>             |
| <b>2. BORROWER - WISE CLASSIFICATION</b>                    |                          |                           |
| (a) Central and State Governments                           | —                        | —                         |
| (b) Banks and Financial Institutions                        | —                        | —                         |
| (c) Subsidiaries  | —                        | —                         |
| (d) Companies   | —                        | —                         |
| (e) Loans against policies                                  | 44,068                   | 39,343                    |
| (f) Loans to employees                                      | 416                      | 1,023                     |
| (g) Others  | 286,755                  | —                         |
| <b>Total</b>  | <b>331,239</b>           | <b>40,366</b>             |
| <b>3. PERFORMANCE-WISE CLASSIFICATION</b>                   |                          |                           |
| (a) Loans classified as standard                            |                          |                           |
| (aa) In India   | 331,239                  | 40,366                    |
| (bb) Outside India  | —                        | —                         |
| (b) Non-standard loans less provisions (Refer Note 3 below) |                          |                           |
| (aa) In India   | —                        | —                         |
| (bb) Outside India  | —                        | —                         |
| <b>Total</b>  | <b>331,239</b>           | <b>40,366</b>             |
| <b>4. MATURITY-WISE CLASSIFICATION</b>                      |                          |                           |
| (a) Short-Term  | 3,964                    | 4,317                     |
| (b) Long-Term   | 327,275                  | 36,049                    |
| <b>Total</b>  | <b>331,239</b>           | <b>40,366</b>             |

**Notes :**

- 1) Principal receivable within 12 months from the Balance Sheet date is ₹ 3,807 thousand (Previous Year : ₹ 4,969 thousand).
- 2) Short-term loans include those which are repayable within 12 months from the date of Balance Sheet. Long term loans are the loans other than short-term loans.
- 3) Loans considered doubtful and the amount of provision created against such loans is for ₹ 28 thousand (Previous Year : ₹ Nil).

## Schedule 10

### FIXED ASSETS

(₹ '000)

| Particulars              | Cost / Gross Block |                  |                    |                   | Depreciation     |                 |                           |                   | Net Block         |                   |
|--------------------------|--------------------|------------------|--------------------|-------------------|------------------|-----------------|---------------------------|-------------------|-------------------|-------------------|
|                          | As at<br>1/04/10   | Additions        | Deductions         | As at<br>31/03/11 | As at<br>1/04/10 | For the<br>year | On Sales /<br>Adjustments | As at<br>31/03/11 | As at<br>31/03/11 | As at<br>31/03/10 |
| Goodwill                 | —                  | —                | —                  | —                 | —                | —               | —                         | —                 | —                 | —                 |
| Intangible Assets        |                    |                  |                    |                   |                  |                 |                           |                   |                   |                   |
| (Computer Software)      | 416,453            | 27,992           | —                  | 444,445           | 254,276          | 65,652          | —                         | 319,928           | 124,517           | 162,177           |
| Land-Freehold            | —                  | —                | —                  | —                 | —                | —               | —                         | —                 | —                 | —                 |
| Leasehold Improvements   | 2,105              | 2,154            | —                  | 4,259             | 384              | 746             | —                         | 1,130             | 3,129             | 1,721             |
| Buildings *              | 15,179             | 1,736,302        | —                  | 1,751,481         | 1,258            | 50,613          | —                         | 51,871            | 1,699,610         | 13,921            |
| Furniture & Fittings     | 991,108            | 51,204           | (179,625)          | 862,687           | 668,439          | 143,528         | (141,274)                 | 670,693           | 191,994           | 322,669           |
| Information Technology   |                    |                  |                    |                   |                  |                 |                           |                   |                   |                   |
| Equipment                | 952,186            | 23,295           | (40,064)           | 935,417           | 626,334          | 181,203         | (37,260)                  | 770,277           | 165,140           | 325,852           |
| Vehicles                 | —                  | 5,250            | —                  | 5,250             | —                | 678             | —                         | 678               | 4,572             | —                 |
| Office Equipment         | 811,816            | 39,557           | (121,532)          | 729,841           | 502,028          | 134,496         | (92,013)                  | 544,511           | 185,330           | 309,788           |
| Others                   | —                  | —                | —                  | —                 | —                | —               | —                         | —                 | —                 | —                 |
| <b>Total</b>             | <b>3,188,847</b>   | <b>1,885,754</b> | <b>(341,221)</b>   | <b>4,733,380</b>  | <b>2,052,719</b> | <b>576,916</b>  | <b>(270,547)</b>          | <b>2,359,088</b>  | <b>2,374,292</b>  | <b>1,136,128</b>  |
| Capital Work in progress | 7,649              | 2,246,328        | (2,232,540)        | 21,437            | —                | —               | —                         | —                 | 21,437            | 7,649             |
| <b>Grand Total</b>       | <b>3,196,496</b>   | <b>4,132,082</b> | <b>(2,573,761)</b> | <b>4,754,817</b>  | <b>2,052,719</b> | <b>576,916</b>  | <b>(270,547)</b>          | <b>2,359,088</b>  | <b>2,395,729</b>  | <b>1,143,777</b>  |
| <b>PREVIOUS YEAR</b>     | <b>3,208,135</b>   | <b>371,052</b>   | <b>(382,691)</b>   | <b>3,196,496</b>  | <b>1,756,789</b> | <b>493,968</b>  | <b>(198,038)</b>          | <b>2,052,719</b>  | <b>1,143,777</b>  |                   |

## Notes :

\* Depreciation for the year of ₹ 20,729 thousands on Building, corresponding to revalued amount has been adjusted against the opening balance of revaluation reserve in schedule 6 as required by Accounting Standard 10 on Fixed Assets accounting.

## Schedule 11

### CASH AND BANK BALANCES

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| 1. Cash (including cheques on hand *, drafts and stamps)    | 593,971                  | 279,148                   |
| 2. Bank Balances  |                          |                           |
| (a) Deposit Accounts  |                          |                           |
| (aa) Short-term (due within 12 months of Balance Sheet)     | 699,600                  | 1,340,581                 |
| (bb) Others   | 700,000                  | —                         |
| (b) Current Accounts  | 1,843,741                | 1,410,447                 |
| (c) Others  | —                        | —                         |
| 3. Money at Call and Short Notice                           |                          |                           |
| (a) With Banks  | —                        | —                         |
| (b) With other Institutions                                 | —                        | —                         |
| 4. Others   | —                        | —                         |
| <b>Total</b>  | <b>3,837,312</b>         | <b>3,030,176</b>          |
| Balances with non-scheduled banks included in 2 and 3 above | —                        | —                         |

**Schedule 11 (Continued)****CASH AND BANK BALANCES**

| Particulars                     | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---------------------------------|--------------------------|---------------------------|
| <b>CASH &amp; BANK BALANCES</b> |                          |                           |
| 1. In India                     | 3,837,312                | 3,030,176                 |
| 2. Outside India                | —                        | —                         |
| <b>Total</b>                    | <b>3,837,312</b>         | <b>3,030,176</b>          |

\* Cheques on hand amount to ₹ 443,147 thousand (Previous Year : ₹ 107,189 thousand)

**Schedule 12****ADVANCES AND OTHER ASSETS**

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| <b>ADVANCES</b>  |                          |                           |
| 1. Reserve deposits with ceding companies  | —                        | —                         |
| 2. Application money for investments   | —                        | —                         |
| 3. Prepayments   | 85,070                   | 137,650                   |
| 4. Advances to Directors/officers  | —                        | —                         |
| 5. Advance tax paid and taxes deducted at source (Net of provision for taxation)     | 865,318                  | 464,871                   |
| 6. Others  |                          |                           |
| (a) Security Deposits  | 505,805                  | 738,086                   |
| (b) Advances to employees  | 16,217                   | 8,703                     |
| (c) Investment sold awaiting settlement  | 191,118                  | 12,600                    |
| (d) Other Advances   | 193,020                  | 132,743                   |
| <b>Total (A)</b>   | <b>1,856,548</b>         | <b>1,494,653</b>          |
| <b>Other Assets</b>  |                          |                           |
| 1. Income accrued on investments   | 1,477,390                | 1,174,922                 |
| 2. Outstanding Premiums  | 1,553,675                | 1,758,929                 |
| 3. Agents' Balances  | 265,211                  | 217,242                   |
| 4. Foreign Agencies' Balances  | —                        | —                         |
| 5. Due from other entities carrying on insurance business (including reinsurers)     | 60,106                   | 136,716                   |
| 6. Due from subsidiaries / holding company   | —                        | —                         |
| 7. Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938] | —                        | —                         |
| 8. Others  |                          |                           |
| (a) Sundry Debtors   | 331,567                  | 119,863                   |
| (b) Due from Investing Company   | —                        | 33                        |
| (c) Service Tax Advance & Unutilised Credits   | 1,225,786                | 15,400                    |
| <b>Total (B)</b>   | <b>4,913,735</b>         | <b>3,423,105</b>          |
| <b>Total (A + B)</b>   | <b>6,770,283</b>         | <b>4,917,758</b>          |



**Schedule 13****CURRENT LIABILITIES**

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| 1. Agents' Balances   | 443,110                  | 422,567                   |
| 2. Balances due to other insurance companies (including Reinsurers)         | 154,556                  | 154,258                   |
| 3. Deposits held on reinsurance ceded                                       | —                        | —                         |
| 4. Premiums received in advance   | 77,037                   | 65,222                    |
| 5. Unallocated Premium  | 537,064                  | 376,498                   |
| 6. Sundry creditors   | 5,163,157                | 4,836,270                 |
| 7. Due to subsidiaries / holding company                                    | —                        | —                         |
| 8. Claims Outstanding   | 401,676                  | 335,460                   |
| 9. Annuities due  | —                        | —                         |
| 10. Due to Officers / Directors   | —                        | —                         |
| 11. Others  |                          |                           |
| (a) Tax deducted to be remitted   | 98,852                   | 137,405                   |
| (b) Service Tax Liability   | 3,780                    | —                         |
| (c) Security Deposits   | 21,441                   | 21,441                    |
| (d) Investments purchased - to be settled                                   | 15,740                   | 14,865                    |
| (e) Due to Investing Company  | 15,419                   | 12,500                    |
| (f) Others - Payable (Refer note no.25 of Schedule 16(B))                   | 1,890,924                | 1,750,806                 |
| (g) Cheques issued but not presented for payments net of bank balances      | —                        | —                         |
| (h) Refunds due (Withdrawals, surrender, lookin, proposal declined)         | 511,889                  | 787,547                   |
| 12. Unclaimed amount of policyholders (Refer note no.13 of Schedule 16 (C)) | 3,702,905                | 3,570,560                 |
| <b>Total</b>  | <b>13,037,550</b>        | <b>12,485,399</b>         |

**Schedule 14****PROVISIONS**

| Particulars                                | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| 1. Wealth Tax                              | 108                      | 110                       |
| 2. Fringe Benefit Tax (Net of advance tax) | —                        | —                         |
| 3. Standard Loans                          | 5                        | 4                         |
| 4. Employee benefits                       | 149,989                  | 187,503                   |
| <b>Total</b>                               | <b>150,102</b>           | <b>187,617</b>            |

**Schedule 15****MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| 1. Discount allowed in issue of shares / debentures | —                        | —                         |
| 2. Others   | —                        | —                         |
| <b>Total</b>  | <b>—</b>                 | <b>—</b>                  |

**Schedule 16****FINANCIAL STATEMENT DISCLOSURES****A. Significant Accounting Policies****1. Basis of Preparation**

The financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles prescribed by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, ('the IRDA Financial Statements Regulations'), provisions of the Insurance Regulatory and Development Authority Act, 1999, the Insurance Act, 1938 and the accounting standards notified under Companies (Accounting Standards) Rules, 2006 in terms of Section 211(3C) of the Companies Act 1956, to the extent applicable and in the manner so required.

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') requires that the Company's management make estimates and assumptions that affect the reported amounts of income and expenses for the year, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively.

**2. Revenue Recognition**

Premium income is recognised when due from policyholders, if there is no uncertainty of collectability.

Premium on lapsed policies is recognised as income if such policies are reinstated.

Top up premiums are considered as single premium.

Income from linked policies, which include asset management fees and other charges, if any, are recovered from the linked funds in accordance with the terms and conditions of the policies and recognized when due.

Interest income on investments and loans are recognised on an accrual basis. Dividend is recognised when the right to receive dividend is established.

**3. Reinsurance Premium Ceded**

Reinsurance premium ceded is accounted for at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the reinsurer.

**4. Policy Acquisition Costs**

Policy acquisition costs are expensed in the period in which they are incurred. Acquisition costs mainly consist of commission to insurance intermediaries, sales staff costs, rent, medical costs, policy printing expenses, stamp duty, and other related expenses to source and issue the policy. Claw back, if any, for the first year commission, is recognized in the year in which it is decided that it has become recoverable.

**5. Claims**

Claims costs consist of the policy benefit amount and claim settlement costs, where applicable. Death and rider claims are accounted for on receipt of intimation. Annuity benefits and maturity claims are accounted when due. Surrenders under conventional policies are accounted on the receipt of consent from the insured to the quote provided by the Company. Surrenders and withdrawals under linked policies are accounted on receipt of intimation. Surrenders also include amounts payable on lapsed policies which is accounted for on the date of lapse. Surrenders and lapsation are disclosed at net of charges recoverable. Reinsurance claims receivable are accounted for in the period in which claims are settled.

## Schedule 16 (Continued)

### FINANCIAL STATEMENT DISCLOSURES

#### 6. Investments

Investments maturing within 12 months from the balance sheet date and investments made with the specific intention to dispose off within twelve months from the balance sheet date are classified as "short term" investments. Investments other than short term are classified as "long term" investments.

Investments are recorded at cost on the date of purchase, which includes Brokerage, Clearing Corporation of India Limited (CCIL) charges and securities transaction tax, however excludes accrued interest (i.e. since the previous coupon date), if any.

Any impairment loss is recognized as an expense in the Revenue/Profit and Loss Account to the extent of the difference between the re-measured fair value of the security/investment and its acquisition cost as reduced by any previous impairment loss recognized as an expense in the Revenue/Profit and Loss Account. Any reversal of impairment loss, earlier recognized in Revenue/Profit and Loss Account, is recognized in the Revenue/Profit and Loss Account.

#### Real Estate-Investment Property

Investment property represents land or building held for investment purposes. Investment in the real estate investment property is valued at historical cost plus revaluation, if any. Revaluation of the investment property is done at least once in three years. Any change in the carrying amount of the investment property is taken to Revaluation Reserve.

#### Debt Securities

##### a) Non linked business, non unit reserve investments and Shareholders' investments

Debt securities are categorised by asset class and are accounted as "held to maturity". Debt securities are stated at amortised cost. Discount or premium on purchase of debt securities is amortised over the remaining period to maturity.

##### b) Linked business

All debt securities, including government securities under linked businesses are valued at market value, using CRISIL Bond Valuer / CRISIL Gilt Prices, as applicable. The discount or premium on money market instruments which is the difference between the purchase price and the redemption amount is amortized and recognized in the revenue account on a straight line basis over the remaining period to maturity of these securities. Unrealised gains or losses arising on such valuation are recognised in the Revenue Account.

#### Equity Shares

##### a) Non linked business, non unit reserve investments and Shareholders' investments

Listed equity shares are categorised as an asset class and each asset is valued at fair value being the lower of the last quoted closing prices on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). Unrealised gains / losses arising due to change in fair value are recognised as part of equity under the head 'Fair Value Change Account'.

Unlisted equity shares and other than actively traded equity shares are stated at historical cost subject to provision for diminution, if any, in the value of such investment determined separately for each individual investment.

##### b) Linked business

Listed equity shares are valued and stated at fair value, being the last quoted closing prices on National Stock Exchange (in case it is not traded on National Stock Exchange then last quoted closing price on the Bombay Stock Exchange is used) at the Balance Sheet date. Unrealised gains or losses arising on such valuation are recognised in the Revenue Account.

Unlisted equity shares and other than actively traded equity shares are stated at historical cost subject to provision for diminution, if any, in the value of such investment determined separately for each individual investment.

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES****Mutual Funds**

- a) Non linked business, non unit reserve investments and Shareholders' investments

Mutual Fund units as at Balance Sheet date are valued at previous day's net asset values. Unrealised gains/losses arising due to changes in the fair value of mutual fund units are recognized as part of equity under the head 'Fair Value Change Account'.

- b) Linked business

Mutual Fund units are valued at previous day's net asset values and unrealised gains/ losses arising due to changes in the fair value of mutual fund units are recognised in Revenue Account.

**Transfer from the Shareholders' Account to the Policyholders' Account**

Transfers of investments made with the objective of meeting the deficit in the Policyholders' Account, as and when made, are made as per the conservative approach, i.e. at the cost price or market price, whichever is lower.

**Transfer between Policyholders' Funds**

No transfers of investments are made between different Policyholders' Funds.

**Purchase / sale transactions between Units Linked Funds**

The purchase/sale of investments between Unit Linked Funds is based on the market price of the investments.

Transfer of securities relating to Policyholders' Funds is effected at market value as of the previous day closing. Inter-fund transfer of equity shares during market trading hours is recognized at the prevailing market price at cut - off time.

**7. Policyholder Liability**

The policyholder liabilities are determined by the Company's Appointed Actuary following his annual investigation of the insurance policies issued by the Company.

**8. Fixed Assets and Depreciation**

Fixed assets are reported at cost less accumulated depreciation and impairment, if any. Cost includes the purchase price and any cost directly attributable to bring the asset to its working condition for its intended use. Fixed assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase. Any additions to the original fixed assets are depreciated over the remaining useful life of the original asset. Depreciation is charged on pro-rata basis from the month of purchase and up to the previous month of sale.

**Tangible Assets**

The Company has adopted the Straight Line Method of depreciation so as to depreciate 100% of the cost of the following type of assets at rates equal to or higher than those prescribed under Schedule XIV to the Companies Act, 1956, based on the management's estimate of useful life of such assets:

| Assets                           | Depreciation Rates |
|----------------------------------|--------------------|
| Building                         | 1.63%              |
| Information Technology Equipment | 25.00%             |
| Furniture and Fixtures           | 20.00%             |
| Office Equipment                 | 20.00%             |

Leasehold improvements are amortized over lock in period of the leased premises subject to a maximum of five years.

## Schedule 16 (Continued)

### FINANCIAL STATEMENT DISCLOSURES

#### Intangible Assets

Intangible assets are reported at acquisition value with deductions for accumulated amortisation and impairment losses, if any.

Intangible assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortization. These are amortised over a period of four years. Any expenses on such software for support and maintenance payable annually are charged to Revenue Account.

#### 9. Loans

Loans are valued at historical cost, subject to provision for impairment, if any.

#### 10. Preliminary Expenses

Preliminary expenses (incurred prior to 1st April 2003) are amortized equally over a period of ten years.

#### 11. Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities are translated at the year-end closing rates. Exchange gains and losses arising on such translations are recognized either in the Revenue/Profit and loss Account, as the case may be.

#### 12. Segmental Reporting

As per Accounting Standard 17 on "Segment Reporting" read with IRDA Financial Statements Regulations, the Company has prepared the Revenue Account and Balance Sheet for the ten primary business segments namely Participating, Non-Participating - Life, Non-Participating – Group Pension, Annuity, Pension, Health businesses, Unit Linked Life (Individual and Group), and Unit Linked Pension (Individual and Group). Since the business operations of the Company are carried out or given effect to in India only, this is considered as one geographical segment.

The allocation of revenue, expenses, assets and liabilities to the business segments is done on the following basis:

- a) Revenues and expenses, assets and liabilities, which are directly attributable and identifiable to the respective business segments, are considered on an actual basis; and
- b) Other revenue, expenses, assets and liabilities which are not directly identifiable to a business segment though attributable and other indirect expenses which are not attributable to a business segment are allocated based on one of or combination of some of the following parameters, as considered appropriate by the management:
  - i) effective premium income
  - ii) number of policies
  - iii) number of employees
  - iv) man hours utilised
  - v) premium income
  - vi) mean fund size
  - vii) sum assured

The accounting policies used in segmental reporting are the same as those used in the preparation of the financial statements.

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES****13. Employee Benefits****(a) Short Term Employee Benefits**

All employee benefits payable within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries & bonuses, short term compensated absences, premium for staff medical insurance (hospitalization), premium for employee group term insurance scheme, employee state insurance scheme, employees deposit linked insurance and employee labour welfare fund etc. are recognized in the period in which the employee renders the related service.

**(b) Post-Employment Benefits**

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company.

**(i) Defined Contribution Plans:**

The Company's Employee Superannuation Scheme and Employee Provident Fund Scheme (Company contribution), etc are the defined contribution plans. The contribution paid/payable under the schemes is charged to the Revenue Account during the period in which the employee renders the related service.

**(ii) Defined Benefit Plans:**

The Employees' Gratuity Scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation. Provision for Gratuity is accounted taking into consideration actuarial valuation of plan obligation and fair value of plan assets as at the Balance Sheet date. The Employees' Provident Fund Scheme (Company guarantees to pay interest at the rate notified by Provident Fund Authority) was a defined benefit plan upto October 2010.

**(c) Other Employee Benefits**

The obligation for long term employee benefits such as long term compensated absences, long term incentive plan are accounted based on actuarial valuation determined using the Projected Unit Credit Method and/or accrual basis over the expected service period.

Actuarial gains and losses are recognized in the year of occurrence for all employee benefits.

**14. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized in the accounts in respect of present legal obligations as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, and the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, but their existence or otherwise would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are neither accounted nor disclosed.

**15. Impairment of Assets**

The carrying amounts of assets are reviewed at the Balance Sheet date if there is any indicator of impairment based on the internal/external factors. An impairment loss is recognized wherever carrying amount of an asset exceeds its recoverable amounts.

**16. Employee Stock Option Scheme**

The Company has formulated Employee Stock Option Scheme - 2005 (ESOS 2005) and Employee Stock Option Scheme – 2010 (ESOS 2010) which are administered through the HDFC Standard Life Employees Stock Option Trust ("the Trust").

## Schedule 16 (Continued)

### FINANCIAL STATEMENT DISCLOSURES

The Schemes provide that eligible employees are granted options that vest in a graded manner, to acquire equity shares of the Company. The options are accounted for on an intrinsic value basis and accordingly the intrinsic value of options (if any) at the grant date is amortised over the vesting period.

#### 17. Operating Lease

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognised as an expense, on a straight line basis, over the non cancellable lease period.

#### 18. Taxation

##### Direct Taxes

Provision for income tax is made in accordance with the Income Tax Act, 1961.

Provision for wealth tax is made at the appropriate rates, as per the applicable provisions of Wealth Tax Act, 1957.

##### Indirect Taxes

The company claims credit of service tax for input services, which is set off against tax on output services. As a matter of prudence, unutilised credits are deferred for recognition until such time that there is reasonable certainty of utilisation.

#### 19. Funds for Future Appropriation

The balance in the funds for future appropriations account represents funds, the allocation of which, either to participating Policyholders or to Shareholders, has not been determined at the Balance Sheet date. Transfers to and from the fund reflect the excess or deficit of income over expenses and appropriations in each accounting period arising in the Company's Policyholders' fund.

The fund for future appropriations held in the unit-linked funds, represents surplus that has arisen from lapsed policies unlikely to be revived. This surplus is required to be held within the Policyholders' fund until after the point at which the Policyholders' can no longer revive their policy.

#### 20. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity Shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity Shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### 21. Appropriation / Expropriation

In accordance with the Unit Linked guidelines issued by IRDA effective from 1st July 2006, the Company follows the Appropriation / Expropriation method for calculating the Net Asset Value ('NAV'). This method provides for adjusting the NAV on account of the 'Dealing Costs'. The accounting for dealing costs is disclosed in the Revenue Account as an adjustment with corresponding changes to the Change in valuation of policy liability account. Corresponding adjustments are also made in the assets held to cover linked liabilities and the provisions for linked liabilities in the Balance Sheet.



**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES****B. Notes forming part of Accounts:****1. Contingent Liabilities**

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| Partly paid-up investments   | —                        | —                         |
| Claims, other than against policies, not acknowledged as debts by the Company          | 4,838                    | 6,370                     |
| Underwriting commitments outstanding   | —                        | —                         |
| Guarantees given by or on behalf of the Company  | —                        | —                         |
| Statutory demands and liabilities in dispute, not provided for (See note nos. 18 & 19) | 7,001,010                | 2,990,733                 |
| Reinsurance obligations  | —                        | —                         |
| Others   | —                        | —                         |
| <b>Total</b>   | <b>7,005,848</b>         | <b>2,997,103</b>          |

**2. Taxation**

The Company carries on life insurance business and therefore the provisions of section 44 read with the rules contained in the First Schedule of the Income tax Act, 1961 are applicable for computation of profits and gains from business. The Company has not made provision for taxation for the year under consideration, since it does not have any net taxable income.

According to Accounting Standard 22 on "Accounting for Taxes on Income" carry forward of losses under tax laws should be recognized as a deferred tax asset only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which a deferred tax asset can be realized.

As life insurance business has a long gestation period and in view of the resultant uncertainty, the Company has concluded that it would not be prudent to recognize deferred tax asset.

**3. Actuarial Assumptions**

Actuarial liabilities are calculated in accordance with accepted actuarial practice, requirements of Insurance Act, 1938, regulations notified by IRDA and guidance notes issued by the Institute of Actuaries of India with the concurrence of the IRDA.

The gross premium method was used to value the non-linked liabilities in respect of the individual policies in force as at 31st March 2011. The liabilities were determined based on assumptions as to the future experience of the policies. The principal assumptions are related to interest, expenses, mortality and in the case of participating policies, bonuses. The assumptions made were based on prudent estimates of the future experience, and hence include margins for adverse deviations. The interest rates used for the valuation vary according to the type and term of the product, and were in the range of 4.40 to 5.20 per cent (Previous Year: 4.40 to 5.20 per cent). The mortality rates used for assurance benefits were based on the published Indian Assured Lives Mortality (1994-1996) Table. In the case of annuity benefits, a mortality assumption of 50% (Previous Year: 50%) of the LIC Annuitants (1996-98) Table was used.

For the two new group non linked savings product (Group Traditional and Group Conventional) launched during the year, the valuation approach is to reserve based on account balance, which is the premiums received plus the bonuses credited for the Group Conventional product and the premiums received plus the interest credited for the Group Traditional plan.

The Unit Reserves in respect of linked business have been determined on the basis of net asset values of the units allocated to the Policyholders as at 31st March 2011. The liability in respect of premiums for which units were yet to be allocated, including premiums due but not received (net of any provision for premium reversals), as at 31st March 2011 is included in the non-unit liabilities.

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

For the Unit linked youngstar policies and the participating children's double Benefit plan, the claim payment includes the funding of the future premiums into the policies after the claim event. The liability for these future premiums is the discounted value of the premiums and the expenses involved. The assumptions used are the interest rate (4.4% for the Unit linked and 5.2% for the participating product) and the expenses which are the current best estimate expenses with a 20% loading and inflated at 7.5% per annum.

**4. Encumbrances**

There were no encumbrances on the assets of the Company as at the Balance Sheet date (Previous Year ₹ Nil).

**5. Commitments made and outstanding for Loans, Investments and Fixed Assets**

The estimated amount of commitments made and not provided for (net of advances) as at 31st March 2011 is ₹ 259,368 thousand (Previous Year ₹ 15,139 thousand) on account of investments and fixed assets.

**6. Premium Income**

All business is written in India.

**7. Re-insurance arrangements**

The Company has entered into re-insurance treaties with Swiss Re Insurance Company, Munich Re Insurance Company, RGA International Re Insurance Company Ltd. and Gen Re Life / Health Asia-Pacific in respect of the Company's individual and group assurance business. The Company has in principle re-insurance agreements with Swiss Re Insurance Company, Munich Re Insurance Company, RGA International Re Insurance Company Ltd and Gen Re Life / Health Asia-Pacific.

**8. Employee Benefits****i. Defined Contribution Plans:**

The Company has recognized following amounts in the Revenue Account for the year :

|  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| Contribution to Employees Provident Fund | 171,941                  | 177,845                   |
| Contribution to Superannuation Fund      | 5,993                    | 4,634                     |
| Contribution to ESIC                     | 11,327                   | 2,067                     |
| Contribution to EDLI                     | 4,438                    | 4,872                     |
| Contribution to Labour Welfare Fund      | 572                      | 427                       |

**ii. Defined Benefit Plans:****I. Gratuity Scheme:****a) General description of defined plan**

This is a funded defined benefit plan for qualifying employees under which the Company makes a contribution to the HDFC Standard Life Insurance Company Limited Gratuity Trust Fund. The scheme provides for a lumpsum payment as determined under The Payment of Gratuity Act, 1972 to the vested employees at retirement, death while in employment or on termination of employment. The benefit vests after five years of continuous service.

## Schedule 16 (Continued)

## FINANCIAL STATEMENT DISCLOSURES

b) The following table sets out the status of the Gratuity Scheme as at 31st March 2011 / 2010:

|  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| <b>The amounts recognized in Balance Sheet are as follows:</b>   |                          |                           |
| Present Value of Defined Benefit Obligation as at 31st March 2011 / 2010 :   |                          |                           |
| Wholly Funded  | 88,294                   | 72,637                    |
| Less: Fair value of Plan Assets  | (63,279)                 | (65,947)                  |
| Amounts to be recognized as liability or (assets)  | 25,015                   | 6,690                     |
| Amounts reflected in the Balance Sheet liabilities   | 25,015                   | 6,690                     |
| <b>The amounts recognized in Revenue Account are as follows:</b>   |                          |                           |
|  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
| 1. Current Service Cost  | 28,451                   | 21,105                    |
| 2. Interest Cost   | 5,993                    | 4,317                     |
| 3. Expected Return on Plan Assets  | (5,441)                  | (1,433)                   |
| 4. Actuarial (Gains)/Losses  | (3,988)                  | (17,299)                  |
| Total of above included in "Employee remuneration & welfare benefits"  | 25,015                   | 6,690                     |
| <b>Reconciliation of opening and closing balances of present value of the Defined Benefit Obligation:</b>                                  |                          |                           |
|  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
| Present Value of Defined Benefit Obligation as at 1st April 2010 / 2009  | 72,637                   | 61,671                    |
| Add: Current Service Cost  | 28,451                   | 21,105                    |
| Add: Interest Cost   | 5,993                    | 4,317                     |
| Add/(less): Actuarial (gains)/losses   | (5,563)                  | (12,319)                  |
| Less: Benefits paid  | (13,224)                 | (2,137)                   |
| Present Value of Defined Benefit Obligation as at 31st March 2011 / 2010   | 88,294                   | 72,637                    |
| <b>Reconciliation of opening and closing balances of the fair value of the plan assets:</b>  |                          |                           |
|  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
| Fair value of the plan assets as at 1st April 2010 / 2009  | 65,947                   | 20,478                    |
| Add: Expected Return on plan assets  | 5,441                    | 1,433                     |
| Add/(less): Actuarial gains/(losses)   | (1,575)                  | 4,980                     |
| Add: Contribution by the employer  | 6,690                    | 41,193                    |
| Less: Benefits paid  | (13,224)                 | (2,137)                   |
| Fair Value of the plan assets as at 31st March 2011 / 2010   | 63,279                   | 65,947                    |
| <b>The amounts pertaining to benefit plans are as follows:</b>   |                          |                           |
|  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
| Defined Benefit Obligation   | 88,294                   | 72,637                    |
| Plan Assets  | 63,279                   | 65,947                    |
| Surplus/(Deficit)  | (25,015)                 | (6,690)                   |
| <b>c) The broad categories of plan assets held by the Trust as a percentage of total plan assets as at 31st March 2011 are as follows:</b> |                          |                           |
|  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
| Government of India Securities   | 30%                      | 17%                       |
| Corporate Bonds  | 51%                      | 59%                       |
| Equity Shares of Listed Companies  | 10%                      | 11%                       |
| Others   | 9%                       | 13%                       |

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

- d) The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the three annual periods are given below:

| <b>Gratuity (Funded Plan)</b>                            | <b>2010-11<br/>(₹ '000)</b> | <b>2009-10<br/>(₹ '000)</b> | <b>2008-09<br/>(₹ '000)</b> |
|--|-----------------------------|-----------------------------|-----------------------------|
| Defined benefit commitments                              | <b>88,294</b>               | 72,637                      | 61,671                      |
| Plan Assets  | <b>63,279</b>               | 65,947                      | 20,478                      |
| Unfunded liability transferred from Group Company        | <b>Nil</b>                  | Nil                         | Nil                         |
| (Surplus) / Deficit                                      | <b>25,015</b>               | 6,690                       | 41,193                      |
| Experience adjustments on plan commitments (Gain) / Loss | <b>(5,563)</b>              | 5,511                       | 9,320                       |
| Experience adjustments on Plan Assets Gain / (Loss)      | <b>(1,575)</b>              | 4,980                       | (1,971)                     |

The Company has disclosed above details based on the best availability of past years data.

- e) Actual return on plan assets of the Gratuity Scheme is gain of ₹ 3,865 thousand (Previous Year gain of ₹ 6,413 thousand).
- f) The Company expects to fund ₹ 27,976 thousand (Previous Year ₹ 38,940 thousand) towards the Company's Gratuity Scheme during the financial year 2011-12.

2. Trust Managed Provident Fund Scheme:

- a) General description of defined plans:

The Company managed Provident Fund Scheme for its employees through a Provident Fund Trust, in accordance with the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The scheme envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee, together with interest, are payable at the time of retirement, death while in employment or on termination of employment. The benefit under this plan vests immediately on rendering of service.

- b) The rules of the Company Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company.
- c) During the year, the Company has decided to transfer the corpus of the Provident Fund Trust to the Regional Provident Fund Commissioner (RPFC) and that effective November 2010, the Provident Fund contribution of the employees of the Company be deposited with the RPFC. Accordingly, Provident Fund contributions have been deposited with the RPFC w.e.f. November 2010. The process of transfer of Provident Fund corpus is in progress. The liability of the Company in respect of defined benefit obligation towards guaranteed return on Provident Fund investments as on 31st March 2011 is ₹ Nil.

The Company has made a provision/(write back) of ₹ Nil (Previous year ₹ (15,016) thousand) in the Accounts for the year towards difference in the opening and the closing balance of the Defined Benefit Obligation towards guaranteed return on Provident Fund Investments as per actuarial valuation.

3. Basis used to determine the overall expected return:

Expected rate of return on investments of the Provident Fund Trust and of the Gratuity Scheme is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio, along with the return on estimated incremental investments to be made during the year. Yield on the portfolio is calculated based on suitable mark-up over benchmark Government Securities of similar maturities.

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

## 4. Principal assumptions for actuarial valuation as at the Balance Sheet date:

|  | Current Year   | Previous Year   |
|--|--|---|
| 1. Discount rate as at 31st March 2011   | 8.25%  | 8.25%   |
| 2. Expected return on plan assets as at 31st March 2011  | 8.25%  | 8.25%   |
| 3. Salary growth   | 6.00%  | 6.00%   |
| 4. Attrition rate  | For Gratuity Scheme,<br>the attrition rate is<br>assumed in the range<br>of 15% to 35% for first<br>five years of service and<br>then 2% till retirement | For Gratuity Scheme,<br>the attrition rate is<br>assumed in the range<br>of 15% to 35% for first<br>five years of service and<br>then 2% till retirement. |
| 5. Mortality table   | LIC (1994-96) Ultimate   | LIC (1994-96) Ultimate  |
| The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. |  |   |

**9. Claims**

As at 31st March 2011, there were 14 claims amounting to ₹ 5,220 thousand (Previous Year: 23 claims amounting to ₹ 6,280 thousand) settled and remaining unpaid for a period of more than six months. These claims remain unpaid awaiting receipt of duly executed discharge documents from the claimants. All claims are to be paid to claimants in India.

**10. Value of Contracts Outstanding**

The value of contracts outstanding as at 31st March 2011 in relation to the purchase of investments where deliveries are pending is ₹ 514,644 thousand (Previous Year ₹ 1,936,151 thousand).

The value of contract outstanding as at 31st March 2011, in relation to the sales of investments where receipts are pending is ₹ 2,199,645 thousand (Previous Year ₹ 619,130 thousand).

**11. Operating Expenses**

a) The operating expenses relating to insurance business are allocated to the Participating, Non-participating, Annuity, Pension, Health and Unit Linked business funds in proportion to one or combination of some of the following parameters:

- effective premium income
- number of policies
- number of employees
- man hours utilised
- premium income
- mean fund size
- sum assured
- expenses already allocated

For each type of expense, the most suitable method of allocation is chosen taking into account the nature of the expense and its relevance to the business fund.

b) Operating expenses include following costs:

|                                     | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|-------------------------------------|--------------------------|---------------------------|
| Marketing Support and Advertisement | 3,359,509                | 2,765,982                 |
| Business Development                | 467,640                  | 602,679                   |
| Outsourcing Fees                    | 222,966                  | 352,177                   |

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES****12. Managerial Remuneration**

The appointment and remuneration of managerial personnel is in accordance with the requirements of section 34A of the Insurance Act, 1938 and has been approved by the IRDA.

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| Salary and allowances  | 28,494                   | 13,090                    |
| Company's contribution to Provident, Gratuity and Superannuation Funds | 2,529                    | 1,049                     |
| Perquisites  | 3,637                    | 1,681                     |

The managerial remuneration for the year does not include the actuarially valued employee benefits that are accounted as per Accounting Standard 15 on Employee Benefits.

**13. Historical Cost of Investments**

The historical cost of those investments whose reported value is based on fair value are:

| Particulars                 | Current Year (₹ '000) |                 | Previous Year (₹ '000) |                 |
|-----------------------------|-----------------------|-----------------|------------------------|-----------------|
|                             | Reported Value        | Historical Cost | Reported Value         | Historical Cost |
| (A) Equities:               |                       |                 |                        |                 |
| — Shareholders' Investments | 293,392               | 293,742         | 610,825                | 426,390         |
| — Participating Fund        | 1,377,101             | 1,395,804       | 1,133,163              | 992,776         |
| — Refund Due Fund           | 353,739               | 350,224         | —                      | —               |
| — Pension Fund              | 344,875               | 345,135         | 408,098                | 356,467         |
| (B) Unit Linked Investments | 178,599,624           | 156,871,209     | 141,930,573            | 114,414,408     |

The investment reported above includes unlisted equity shares valued at cost of ₹ 804,118 thousand (Previous Year ₹ 804,118 thousand).

**14. Basis of Revaluation of Investment Property**

The premises owned by the Company (Gross value ₹ 220,831 thousand; book value ₹ 204,648 thousand) used as an office in the past has been reclassified during the year 2005-06 as 'Investment properties – real estate'.

During the year, the Company decided to use a portion of the property classified as investment property for its own business purpose. Consequently, value of the property so used for own business ₹ 364,074 thousand has been reclassified from investment property to fixed assets.

As required by IRDA regulation, the investment property has been revalued by an expert during the year. The gain of ₹ 20,255 thousand on revaluation arising due to a change in the carrying amount of the investment property has been credited to the revaluation reserve.

**15. Leases**

In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures are made in respect of operating leases:

- a. The Company has taken motor vehicles on operating lease for a term of up to 4 years. In respect of these operating leases, the lease rentals debited to the revenue account are ₹ 4,000 thousand (Previous Year ₹ 4,447 thousand). The minimum future lease rentals payable for specified duration in respect of such leases amount to the following:

| Particulars                                  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| Not later than 1 year                        | 3,290                    | 3,823                     |
| Later than 1 year but not later than 5 years | 4,707                    | 5,934                     |

The lease terms do not contain any exceptional / restrictive covenants which will have significant detrimental impact on the company's financials nor are there any options given to the Company to purchase the properties. The agreements provide for changes in the rentals if the taxes leviable on such rentals change and also the fixed defined increases over periods, to take care of inflationary adjustments, in some cases.

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

- b. The Company has taken properties under operating lease. In respect of these operating leases, the lease rentals debited to rent in the Revenue Account are ₹ 853,322 thousand (Previous Year ₹ 961,598 thousand). The minimum future lease rentals payable for specified duration in respect of such leases amount to the following:

| Particulars                                  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| Not later than 1 year                        | 497,694                  | 852,099                   |
| Later than 1 year but not later than 5 years | 1,099,463                | 2,336,528                 |
| Later than 5 years                           | 51,374                   | 287,221                   |

**16. Unit Linked Funds**

The company has presented the financial statements of the unit linked funds in **Annexure 1 and 2** as required by the IRDA Circular dated 20th February 2007.

**17. Related Party & Other Group Company Disclosures**

During the year ended 31st March 2011, the Company has had transactions with related parties as defined in Accounting Standard 18 on "Related Party Disclosures". Related parties have been identified by the management as per Accounting Standard 18 on "Related Party Disclosures". Details of these related parties, nature of the relationship, transactions entered into with them and the balances in related party accounts at year end, are mentioned below:

**A. Related party disclosures as per Accounting Standard 18****Related parties and nature of relationship:**

| Name of Related Party  | Nature of Relationship   |
|--|--|
| Housing Development Finance Corporation Limited  | Holding Company  |
| Standard Life Assurance Company  | Investing Party  |
| Standard Life (Mauritius Holdings) 2006 Limited  | Investing Party  |
| HDFC Asset Management Company Limited  | Fellow Subsidiary  |
| HDFC Developers Limited  | Fellow Subsidiary  |
| HDFC Holdings Limited  | Fellow Subsidiary  |
| HDFC Trustee Company Limited   | Fellow Subsidiary  |
| HDFC Realty Limited  | Fellow Subsidiary  |
| HDFC Investments Limited   | Fellow Subsidiary  |
| HDFC ERGO General Insurance Company Limited  | Fellow Subsidiary  |
| GRUH Finance Limited   | Fellow Subsidiary  |
| HDFC Sales Private Limited   | Fellow Subsidiary  |
| HDFC Venture Capital Limited   | Fellow Subsidiary  |
| HDFC Ventures Trustee Company Limited  | Fellow Subsidiary  |
| HDFC Property Ventures Limited   | Fellow Subsidiary  |
| HDFC IT Corridor Fund  | Fellow Subsidiary  |
| HDFC Investment Trust  | Fellow Subsidiary  |
| Credila Financial Services Private Limited   |  |
| HDFC Asset Management Company (Singapore) Pte. Limited<br>(subsidiary of HDFC Asset Management Co. Ltd.) | Fellow Subsidiary  |
| Griha Investments (subsidiary of HDFC Holdings Ltd.)   | Fellow Subsidiary  |
| Mr. Amitabh Chaudhry   | Managing Director and Chief Executive Officer – From 18th January 2010   |
| Mr. Paresn Parasn  | Principal Officer and Executive Director – Upto 17th January 2010<br>Executive Director and Chief Operating Officer – From 18th January 2010 |



## Schedule 16 (Continued)

## FINANCIAL STATEMENT DISCLOSURES

## A. The following are the transactions between the Company and related parties:

| Name of Company                                 | Description                           | Current Year (₹ '000)   |   | Previous Year (₹ '000)  |   |
|---|---------------------------------------|---|---|---|---|
|   |                                       | Total Value of transactions during the year<br>Expense/<br>(Income) | Receivable/<br>(Payable)<br>at 31st March<br>2011 | Total Value of transactions during the year<br>Expense/<br>(Income) | Receivable/<br>(Payable)<br>at 31st March<br>2010 |
| HDFC Limited                                    | Capital received                      | (1,175,838)   | —   | (1,272,800)   | —   |
|   | Commission                            | 4,324   | (292)   | 6,913   | (659)   |
|   | Reimbursements                        | 204   | —   | 1,600   | —   |
|   | Interest accrued/ received on deposit | (169,440)   | 86,255  | —   | 105,970   |
|   | Non Convertible Debentures            | —   | 2,023,854   | —   | 2,283,103   |
|   | Equity Shares                         | —   | 172,865   | —   | —   |
|   | Commercial Paper                      | —   | 343,455   | —   | —   |
|   | Deep Discounted Bond                  | —   | 2,797,694   | —   | 1,741,608   |
| Standard Life Assurance Company (SLAC)          | Reimbursements of expenses            | 6,119   | (15,419)  | 12,500  | (12,500)  |
| Standard Life (Mauritius Holdings) 2006 Limited | Capital received                      | (524,162)   | —   | (447,200)   | —   |
| HDFC Asset Management Company Limited           | Group Term Insurance                  | (711)   | (69)  | (711)   | (85)  |
| GRUH Finance Limited                            | Referral fees                         | 46  | —   | 781   | (166)   |
| HDFC ERGO General Insurance Company Limited     | Group Mediciam Insurance              | 3,300   | —   | 129,871   | —   |
|   | Group Property Insurance              | 522   | —   | —   | —   |
|   | Group Property Insurance prepaid      | —   | 2,913   | —   | 3,603   |
|   | Insurance claim received              | (13,564)  | —   | (269)   | —   |
|   | Group Term Insurance                  | (3,475)   | (90)  | (2,743)   | (236)   |
| HDFC Sales Private Limited                      | Commission                            | 49,424  | (3,546)   | 45,121  | (3,861)   |
| Mr. Amitabh Chaudhry                            | Reimbursement of expenses             | 517   | —   | 9   | —   |
|   | Managerial remuneration               | 17,777  | —   | 4,777   | —   |
| Mr. Paresh Parasnis                             | Reimbursement of expenses             | 1,754   | —   | 163   | —   |
|   | Managerial remuneration               | 16,883  | —   | 11,043  | —   |
|   | Insurance premium                     | (326)   | —   | (326)   | —   |

## Schedule 16 (Continued)

## FINANCIAL STATEMENT DISCLOSURES

## B. Other group Companies with material transaction

## Name of the other group Companies

HDFC Bank Limited

## Nature of Relationship

Associate of Holding Co.

The following are the transactions between the Company and Other group Companies with material transactions:

| Name of Company   | Description   | Current Year (₹ '000)   |  | Previous Year (₹ '000)  |  |
|-------------------|---|---|--|---|--|
|                   |   | Total Value of transactions during the year Expense/ (Income) | Receivable/ (Payable) at 31st March 2011 | Total Value of transactions during the year Expense/ (Income) | Receivable/ (Payable) at 31st March 2010 |
| HDFC Bank Limited | Commission  | 3,149,513   | (287,575)                                | 3,315,611   | (224,836)                                |
|                   | Custodian fees  | 20,486  | —  | 17,993  | —  |
|                   | Marketing, Advertisement and Sales promotion expenses | 3,523,703   | (71,084)                                 | 2,158,118   | (764,420)                                |
|                   | Reimbursement of expenses                             | 58  | —  | —   | —  |
|                   | Bank charges including CMS expenses                   | 10,238  | —  | 10,373  | —  |
|                   | Group Gratuity Term Scheme premium                    | (70,207)  | —  | —   | —  |
|                   | Group Gratuity Term Scheme claim                      | 207   | —  | —   | —  |
|                   | Group Term Insurance premium                          | (14,383)  | —  | —   | —  |
|                   | Group Term Insurance claim                            | 10  | —  | —   | —  |
|                   | Superannuation premium                                | (203,670)   | —  | (156,193)   | —  |
|                   | Superannuation claim                                  | 72,182  | —  | —   | —  |
|                   | Interest on FD / TD / NCD                             | —   | 11,533                                   | —   | 8,957                                    |
|                   | Current A/c balances                                  | —   | 2,241,130                                | —   | 566,328                                  |
|                   | FD / TD   | —   | 159,600                                  | —   | 416,700                                  |
|                   | Certificate of Deposit                                | —   | 981,951                                  | —   | —  |
|                   | Equity Shares   | —   | 642,664                                  | —   | —  |
|                   | Non-Convertible Debentures                            | —   | 108,340                                  | —   | 110,876                                  |

## 18. Service Tax Show Cause cum Demand Notice

The Company has received show cause cum demand notices from the Office of the Commissioner, Service Tax, Mumbai on various grounds. The Company has filed appeals to the appellate authorities on the said show cause notices. An amount of ₹ 651,336 thousand (Previous Year ₹ 632,922 thousand) has been disclosed under contingent liabilities.

The Company has been advised by an expert that our grounds of appeal are well supported in law. As a result, the Company is confident to defend the appeal against the demand and does not expect the demand to crystallise into a liability.

## 19. Income Tax Assessment

The Company has so far received income tax assessment orders upto assessment year 2008-09, where in the assessing officer has made certain disallowances as well as certain additions to income. The Company has consulted experts and has filed appeals against the assessment orders. An amount of ₹ 5,321,797 thousand (Previous Year ₹ 2,357,811 thousand), on account of demand raised by the Assessing Officer, has been disclosed under contingent liabilities. Out of the said demand, an amount of ₹ 820,000 thousand (Previous Year ₹ 420,000 thousand) has been paid, upon which, the Commissioner of Income Tax has agreed to keep the balance demand in abeyance till the appeal is disposed of by the Commissioner of Income Tax (Appeals).

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

The Company has been advised by experts that our grounds of appeal are well supported in law. As a result, the Company is confident to defend the appeal against the demand and does not expect the demand to crystallise into a liability.

The Company has received TDS orders upto assessment year 2010-11, wherein the TDS officer has issued the demand notices of ₹1,027,877 thousand (Previous Year ₹ NIL). The Company is in the process of filing appeal before the Commissioner of Income tax – Appeals. The Company has disclosed this amount as contingent liabilities. The Company is confident to defend the appeal against the demand and does not expect the demand to crystallise into a liability.

**20. Earning Per Equity Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity Shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity Shareholders and the weighted average number of equity shares outstanding during the year are adjusted for effects of all dilutive equity shares.

|   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| Net Profit/(Loss) as per Profit & Loss Account                          | (990,021)                | (2,751,844)               |
| Weighted average number of equity shares for Basic Earnings Per Share   | 1,972,821,010            | 1,819,347,945             |
| Basic Earning Per Share (₹)   | (0.50)                   | (1.51)                    |
| Weighted average number of equity shares for Diluted Earnings Per Share | 1,972,821,010            | 1,819,347,945             |
| Diluted Earning Per Share (₹)   | (0.50)                   | (1.51)                    |
| Nominal value of shares (₹)   | 10                       | 10                        |

**21. The Micro, Small and Medium Enterprises Development Act, 2006:**

According to information available with the management, on the basis of intimation received from suppliers, regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has amounts due to Micro and Small Enterprises under the said Act as at 31st March 2011 as follows :

| Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|--|--------------------------|---------------------------|
| a) (i) Principal amount remaining unpaid to supplier under MSMED Act   | 8                        | 3,140                     |
| (ii) Interest on a) (i) above  | 2                        | —                         |
| b) (i) Amount of principal paid beyond the appointed date  | 14,983                   | 2,146                     |
| (ii) Amount of interest paid beyond the appointed date (as per Section 16)   | —                        | —                         |
| c) Amount of interest due and payable for the period of delay in making payment, but without adding the interest specified under section 16 of the MSMED Act | —                        | —                         |
| d) Amount of interest accrued and due  | 299                      | 35                        |
| e) Amount of further interest remaining due and payable even in succeeding years   | 174                      | 111                       |

**22. Employee Stock Option Scheme (“ESOS”)**

HDFC Standard Life Employees Stock Option Trust administers the ESOS declared by the Company. During the year, the Company has announced Employee Stock Option Scheme-2010. All grants of ESOPs are made under the ESOS 2005 or ESOS 2010. The Trust had subscribed to the capital of the Company and the options are granted to the employees from these shares. The exercise price of ESOS 2005 is based on the holding cost of the shares in the books of the Trust and that of ESOS 2010 is based on the fair market value as determined by the Category I Merchant Banker registered with Securities and Exchange Board of India (SEBI).

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

Salient features of all the existing grants under the two schemes are as stated below:

**A) ESOS 2005**

There are 7 grants issued till date which were on 1st September 2005, 8th November 2006, 3rd August 2007, 15th July 2008, 24th April 2009 and 3rd December 2009. For all the grants the mode of settlement is through equity shares. The vested options have to be exercised by the employees within 3 years from the date of vesting subject to the norms prescribed by the Compensation committee. Total number of options granted till 31st March 2011 are ₹9,963,150.

The exercise price of ESOS 2005 is determined based on the holding cost of the shares in the books of the Trust. This exercise price is then applicable to all options vested and available for exercise by employees in that quarter. Since the exercise price is not a static number, it is not possible to provide weighted average exercise prices of stock options for options that might be exercised in the future. Weighted average exercise price is available only for options already exercised and this price for the current year for all grants combined was ₹28.19 per share (Previous Year ₹24.53 per share).

The exercise price of stock options outstanding at the end of the period would depend upon the quarterly exercise price. The exercise price as at 31st March 2011 was ₹30.71 per share (Previous Year ₹25.11 per share) The weighted average remaining contractual life of options outstanding as at 31st March 2011 is 2.3 years (Previous Year: 3.4 years).

A status summary of the Company's Employee Stock Option Scheme in terms of options granted, forfeited and exercised is given below:

Status summary for ESOS 2005:

| Particulars                              | Current Year | Previous Year |
|--|--------------|---------------|
| Outstanding at the beginning of the year | 2,827,565    | 4,098,981     |
| Add: Granted during the year             | —            | 1,096,700     |
| Less: Forfeited/lapsed during the year   | 335,770      | 587,000       |
| Exercised during the year                | 1,224,270    | 1,781,116     |
| Outstanding at the end of the year       | 1,267,525    | 2,827,565     |
| Exercisable at the end of the year       | 694,675      | 806,655       |

**B) ESOS 2010**

There are 2 grants issued till date which were on 30th June 2010 and 1st October 2010. For all the grants the mode of settlement is through equity shares. All the grants have graded vesting. The vested options have to be exercised by the employees within 3 years from the date of vesting subject to the norms prescribed by the Compensation committee. Total number of options granted till 31st March 2011 are 5,158,000.

Status summary for ESOS 2010:

| Particulars                              | Current Year | Previous Year |
|--|--------------|---------------|
| Outstanding at the beginning of the year | —            | —             |
| Add: Granted during the year             | 5,158,000    | —             |
| Less: Forfeited/lapsed during the year   | 220,400      | —             |
| Exercised during the year                | —            | —             |
| Outstanding at the end of the year       | 4,937,600    | —             |
| Exercisable at the end of the year       | —            | —             |

For the grants issued during the year, there was no intrinsic value as the fair value on the grant date was same as that of the exercise price.

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES****23. Previous Year's Figures**

Figures for the previous year have been re-grouped wherever necessary, to conform to current year's classification. The explanations for regrouping are as follows:

| Schedule Reference   | Line Reference |               | Description   |                                     | Explanation   |
|--|----------------|---------------|---|-------------------------------------|---|
|  | Current Year   | Previous Year | Current Year  | Previous Year                       |   |
| Sch 3 & Revenue Account (Form A-RA) (Policyholders' Account – Technical Account) | 3.14           | Other Income  | Service Tax   | Other Income                        | Regrouped for appropriate presentation  |
| Sch 3 & Revenue Account (Form A-RA) (Policyholders' Account – Technical Account) | Other Income   | 3.13(c)       | Other Income  | Business Development Expenses       | Regrouped for appropriate presentation  |
| Sch 1  | 1.1            | 1.2           | First Year Premiums                                   | Renewal Premiums                    | Group Unit Linked premiums are regrouped for appropriate presentation                           |
| Sch 2  | 2.3            | 2.1           | Single Commission                                     | First Year Commission               | Regrouped for appropriate presentation  |
| Sch 13   | 13.12          | 13.4          | Unclaimed amount of Policyholders (more than 30 days) | Premiums received in advance        | For compliance with IRDA Circular number IRDA/F&I/ CIR/CMP/174/11/2010 dated 04th November,2010 |
| Sch 13   | 13.12          | 13.5          | Unclaimed amount of Policyholders (more than 30 days) | Unallocated Premium                 | For compliance with IRDA Circular number IRDA/F&I/ CIR/CMP/174/11/2010 dated 04th November,2010 |
| Sch 13   | 13.12          | 13.6          | Unclaimed amount of Policyholders (more than 30 days) | Sundry Creditors                    | For compliance with IRDA Circular number IRDA/F&I/ CIR/CMP/174/11/2010 dated 04th November,2010 |
| Sch 13   | 13.12          | 13.8          | Unclaimed amount of Policyholders (more than 30 days) | Claims Outstanding                  | For compliance with IRDA Circular number IRDA/F&I/ CIR/CMP/174/11/2010 dated 04th November,2010 |
| Sch 11 & Sch 13  | 13.12          | 11.2(b)       | Unclaimed amount of Policyholders (more than 30 days) | Bank Balance-Current Account        | For compliance with IRDA Circular number IRDA/F&I/ CIR/CMP/174/11/2010 dated 04th November,2010 |
| Receipts & Payments Account  | Loans given    | Loans given   | Cash flow from Investing activities                   | Cash flow from Operating activities | Appropriate presentation.   |

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

24. Appropriation price adjustment included in Unit Linked assets held to cover Unit Linked liabilities are measured in accordance to the IRDA Circular no. 24/IRDA/ACTL/2009-10 dated 5th August 2009. Impact in current year includes ₹ Nil (Previous Year ₹212,430 thousand) towards opening liability adjustment. As no cash flows are involved in respect of these transactions, these amounts have not been reflected in the Cash Flow Statement.

25. Other current liabilities in schedule 13 include ₹1,890,924 thousand (Previous Year ₹1,750,806 thousand) payable to Unit Linked Policyholders towards last day change in net unit liability which will be invested on the first investment day in the next financial year. As no cash flows were involved in the current period in respect of these transactions, these amounts have not been reflected in the Cash Flow Statements.

**26. Losses incurred under Rural Policies**

The three non-linked product i.e. "Gramin Bima Kalyan Yojana", "HDFC Gramin Bima Kalyan Yojana V2" and "HDFC SL Sarvgrameen Bachat Yojana" exclusively meant for low income rural Policyholders, which were approved by the Authority with a condition that the loss should be made good by the Shareholders' account are detailed below.

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| <b>Premiums earned - net</b>                              |                          |                           |
| (a) First Year Premium                                    | —                        | —                         |
| (b) Renewal Premium                                       | —                        | —                         |
| (c) Single Premium  | 33,872                   | 121,423                   |
| <b>Premium</b>  | <b>33,872</b>            | <b>121,423</b>            |
| (d) Reinsurance ceded                                     | —                        | —                         |
| (e) Reinsurance accepted                                  | —                        | —                         |
| <b>Sub Total</b>  | <b>33,872</b>            | <b>121,423</b>            |
| <b>Income from Investments</b>                            |                          |                           |
| (a) Interest, Dividends & Rent - Gross                    | 36,348                   | 50,492                    |
| (b) Profit on sale / redemption of investments            | 3,897                    | 5,407                     |
| (c) (Loss on sale / redemption of investments)            | (1,496)                  | (2)                       |
| (d) Transfer / gain on revaluation / change in fair value | 102                      | (141)                     |
| (e) Appropriation/Expropriation Adjustment Account        | —                        | —                         |
| (f) Amortisation of premium/discount on investments       | 43                       | (602)                     |
| <b>Sub Total</b>  | <b>38,894</b>            | <b>55,154</b>             |
| Other Income - Transfer from Shareholders' Account        | 14,783                   | 3,285                     |
| Other Income  | —                        | —                         |
| <b>TOTAL (A)</b>  | <b>87,549</b>            | <b>179,862</b>            |

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

| Particulars   | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---|--------------------------|---------------------------|
| <b>Commission</b>   |                          |                           |
| First Year Commission   | —                        | —                         |
| Renewal Commission  | —                        | —                         |
| Single Commission   | 409                      | 2,020                     |
| <b>Sub Total</b>  | <b>409</b>               | <b>2,020</b>              |
| Operating Expenses related to Insurance Business  | 58,273                   | 52,543                    |
| Provisions for doubtful debts   | —                        | —                         |
| Bad debts written off   | —                        | —                         |
| Provisions for tax  | —                        | —                         |
| Fringe Benefit Tax  | —                        | —                         |
| Provisions (other than taxation)  |                          |                           |
| (a) For diminution in the value of investments (Net)  | —                        | —                         |
| (b) Others (to be specified)  | —                        | —                         |
| <b>TOTAL (B)</b>  | <b>58,682</b>            | <b>54,563</b>             |
| Benefits Paid (Net)   | 46,420                   | 13,319                    |
| Change in valuation of liability against life policies in force   |                          |                           |
| (a) Gross   | (17,553)                 | 111,980                   |
| Unit Reserve  | —                        | —                         |
| (b) Amount ceded in Reinsurance   | —                        | —                         |
| <b>TOTAL (C)</b>  | <b>28,867</b>            | <b>125,299</b>            |
| <b>SURPLUS / (DEFICIT) (D) = (A)-(B)-(C)</b>  | <b>—</b>                 | <b>—</b>                  |
| <b>APPROPRIATIONS</b>   |                          |                           |
| Transfer to Shareholders' Account   | —                        | —                         |
| Transfer to Other Reserves  | —                        | —                         |
| Funds for future appropriation - Provision for lapsed policies unlikely to be revived   | —                        | —                         |
| Balance being Funds For Future Appropriations   | —                        | —                         |
| Surplus in Revenue Account transferred to Balance Sheet pending recommendation for allocation from Appointed Actuary till year end. | —                        | —                         |
| Transfer to Balance Sheet being "Deficit in the Revenue Account (Policyholders' Account)"   | —                        | —                         |
| <b>TOTAL (D)</b>  | <b>—</b>                 | <b>—</b>                  |

The above disclosure is made in the current financial year as required by IRDA vide letter Ref : IRDA/Life/HDFC STd/Inspn dated 31st March 2011.



**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

27. The Company had started accruing commission on premium accrued and outstanding as at Balance Sheet date with effect from 2009-10 and same practice has been consistently followed in 2010-11 also. Consequently, the commission expense for the year is higher / (lower) by (₹ 6,913) thousand (Previous Year: ₹ 34,866 thousand) and loss for the year is higher / (lower) by (₹ 6,913) thousand (Previous Year: ₹ 34,866 thousand). This disclosure is made in the current financial year as required by IRDA vide letter Ref : IRDA/Life/HDFC STd/Inspn dated 31st March 2011.
28. Shareholders' contribution of ₹ 2,005,656 thousand to the Policyholders' account for the current year is irreversible in nature and will not be recouped to the Shareholders, subject to approval by Shareholders at the Annual General Meeting. Shareholders' contribution of ₹ 3,559,448 thousand to the Policyholders' account for the previous year has been approved by Shareholders at the Annual General Meeting held on 5th August 2010.
29. As per Accounting Standard 17 on 'Segment Reporting' read with the IRDA Financial Statements Regulations, the Company is required to report segment results separately for Participating, Non-Participating - Life, Non-Participating – Group Pension, Annuity, Pension, Health businesses, Unit Linked Life (Individual and Group), and Unit Linked Pension (Individual and Group) businesses. The same is disclosed at **Annexure A**.

**C. Additional Disclosures****1. Investments made under statutory requirements**

As at 31st March 2011, the Company had assets amounting to ₹102,631 thousand (Previous Year ₹ 102,631 thousand) deposited with the Reserve Bank of India in order to comply with the level of deposit required by Section 7 of the Insurance Act, 1938. The assets are made up of Central Government Securities.

**2. Performing and non-performing investments**

The Company did not hold any non-performing investments during the year.

**3. Deposits made under local laws**

The Company has no deposits made under local laws or otherwise encumbered in or outside India as of 31st March 2011, except investments to be held under Section 7 of the Insurance Act, 1938 as disclosed above under C 1 (Previous Year ₹ Nil).

**4. Business sector-wise**

| <b>Social Sector</b> | <b>Current Year</b> | <b>Previous Year</b> |
|----------------------|---------------------|----------------------|
| No. of lives         | <b>99,335</b>       | 50,268               |
| No. of policies      | <b>1,549</b>        | 2,983                |
| % of policies        | <b>0.19%</b>        | 0.31%                |
| Total policies       | <b>830,822</b>      | 950,522              |
| <b>Rural Sector</b>  | <b>Current Year</b> | <b>Previous Year</b> |
| No. of policies      | <b>167,271</b>      | 245,642              |
| % of policies        | <b>20.13%</b>       | 25.84%               |
| Total policies       | <b>830,822</b>      | 950,522              |

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES****5. Allocation of investments and investment income**

The underlying investments held on behalf of the Shareholders and the Policyholders are included in Schedules 8, 8A and 8B. The investment income arising from the investments held on behalf of Shareholders has been taken to the Profit and Loss account and those held on behalf of Policyholders to the Revenue Account.

**6. Percentage of risks retained and risk reinsured as certified by the Appointed Actuary**

|                     | As at 31st March 2011<br>Sum at risk ( ₹ '000) |     | As at 31st March 2010<br>Sum at risk ( ₹ '000) |     |
|---------------------|--|-----|--|-----|
| Individual business |  |     |  |     |
| Risk retained       | 686,926,231                                    | 76% | 526,231,150                                    | 71% |
| Risk reinsured      | 221,933,478                                    | 24% | 214,791,949                                    | 29% |
| Group business      |  |     |  |     |
| Risk retained       | 95,825,969                                     | 78% | 43,871,487                                     | 79% |
| Risk reinsured      | 26,606,075                                     | 22% | 11,376,877                                     | 21% |

**7. Summary of Financial Statements**

|         |   | (₹ '000)           |                    |                   |                   |                   |
|---------|---|--------------------|--------------------|-------------------|-------------------|-------------------|
| Sr. No. | Particulars   | 2010-2011          | 2009-2010          | 2008-2009         | 2007-2008         | 2006-2007         |
|         | <b>POLICYHOLDER'S A/C</b>                             |                    |                    |                   |                   |                   |
| 1       | Gross premium income                                  | 90,041,725         | 70,051,044         | 55,646,937        | 48,585,616        | 28,558,656        |
| 2       | Net premium income                                    | 89,547,169         | 69,556,324         | 55,183,763        | 48,176,166        | 28,226,248        |
| 3       | Income from investments (Net)                         | 20,558,281         | 57,228,189         | (17,231,361)      | 5,588,221         | 2,256,641         |
| 4       | Other income  | 173,035            | 189,042            | 355,473           | 324,740           | 232,997           |
| 4a      | Contribution from Shareholder to Policyholder Account | 2,005,656          | 3,559,448          | 6,148,951         | 3,248,208         | 1,450,397         |
| 5       | <b>Total income</b>                                   | <b>112,284,141</b> | <b>130,533,003</b> | <b>44,456,826</b> | <b>57,337,335</b> | <b>32,166,283</b> |
| 6       | Commissions   | 4,768,115          | 5,254,973          | 4,248,904         | 3,512,586         | 2,099,268         |
| 7       | Brokerage   | —                  | —                  | —                 | —                 | —                 |
| 8       | Operating expenses related to insurance business      | 14,952,066         | 14,976,588         | 17,667,003        | 10,192,360        | 5,803,187         |
| 9       | <b>Total Expenses</b>                                 | <b>19,720,181</b>  | <b>20,231,561</b>  | <b>21,915,907</b> | <b>13,704,946</b> | <b>7,902,455</b>  |
| 10      | Payment to Policyholders                              | 28,314,197         | 13,382,681         | 6,817,497         | 5,018,546         | 1,745,650         |
| 11      | Increase in actuarial liability                       | 63,579,954         | 95,009,353         | 14,057,024        | 37,910,037        | 22,484,208        |
| 12      | <b>Surplus/Deficit from operations</b>                | <b>669,809</b>     | <b>1,909,409</b>   | <b>1,666,398</b>  | <b>703,806</b>    | <b>33,970</b>     |

## Schedule 16 (Continued)

## FINANCIAL STATEMENT DISCLOSURES

|                         |   | (₹ '000)           |                    |                    |                    |                    |
|-------------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Sr. No.                 | Particulars   | 2010-2011          | 2009-2010          | 2008-2009          | 2007-2008          | 2006-2007          |
| <b>SHAREHOLDERS A/C</b> |   |                    |                    |                    |                    |                    |
| 13                      | Total income under Shareholders' Account (includes Contribution to Policyholders' Fund) | (980,609)          | (2,747,863)        | (5,024,324)        | (2,422,498)        | (1,247,359)        |
| 14                      | Profit / (loss) before tax  | (990,021)          | (2,751,844)        | (5,029,631)        | (2,435,094)        | (1,255,611)        |
| 15                      | Provisions for tax  | —                  | —                  | —                  | —                  | —                  |
| 16                      | <b>Profit / (loss) after tax</b>  | <b>(990,021)</b>   | <b>(2,751,844)</b> | <b>(5,029,631)</b> | <b>(2,435,094)</b> | <b>(1,255,611)</b> |
| 17                      | Profit / (loss) carried to Balance Sheet  | (15,654,987)       | (14,664,966)       | (11,913,122)       | (6,883,491)        | (4,421,364)        |
| <b>MISCELLANEOUS</b>    |   |                    |                    |                    |                    |                    |
| 18                      | <b>(A) Policyholders' Account:</b>  |                    |                    |                    |                    |                    |
|                         | Total funds   | 259,227,541        | 195,644,639        | 98,696,835         | 84,259,027         | 46,059,026         |
|                         | Total investments   | 258,581,176        | 198,633,182        | 98,935,663         | 82,750,627         | 46,299,629         |
|                         | Yield on investments (%)  | 9.31%              | 6.40%              | 8.20%              | 8.97%              | 8.69%              |
|                         | <b>(B) Shareholders' Account:</b>   |                    |                    |                    |                    |                    |
|                         | Total funds   | 6,500,254          | 5,752,361          | 6,520,340          | 6,379,641          | 3,939,077          |
|                         | Total investments   | 6,999,708          | 6,304,757          | 4,291,597          | 4,213,064          | 1,529,743          |
|                         | Yield on investments (%)  | 8.55%              | 6.30%              | 7.49%              | 8.04%              | 7.04%              |
| 19                      | Yield on total investments  | 9.29%              | 6.40%              | 8.15%              | 8.89%              | 8.69%              |
| 20                      | Paid up equity capital  | 19,948,801         | 19,680,000         | 17,958,180         | 12,706,359         | 8,012,609          |
| 21                      | Net worth   | 6,500,254          | 5,752,361          | 6,520,340          | 6,379,641          | 3,939,077          |
| 22                      | <b>Total Assets</b>   | <b>265,727,795</b> | <b>201,397,000</b> | <b>105,217,175</b> | <b>90,638,668</b>  | <b>49,983,103</b>  |
| 23                      | <b>Earnings per share (basic) (₹)*</b>  | <b>(0.50)</b>      | <b>(1.51)</b>      | <b>(3.28)</b>      | <b>(2.42)</b>      | <b>(1.83)</b>      |
| 24                      | <b>Earnings per share (diluted) (₹)*</b>  | <b>(0.50)</b>      | <b>(1.51)</b>      | <b>(3.28)</b>      | <b>(2.42)</b>      | <b>(1.81)</b>      |
| 25                      | <b>Book value per share (₹)</b>   | <b>3.26</b>        | <b>2.92</b>        | <b>3.63</b>        | <b>5.02</b>        | <b>4.92</b>        |

\* In determining earnings per share, the company considers the net profit / (loss) after tax. The number of shares used in computing basic and diluted earnings per share is the weighted average number of shares outstanding during the year.

## Financial Ratios

(₹ '000)

## 1) New Business Premium Income Growth (segment wise)

((New Business premium Current Year - New Business premium Previous Year) / New Business premium Previous Year)

| Particulars                      | % Current Year | % Previous Year |
|----------------------------------|----------------|-----------------|
| Participating Fund               | -26.10%        | 49.23%          |
| Non Participating Fund - Life    | 169.05%        | 11.42%          |
| Non Participating Fund - Pension | New Business   | N.A.            |
| Annuity Fund                     | -52.53%        | 369.47%         |

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

| <b>Particulars</b>  | <b>% Current Year</b> | <b>% Previous Year</b> |
|---|-----------------------|------------------------|
| Pension Fund  | 144.08%               | 59.79%                 |
| Health Fund   | -59.03%               | 6.81%                  |
| ULIL Fund   | 54.96%                | 50.69%                 |
| ULIP Fund   | 6.87%                 | -35.67%                |
| ULGL Fund   | -31.87%               | 119.09%                |
| ULGP Fund   | -21.93%               | 301.63%                |
| 2) Net Retention ratio (Net Premium divided by Gross Premium)                                     |                       |                        |
| <b>Particulars</b>  | <b>Current Year</b>   | <b>Previous Year</b>   |
| Net Premium   | 89,547,169            | 69,556,324             |
| Gross Premium   | 90,041,725            | 70,051,044             |
| Ratio   | 99.45%                | 99.29%                 |
| 3) Ratio of Expenses of management (Expenses of management divided by Total Gross direct Premium) |                       |                        |
| <b>Particulars</b>  | <b>Current Year</b>   | <b>Previous Year</b>   |
| Management Expenses   | 19,720,181            | 20,231,561             |
| Total Gross Premium   | 90,041,725            | 70,051,044             |
| Ratio   | 21.90%                | 28.88%                 |
| 4) Commission Ratio (Gross Commission paid to Gross Premium)                                      |                       |                        |
| <b>Particulars</b>  | <b>Current Year</b>   | <b>Previous Year</b>   |
| Gross Commission  | 4,768,115             | 5,254,973              |
| Gross Premium   | 90,041,725            | 70,051,044             |
| Ratio   | 5.30%                 | 7.50%                  |
| 5) Ratio of Policyholders' liabilities to Shareholders' funds                                     |                       |                        |
| <b>Particulars</b>  | <b>Current Year</b>   | <b>Previous Year</b>   |
| Policyholders' liability  | 259,227,541           | 195,644,639            |
| Shareholders' funds   | 6,500,254             | 5,752,361              |
| Ratio   | 3,987.96%             | 3,401.12%              |
| 6) Growth rate of Shareholders' funds   |                       |                        |
| <b>Particulars</b>  | <b>Current Year</b>   | <b>Previous Year</b>   |
| Shareholders' funds   | 6,500,254             | 5,752,361              |
| Growth rate   | 13.00%                | -11.78%                |
| 7) Ratio of Surplus / (Deficit) to Policyholders' liability                                       |                       |                        |
| <b>Particulars</b>  | <b>Current Year</b>   | <b>Previous Year</b>   |
| Surplus / (Deficit) in Revenue Account  | 669,809               | 1,909,409              |
| Policyholders' liability  | 259,227,541           | 195,644,639            |
| Ratio   | 0.26%                 | 0.98%                  |

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES**

## 8) Change in Net worth

| Particulars | Current Year | Previous Year |
|-------------|--------------|---------------|
| Net worth   | 6,500,254    | 5,752,361     |
| Change      | 747,893      | (767,980)     |

## 9) Profit after tax / Total Income

The Company does not have any profit after tax and therefore this ratio cannot be calculated

## 10) Total of Real Estate + Loans / Cash &amp; invested assets

| Particulars                        | Current Year | Previous Year |
|------------------------------------|--------------|---------------|
| Loans                              | 331,239      | 40,366        |
| Investment Properties-Real Estate* | 2,766,864    | 771,461       |
| Cash & Invested Assets             | 269,418,195  | 207,968,114   |
| Ratio                              | 1.15%        | 0.39%         |

\* includes investments in Fixed Assets – Building as per IRDA Circular on Public Disclosures.

## 11) Total Investments / Total of (Capital + Surplus)

| Particulars                             | Current Year | Previous Year |
|---|--------------|---------------|
| Total Investments                       | 265,580,884  | 204,937,939   |
| Capital                                 | 19,948,801   | 19,680,000    |
| Surplus /(Deficit) as per Balance Sheet | (12,876,660) | (12,110,122)  |
| Reserves                                | 2,206,790    | 552,892       |
| Ratio                                   | 28.62        | 25.23         |

## 12) Total affiliated Investments / Total of (Capital + Surplus)

| Particulars                              | Current Year | Previous Year |
|--|--------------|---------------|
| Total affiliated Investments             | 7,230,424    | 5,031,372     |
| Capital                                  | 19,948,801   | 19,680,000    |
| Surplus / (Deficit) as per Balance Sheet | (12,876,660) | (12,110,122)  |
| Reserves                                 | 2,206,790    | 552,892       |
| Ratio                                    | 0.78         | 0.62          |

**8. Loan Assets restructured during the year are as follows:**

| Sr. No. | Particulars  | Current Year<br>(₹ '000) | Previous Year<br>(₹ '000) |
|---------|--|--------------------------|---------------------------|
| 1       | Total amount of Loan Assets subject to restructuring         | Nil                      | Nil                       |
| 2       | Total amount of Standard Assets subject to restructuring     | Nil                      | Nil                       |
| 3       | Total amount of Sub-Standard Assets subject to restructuring | Nil                      | Nil                       |
| 4       | Total amount of Doubtful Assets subject to restructuring     | Nil                      | Nil                       |

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES****9. Impairment of Assets**

There are no impaired assets as on the Balance Sheet date.

**10. Statement containing names, descriptions, occupations of and directorships held by the persons in charge of management of the business under Section 11(2) of the Insurance Act, 1938.**

| Sr. No. | Name                 | Description                                       | Directorship held as at<br>31st March, 2010  | Occupation |
|---------|----------------------|---|--|------------|
| 1       | Mr. Amitabh Chaudhry | Managing Director and<br>Chief Executive Officer  | HDFC Standard Life Insurance<br>Company Ltd. | Employment |
| 2       | Mr. Paresh Parasnis  | Executive Director and<br>Chief Operating Officer | HDFC Standard Life Insurance<br>Company Ltd. | Employment |

**11. Following are the details of the controlled funds in pursuant to IRDA Circular number IRDA/F&I/CIR/F&A/045/03/2010 dated 17th March, 2010.****Statement showing the Controlled Fund**

| Particulars  | Current Year<br>(₹ Crores) | Previous Year<br>(₹ Crores) |
|--|----------------------------|-----------------------------|
| <b>Computation of Controlled fund as per the Balance Sheet</b> |                            |                             |
| <b>Policyholders' Fund (Life Fund)</b>                         |                            |                             |
| <b>Participating</b>   |                            |                             |
| Individual Assurance   | 3,544.06                   | 2,504.31                    |
| Individual Pension   | 778.96                     | 652.92                      |
| Any other (Pl. Specify)  | —                          | —                           |
| <b>Non-participating</b>                                       |                            |                             |
| Individual Assurance   | 251.17                     | 235.55                      |
| Group Assurance  | 105.33                     | 6.17                        |
| Group Pension  | 27.71                      | —                           |
| Individual Annuity   | 35.49                      | 28.06                       |
| Other (Health)   | 2.02                       | 2.41                        |
| <b>Linked</b>  |                            |                             |
| Individual Assurance   | 12,457.68                  | 8,844.53                    |
| Group Assurance  | —                          | —                           |
| Individual Pension   | 6,510.90                   | 5,378.01                    |
| Group Superannuation   | 550.39                     | 452.83                      |
| Group Gratuity   | 1,572.92                   | 1,353.21                    |
| Any other (Pl. Specify)  | —                          | —                           |
| Funds for Future Appropriations                                | 255.51                     | 106.48                      |
| Credit (Debit) from Revenue Account                            | (169.39)                   | —                           |
| <b>Total (A)</b>   | <b>25,922.75</b>           | <b>19,564.48</b>            |

## Schedule 16 (Continued)

## FINANCIAL STATEMENT DISCLOSURES

| Particulars   | Current Year<br>(₹ Crores) | Previous Year<br>(₹ Crores) |
|---|----------------------------|-----------------------------|
| <b>Shareholders' Fund</b>   |                            |                             |
| Paid up Capital   | 1,994.88                   | 1,968.00                    |
| Reserves & Surpluses  | 220.68                     | 55.29                       |
| Fair Value change   | (0.03)                     | 18.44                       |
| <b>Total (B)</b>  | <b>2,215.53</b>            | <b>2,041.73</b>             |
| Misc. expenses not written off  | —                          | —                           |
| Credit / (Debit) from P&L A/c.  | (1,565.50)                 | (1,466.49)                  |
| <b>Total (C)</b>  | <b>(1,565.50)</b>          | <b>(1,466.49)</b>           |
| <b>Total Shareholders' funds (B+C)</b>  | <b>650.03</b>              | <b>575.24</b>               |
| <b>Controlled Fund (Total (A+B-C))</b>  | <b>26,572.78</b>           | <b>20,139.72</b>            |
| <b>Reconciliation of the Controlled Fund from Revenue and Profit &amp; Loss Account</b> |                            |                             |
| Opening balance of Controlled Fund  | 20,139.72                  | 10,521.71                   |
| Add: Inflow   |                            |                             |
| Income  |                            |                             |
| Premium Income  | 9,004.17                   | 7,005.10                    |
| Less: Reinsurance ceded   | (49.45)                    | (49.47)                     |
| <b>Net Premium</b>  | <b>8,954.72</b>            | <b>6,955.63</b>             |
| Investment Income   | 2,033.77                   | 5,773.02                    |
| Other Income  | 17.30                      | 18.93                       |
| Funds transferred from Shareholders' Accounts   | 200.57                     | 355.94                      |
| <b>Total Income</b>   | <b>11,206.36</b>           | <b>13,103.52</b>            |
| Less: Outgo   |                            |                             |
| (i) Benefits paid (Net)   | 2,831.25                   | 1,338.17                    |
| (ii) Interim Bonus paid   | 0.17                       | 0.10                        |
| (iii) Change in Valuation of Liability  | 6,358.00                   | 9,500.94                    |
| (iv) Commission   | 476.81                     | 525.49                      |
| (v) Operating Expenses  | 1,495.21                   | 1,497.66                    |
| (vi) Provision for Taxation   | —                          | —                           |
| (a) FBT   | —                          | —                           |
| (b) I.T.  | —                          | —                           |
| <b>Total Outgo</b>  | <b>11,161.44</b>           | <b>12,862.36</b>            |



## Schedule 16 (Continued)

## FINANCIAL STATEMENT DISCLOSURES

|  | Current Year<br>(₹ Crores) | Previous Year<br>(₹ Crores) |
|--|----------------------------|-----------------------------|
| <b>Surplus of the Policyholders' Fund</b>                                | <b>44.92</b>               | <b>241.16</b>               |
| <b>Less: Transferred to Shareholders' Account</b>                        | <b>(44.63)</b>             | <b>(47.29)</b>              |
| Net Flow in Policyholders' account                                       | 0.29                       | 193.87                      |
| Add: Net income in Shareholders' Fund                                    | (117.48)                   | (248.80)                    |
| <b>Net In Flow / Outflow</b>   | <b>(117.19)</b>            | <b>(54.93)</b>              |
| Add: change in valuation liabilities                                     | 6,358.00                   | 9,500.94                    |
| Add: Increase in Paid up Capital   | 26.88                      | 172.00                      |
| Add: Increase in Reserves & Surplus                                      | 165.39                     | —                           |
| Closing balance of Controlled Fund                                       | 26,572.78                  | 20,139.72                   |
| <b>As Per Balance Sheet</b>  | <b>26,572.78</b>           | <b>20,139.72</b>            |
| Difference, if any ( <i>Change in Fair Value - B/S</i> )                 | —                          | —                           |
| <b>Reconciliation with Shareholders' and Policyholders' Fund</b>         |                            |                             |
| <b>Policyholders' Funds</b>  |                            |                             |
| <b>Policyholders' Funds - Traditional-PAR and NON-PAR</b>                |                            |                             |
| Opening balance of the Policyholders' Fund - Traditional-PAR and NON-PAR | 3,429.42                   | 2,452.08                    |
| Add: Surplus of the Revenue Account                                      | 42.46                      | 90.27                       |
| Add: Change in valuation liabilities                                     | 1,294.91                   | 836.87                      |
| Add: Credit / [Debit] Fair Value change Account                          | (22.05)                    | 50.20                       |
| <b>Total</b>   | <b>4,744.74</b>            | <b>3,429.42</b>             |
| <b>As per Balance Sheet</b>  | <b>4,744.74</b>            | <b>3,429.42</b>             |
| Difference, if any ( <i>Change in Fair Value - B/S</i> )                 | —                          | —                           |
| <b>Policyholders' Funds – Linked</b>                                     |                            |                             |
| Opening balance of the Policyholders' Funds - Linked                     | 16,135.06                  | 7,417.59                    |
| Add: Surplus of the Revenue Account                                      | (20.12)                    | 53.39                       |
| Add: Change in valuation liabilities                                     | 5,063.07                   | 8,664.08                    |
| <b>Total</b>   | <b>21,178.01</b>           | <b>16,135.06</b>            |
| <b>As per Balance Sheet</b>  | <b>21,178.01</b>           | <b>16,135.06</b>            |
| Difference, if any   | —                          | —                           |
| <b>Shareholders' Funds</b>   |                            |                             |
| Opening balance of Shareholders' Fund                                    | 575.24                     | 652.04                      |
| Add: Net income of Shareholders' account (P&L)                           | (117.48)                   | (248.80)                    |
| Add: Infusion of Capital   | 26.88                      | 172.00                      |
| Add: Increase in Reserves & Surplus                                      | 165.39                     | —                           |
| <b>Total</b>   | <b>650.03</b>              | <b>575.24</b>               |
| <b>As per Balance Sheet</b>  | <b>650.03</b>              | <b>575.24</b>               |
| Difference, if any   | —                          | —                           |

## Schedule 16 (Continued)

## FINANCIAL STATEMENT DISCLOSURES

## 12. Penal actions taken during 2010-11 by various Government Authorities in pursuant to IRDA Circular number 005/IRDA/F&amp;A/CIR/MAY-09 dated 07th May, 2009.

(₹ '000)

| S. No. | Authority   | Non-Compliance/<br>Violation | Penalty<br>Awarded | Penalty<br>Paid | Penalty<br>Waived/<br>Reduced |
|--------|---|------------------------------|--------------------|-----------------|-------------------------------|
| 1      | Insurance Regulatory and Development Authority  | Nil                          | Nil                | Nil             | Nil                           |
| 2      | Income Tax Authorities  | Nil                          | Nil                | Nil             | Nil                           |
| 3      | Service Tax Authorities   | Nil                          | Nil                | Nil             | Nil                           |
| 4      | Any other Tax Authorities   | Nil                          | Nil                | Nil             | Nil                           |
| 5      | Enforcement Directorate/Adjudicating Authority/<br>Tribunal or any Authority under FEMA                             | Nil                          | Nil                | Nil             | Nil                           |
| 6      | Registrar of Companies/ NCLT/ CLB/ Department<br>of Corporate Affairs or any Authority under<br>Companies Act, 1956 | Nil                          | Nil                | Nil             | Nil                           |
| 7      | Penalty awarded by any Court/Tribunal for any<br>matter including claim settlement but excluding<br>compensation    | Nil                          | Nil                | Nil             | Nil                           |
| 8      | Securities and Exchange Board of India  | NA                           | Nil                | Nil             | Nil                           |
| 9      | Competition Commission of India   | NA                           | Nil                | Nil             | Nil                           |
| 10     | Any other Central/State/Local Government /<br>Statutory Authority   | Nil                          | Nil                | Nil             | Nil                           |

## 13. Following is the statement showing the age-wise analysis of the Unclaimed Amount of the Policyholder in pursuant to IRDA Circular number IRDA/F&amp;I/CIR/CMP/174/11/2010 dated 04th November, 2010.

Statement showing age wise analysis of the Unclaimed Amount of the Policyholders' as at 31st Mar 2011:

(₹ '000)

| Particulars         |   |   |  |  |
|---------------------|---|---|--|--|
| Agewise<br>Analysis | Claims settled but not<br>paid to the policyholders /<br>insured due to any reasons<br>except under litigation from<br>the insured / policyholders. | Sum due to insured's/<br>policyholders on<br>maturity or otherwise. | Any excess collection of<br>premium / tax or any other<br>charges which is refundable<br>to the policyholders either<br>as terms of conditions of the<br>policy or as per law or as may be<br>directed by the authority but not<br>refunded so far | Cheques issued but<br>not encashed by the<br>policyholders / insured |
| 1-6 months          | 391   | 1,073,218   | 64,263   | 325,615  |
| 7-12 months         | 1,806   | 653,949   | 32,043   | 117,650  |
| 13-18 months        | 372   | 637,742   | 3,841  | 78,792   |
| 19-24 months        | 918   | 510,943   | 1,771  | 32,612   |
| 25-30 months        | 573   | 7,147   | 700  | 24,697   |
| 31-36 months        | —   | 1,776   | 180  | 25,672   |
| Beyond 36 months    | —   | 5,052   | 287  | 100,895  |
| <b>Total Amount</b> | <b>4,060</b>  | <b>2,889,827</b>  | <b>103,085</b>   | <b>705,933</b>   |

**Schedule 16 (Continued)****FINANCIAL STATEMENT DISCLOSURES****Statement showing age wise analysis of the Unclaimed Amount of the Policyholders' as at 31st March 2010:**

(₹ '000)

| Particulars         |   |   |   |  |
|---------------------|---|---|---|--|
| Agewise Analysis    | Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders. | Sum due to insured's/ policyholders on maturity or otherwise. | Any excess collection of premium / tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the authority but not refunded so far | Cheques issued but not encashed by the policyholders / insured |
| 1-6 months          | 835   | 1,406,959   | 52,565  | 241,647  |
| 7-12 months         | 992   | 824,738   | 16,828  | 13,119   |
| 13-18 months        | 698   | 439,617   | 2,431   | 35,714   |
| 19-24 months        | 145   | 357,073   | 1,255   | 37,530   |
| 25-30 months        | 365   | 13,434  | 189   | 27,467   |
| 31-36 months        | —   | 3,698   | 30  | 38,457   |
| Beyond 36 months    | 229   | 1,633   | 1,104   | 51,808   |
| <b>Total Amount</b> | <b>3,264</b>  | <b>3,047,152</b>  | <b>74,402</b>   | <b>445,742</b>   |

**14. Following is the disclosure relating to discontinued policies in pursuant to IRDA Notification F. No. IRDA/Reg/2/52/2010 dated 01st July, 2010**

| Particulars   | Current Year | Previous Year |
|---|--------------|---------------|
| Number of policies discontinued during the financial year                   | 7            | NA            |
| Percentage of discontinued to total policies (product wise) during the year |              |               |
| HDFC SL Crest   | 0.00%        | NA            |
| HDFC SL ProGrowth Super II  | 0.00%        | NA            |
| HDFC YoungStar Super II   | 0.01%        | NA            |
| Number of the policies revived during the year                              | Nil          | NA            |
| Percentage of the policies revived during the year                          | NA           | NA            |
| Charges imposed on account of discontinued policies (₹ '000)                | 23           | NA            |

**Annexure I - Revenue Account – Break Up of Unit Linked Business (UL)**  
**Name of the Insurer: HDFC Standard Life Insurance Company Ltd.**  
Registration No. and Date of Registration with IRDA: IOI 23rd October 2000  
**Revenue Account for the Year ended 31st March 2011**  
**Policyholders' Account (Technical Account)**

| Particulars  | Schedule | Linked Individual Life |                   |                    | Linked Individual Pension |                   |                    | Linked Group Life |                  |                    | Linked Group Pension |                  |                       | Total Unit Linked                   |
|--|----------|------------------------|-------------------|--------------------|---------------------------|-------------------|--------------------|-------------------|------------------|--------------------|----------------------|------------------|-----------------------|-------------------------------------|
|  |          | Non-Unit               | Unit              | Total              | Non-Unit                  | Unit              | Total              | Non-Unit          | Unit             | Total              | Non-Unit             | Unit             | Total                 |                                     |
|  |          | (1)                    | (2)               | (3) =<br>(1) + (2) | (4)                       | (5)               | (6) =<br>(4) + (5) | (7)               | (8)              | (9) =<br>(7) + (8) | (10)                 | (11)             | (12) =<br>(10) + (11) | (13) =<br>(3) + (6) +<br>(9) + (12) |
| <b>Premiums earned – net</b>   |          |                        |                   |                    |                           |                   |                    |                   |                  |                    |                      |                  |                       |                                     |
| (a) Premium  |          | 4,523,316              | 46,098,815        | 50,622,131         | 1,477,899                 | 17,333,274        | 18,811,173         | (168,682)         | 3,158,073        | 2,989,391          | (42,864)             | 1,540,293        | 1,497,429             | 73,920,124                          |
| (b) Reinsurance ceded  |          | (261,919)              | —                 | (261,919)          | —                         | —                 | —                  | —                 | —                | —                  | —                    | —                | —                     | (261,919)                           |
| <b>Income from Investments</b>   |          |                        |                   |                    |                           |                   |                    |                   |                  |                    |                      |                  |                       |                                     |
| (a) Interest, Dividend & Rent - Gross  |          | 274,379                | 2,736,067         | 3,010,446          | 147,948                   | 1,636,847         | 1,784,795          | 11,148            | 904,791          | 915,939            | 2,144                | 337,114          | 339,258               | 6,050,438                           |
| (b) Profit on sale/redemption of investments   |          | 31,318                 | 10,834,105        | 10,865,423         | 15,695                    | 6,795,237         | 6,810,932          | 55                | 355,085          | 356,140            | 31                   | 154,192          | 154,223               | 18,186,718                          |
| (c) Loss on sale/redemption of investments   |          | (2,163)                | (650,508)         | (652,671)          | (1,897)                   | (441,908)         | (443,805)          | —                 | (148,867)        | (148,867)          | —                    | (64,899)         | (64,899)              | (1,310,242)                         |
| (d) Unrealised gain/(loss)   |          | 5,074                  | (3,464,298)       | (3,459,224)        | 1,508                     | (2,129,673)       | (2,128,165)        | 6                 | (132,706)        | (132,700)          | 13                   | (55,076)         | (55,063)              | (5,775,152)                         |
| (e) Appropriation/Expropriation Adjustment Account                                       |          | —                      | (89,001)          | (89,001)           | —                         | (188,480)         | (188,480)          | —                 | (16,827)         | (16,827)           | —                    | (7,806)          | (7,806)               | (302,114)                           |
| (f) Amortisation of premium/discount on investments                                      |          | 11,942                 | —                 | 11,942             | 14,518                    | —                 | 14,518             | (783)             | —                | (783)              | (161)                | —                | (161)                 | 25,516                              |
| <b>Other income:</b>   |          |                        |                   |                    |                           |                   |                    |                   |                  |                    |                      |                  |                       |                                     |
| (a) Linked Income  | ULI      | 5,360,287              | (5,360,287)       | —                  | 1,713,708                 | (1,713,708)       | —                  | 122,693           | (122,693)        | —                  | 48,403               | (48,403)         | —                     | —                                   |
| (b) Miscellaneous Income   |          | 363,871                | (288,897)         | 74,974             | 74,476                    | (62,750)          | 11,726             | 15                | (1)              | 14                 | 152                  | (83)             | 69                    | 86,783                              |
| (c) Contribution from the Shareholders' a/c  |          | 1,410,184              | —                 | 1,410,184          | —                         | —                 | —                  | 35,550            | —                | 35,550             | 14,915               | —                | 14,915                | 1,460,649                           |
| <b>TOTAL (A)</b>   |          | <b>11,716,289</b>      | <b>49,815,996</b> | <b>61,532,285</b>  | <b>3,443,855</b>          | <b>21,228,839</b> | <b>24,672,694</b>  | <b>2</b>          | <b>3,997,855</b> | <b>3,997,857</b>   | <b>22,633</b>        | <b>1,855,332</b> | <b>1,877,965</b>      | <b>92,080,801</b>                   |
| Commission   |          | 2,714,616              | —                 | 2,714,616          | 555,659                   | —                 | 555,659            | 532               | —                | 532                | 2,525                | —                | 2,525                 | 3,273,332                           |
| Operating Expenses related to Insurance Business   |          | 8,459,725              | 103,888           | 8,563,613          | 2,341,076                 | 58,106            | 2,399,182          | 79,130            | 12,864           | 91,994             | 41,999               | 5,144            | 47,143                | 11,101,932                          |
| Fringe Benefit Tax   |          | —                      | —                 | —                  | —                         | —                 | —                  | —                 | —                | —                  | —                    | —                | —                     | —                                   |
| Provision for Taxation   |          | —                      | —                 | —                  | —                         | —                 | —                  | —                 | —                | —                  | —                    | —                | —                     | —                                   |
| <b>TOTAL (B)</b>   |          | <b>11,174,341</b>      | <b>103,888</b>    | <b>11,278,229</b>  | <b>2,896,735</b>          | <b>58,106</b>     | <b>2,954,841</b>   | <b>79,662</b>     | <b>12,864</b>    | <b>92,526</b>      | <b>44,524</b>        | <b>5,144</b>     | <b>49,668</b>         | <b>14,375,264</b>                   |
| Benefits Paid (Net)  | UL2      | 334,899                | 14,455,356        | 14,790,255         | 31,133                    | 9,688,653         | 9,719,786          | 353               | 1,707,872        | 1,708,225          | 60                   | 852,602          | 852,662               | 27,070,928                          |
| Interim Bonus Paid   |          | —                      | —                 | —                  | —                         | —                 | —                  | —                 | —                | —                  | —                    | —                | —                     | —                                   |
| Terminal Bonus Paid  |          | —                      | —                 | —                  | —                         | —                 | —                  | —                 | —                | —                  | —                    | —                | —                     | —                                   |
| Change in valuation of liability in respect of life policies                             |          | —                      | —                 | —                  | —                         | —                 | —                  | —                 | —                | —                  | —                    | —                | —                     | —                                   |
| Change in Valuation Liability  |          | 872,735                | 35,256,752        | 36,129,487         | (153,536)                 | 11,482,080        | 11,328,544         | (80,013)          | 2,277,119        | 2,197,106          | (21,951)             | 997,586          | 975,635               | 50,630,772                          |
| <b>TOTAL (C)</b>   |          | <b>1,207,634</b>       | <b>49,712,108</b> | <b>50,919,742</b>  | <b>(122,403)</b>          | <b>21,170,733</b> | <b>21,048,330</b>  | <b>(79,660)</b>   | <b>3,984,991</b> | <b>3,905,331</b>   | <b>(21,891)</b>      | <b>1,850,188</b> | <b>1,828,297</b>      | <b>77,701,700</b>                   |
| <b>SURPLUS/ (DEFICIT) (D) = (A)-(B)-(C)</b>  |          | <b>(665,686)</b>       | —                 | <b>(665,686)</b>   | <b>669,523</b>            | —                 | <b>669,523</b>     | —                 | —                | —                  | —                    | —                | —                     | <b>3,837</b>                        |
| <b>APPROPRIATIONS</b>  |          |                        |                   |                    |                           |                   |                    |                   |                  |                    |                      |                  |                       |                                     |
| Transfer to Shareholders' a/c  |          | —                      | —                 | —                  | 207,489                   | —                 | 207,489            | —                 | —                | —                  | —                    | —                | —                     | 207,489                             |
| Funds available for future appropriations  |          | 1,028,241              | —                 | 1,028,241          | 462,034                   | —                 | 462,034            | —                 | —                | —                  | —                    | —                | —                     | 1,490,275                           |
| Transfer to Balance Sheet being "Deficit in the Revenue Account (Policyholders Account)" |          | (1,693,927)            | —                 | (1,693,927)        | —                         | —                 | —                  | —                 | —                | —                  | —                    | —                | —                     | (1,693,927)                         |
| <b>Total (D)</b>   |          | <b>(665,686)</b>       | —                 | <b>(665,686)</b>   | <b>669,523</b>            | —                 | <b>669,523</b>     | —                 | —                | —                  | —                    | —                | —                     | <b>3,837</b>                        |

**Name of the Insurer: HDFC Standard Life Insurance Company Ltd.**

Registration No. 101

Date of Registration with IRDA - 23rd October 2000

**Schedules to Annexure I to Revenue Account (UL) forming part of Financial Statements**

**Schedule-ULI - March 2011**

**Linked Income (recovered from linked funds)\***

(₹ '000)

| Particulars  | Linked<br>Individual Life | Linked<br>Individual Pension | Linked<br>Group Life | Linked<br>Group Pension | Total<br>Unit Linked    |
|--|---------------------------|------------------------------|----------------------|-------------------------|-------------------------|
|  | (1)                       | (2)                          | (3)                  | (4)                     | (5)=<br>(1)+(2)+(3)+(4) |
| Fund Administration charges  | —                         | —                            | —                    | —                       | —                       |
| Fund Management charge   | 993,142                   | 548,187                      | 120,085              | 48,149                  | <b>1,709,563</b>        |
| Policy Administration charge   | 1,052,844                 | 479,487                      | 816                  | 424                     | <b>1,533,571</b>        |
| Set up charges   | —                         | —                            | —                    | —                       | —                       |
| Annual charges   | —                         | —                            | 137                  | —                       | <b>137</b>              |
| Surrender charge   | 1,554,553                 | 675,151                      | 1,632                | 946                     | <b>2,232,282</b>        |
| Switching charge   | —                         | —                            | —                    | —                       | —                       |
| Mortality charge   | 1,718,305                 | —                            | —                    | —                       | <b>1,718,305</b>        |
| Rider Premium charge   | —                         | —                            | —                    | —                       | —                       |
| Partial withdrawal charge  | —                         | —                            | —                    | —                       | —                       |
| Paid up charges  | 40,919                    | 9,900                        | —                    | —                       | <b>50,819</b>           |
| Miscellaneous charge<br>(Adhoc statement and Simplified<br>instructions, Prm reduction charge) | 524                       | 983                          | 23                   | (1,116)                 | <b>414</b>              |
| <b>TOTAL (UL-I)</b>  | <b>5,360,287</b>          | <b>1,713,708</b>             | <b>122,693</b>       | <b>48,403</b>           | <b>7,245,091</b>        |

\* (net of service tax, if any)

Name of the Insurer: HDFC Standard Life Insurance Company Ltd.  
Registration No. and Date of Registration with IRDA: I01 23rd October 2000  
**Schedule-UL2 - March 2011**  
**BENEFITS PAID [NET]**

| Sr. No. | Particulars                        | (₹ '000)               |                   |                   |                           |                  |                  |                   |                  |                   |                      |                |                      |
|---------|------------------------------------|------------------------|-------------------|-------------------|---------------------------|------------------|------------------|-------------------|------------------|-------------------|----------------------|----------------|----------------------|
|         |                                    | Linked Individual Life |                   |                   | Linked Individual Pension |                  |                  | Linked Group Life |                  |                   | Linked Group Pension |                |                      |
|         |                                    | Non-Unit               | Unit              | (2)               | (3)=<br>(1) + (2)         | Non-Unit         | Unit             | (4)               | (5)              | (6)=<br>(4)+(5)   | Non-Unit             | Unit           | (7) + (8)            |
|         |                                    | (1)                    | (2)               | (3)=<br>(1) + (2) | (4)                       | (5)              | (6)=<br>(4)+(5)  | (7)               | (8)              | (9)=<br>(7) + (8) | (10)                 | (11)           | (12)=<br>(10) + (11) |
| 1       | Insurance Claims                   |                        |                   |                   |                           |                  |                  |                   |                  |                   |                      |                |                      |
| (a)     | Claims by Death                    | 396,767                | 50,624            | 447,391           | 26,701                    | 155,178          | 181,879          | 222               | —                | 222               | —                    | —              | —                    |
| (b)     | Claims by Maturity                 | —                      | —                 | —                 | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
| (c)     | Annuities / Pension payment        | —                      | —                 | —                 | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
| (d)     | Other benefits                     |                        |                   |                   |                           |                  |                  |                   |                  |                   |                      |                |                      |
| —       | Surrender                          | (7,545)                | 12,351,754        | 12,344,209        | 1,587                     | 9,477,749        | 9,479,336        | —                 | 94,070           | 94,070            | 60                   | 401,144        | 401,204              |
| —       | Critical illness                   | 22,712                 | —                 | 22,712            | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
| —       | Waiver of Premium                  | —                      | —                 | —                 | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
| —       | Vesting of Pension policy          | —                      | —                 | —                 | 2,845                     | 55,726           | 58,571           | —                 | —                | —                 | —                    | 2,686          | 2,686                |
| —       | Withdrawal                         | 174                    | 2,052,978         | 2,053,152         | —                         | —                | —                | 131               | 1,613,802        | 1,613,933         | —                    | 448,772        | 448,772              |
|         | <b>Sub Total (A)</b>               | <b>412,108</b>         | <b>14,455,356</b> | <b>14,867,464</b> | <b>31,133</b>             | <b>9,688,653</b> | <b>9,719,786</b> | <b>353</b>        | <b>1,707,872</b> | <b>1,708,225</b>  | <b>60</b>            | <b>852,602</b> | <b>852,662</b>       |
| 2       | Amount Ceded in reinsurance        |                        |                   |                   |                           |                  |                  |                   |                  |                   |                      |                |                      |
| (a)     | Claims by Death                    | 69,677                 | —                 | 69,677            | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
| (b)     | Claims by Maturity                 | —                      | —                 | —                 | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
| (c)     | Annuities / Pension payment        | —                      | —                 | —                 | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
| (d)     | Other benefits                     |                        |                   |                   |                           |                  |                  |                   |                  |                   |                      |                |                      |
| —       | Surrender                          | —                      | —                 | —                 | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
| —       | Survival                           | 7,532                  | —                 | 7,532             | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
|         | <b>Sub Total (B)</b>               | <b>77,209</b>          | <b>—</b>          | <b>77,209</b>     | <b>—</b>                  | <b>—</b>         | <b>—</b>         | <b>—</b>          | <b>—</b>         | <b>—</b>          | <b>—</b>             | <b>—</b>       | <b>—</b>             |
|         | <b>TOTAL (A) - (B)</b>             | <b>334,899</b>         | <b>14,455,356</b> | <b>14,790,255</b> | <b>31,133</b>             | <b>9,688,653</b> | <b>9,719,786</b> | <b>353</b>        | <b>1,707,872</b> | <b>1,708,225</b>  | <b>60</b>            | <b>852,602</b> | <b>852,662</b>       |
|         | <b>Benefits paid to claimants:</b> |                        |                   |                   |                           |                  |                  |                   |                  |                   |                      |                |                      |
|         | In India                           | 334,899                | 14,455,356        | 14,790,255        | 31,133                    | 9,688,653        | 9,719,786        | 353               | 1,707,872        | 1,708,225         | 60                   | 852,602        | 852,662              |
|         | Outside India                      | —                      | —                 | —                 | —                         | —                | —                | —                 | —                | —                 | —                    | —              | —                    |
|         | <b>TOTAL (UL2)</b>                 | <b>334,899</b>         | <b>14,455,356</b> | <b>14,790,255</b> | <b>31,133</b>             | <b>9,688,653</b> | <b>9,719,786</b> | <b>353</b>        | <b>1,707,872</b> | <b>1,708,225</b>  | <b>60</b>            | <b>852,602</b> | <b>852,662</b>       |
|         | <b>TOTAL (UL2)</b>                 | <b>334,899</b>         | <b>14,455,356</b> | <b>14,790,255</b> | <b>31,133</b>             | <b>9,688,653</b> | <b>9,719,786</b> | <b>353</b>        | <b>1,707,872</b> | <b>1,708,225</b>  | <b>60</b>            | <b>852,602</b> | <b>852,662</b>       |
|         | <b>TOTAL (UL2)</b>                 | <b>334,899</b>         | <b>14,455,356</b> | <b>14,790,255</b> | <b>31,133</b>             | <b>9,688,653</b> | <b>9,719,786</b> | <b>353</b>        | <b>1,707,872</b> | <b>1,708,225</b>  | <b>60</b>            | <b>852,602</b> | <b>852,662</b>       |

Name of the Insurer **HDFC Standard Life Insurance Company Ltd.**  
Registration No. and Date of Registration with IRDA: 101 23rd October 2000  
**Revenue Account for the Year ended 31st March 2010**  
Policyholders' Account (Technical Account)

| Particulars  | Schedule | Linked Individual Life |                   |                   | Linked Individual Pension |                   |                   | Linked Group Life |                  |                   | Linked Group Pension |                  |                      | (₹ '000)  |
|--|----------|------------------------|-------------------|-------------------|---------------------------|-------------------|-------------------|-------------------|------------------|-------------------|----------------------|------------------|----------------------|---|
|  |          | Non-Unit               | Unit              | Total             | Non-Unit                  | Unit              | Total             | Non-Unit          | Unit             | Total             | Non-Unit             | Unit             | Total                |   |
|  |          | (1)                    | (2)               | (3)=<br>(1) + (2) | (4)                       | (5)               | (6)=<br>(4) + (5) | (7)               | (8)              | (9)=<br>(7) + (8) | (10)                 | (11)             | (12)=<br>(10) + (11) | Total Unit<br>Linked<br>(13)=(3)+<br>(6)+(9)+(12) |
| <b>Premiums earned – net</b>                                 |          |                        |                   |                   |                           |                   |                   |                   |                  |                   |                      |                  |                      |   |
| (a) Premium  |          | 5,268,157              | 30,400,050        | 35,668,207        | 1,967,754                 | 13,915,825        | 15,883,579        | (75,272)          | 4,463,016        | 4,387,744         | (24,442)             | 1,821,242        | 1,796,800            | 57,736,330  |
| (b) Reinsurance ceded  |          | (293,484)              | —                 | (293,484)         | —                         | —                 | —                 | —                 | —                | —                 | —                    | —                | —                    | (293,484)   |
| <b>Income from Investments</b>                               |          |                        |                   |                   |                           |                   |                   |                   |                  |                   |                      |                  |                      |   |
| (a) Interest, Dividend & Rent - Gross                        |          | 213,028                | 1,516,057         | 1,729,085         | 109,693                   | 1,060,589         | 1,170,282         | 25,554            | 732,251          | 757,805           | 5,990                | 244,575          | 250,565              | 3,907,737   |
| (b) Profit on sale/redemption of investments                 |          | 261,790                | 4,610,970         | 4,872,760         | 140,230                   | 3,069,391         | 3,209,621         | 4,459             | 451,064          | 455,523           | 2,088                | 190,407          | 192,495              | 8,730,399   |
| (c) Loss on sale/redemption of investments                   |          | (150,276)              | (727,128)         | (877,404)         | (83,926)                  | (558,073)         | (641,999)         | (561)             | (84,437)         | (84,998)          | (381)                | (33,952)         | (34,333)             | (1,638,734)                                       |
| (d) Unrealised gain/(loss)                                   |          | 109,574                | 25,170,118        | 25,279,692        | 113,525                   | 16,562,783        | 16,676,308        | 10,281            | 615,943          | 626,224           | 1,676                | 252,899          | 254,575              | 42,836,799  |
| (e) Appropriation/Expatriation Adjustment Account            |          | —                      | 241,594           | 241,594           | —                         | 146,729           | 146,729           | —                 | 18,762           | 18,762            | —                    | 6,564            | 6,564                | 413,649   |
| (f) Amortisation of premium/discount on investments          |          | (5,414)                | —                 | (5,414)           | (1,612)                   | —                 | (1,612)           | (1,904)           | —                | (1,904)           | (332)                | —                | (332)                | (9,262)   |
| <b>Other income:</b>   |          |                        |                   |                   |                           |                   |                   |                   |                  |                   |                      |                  |                      |   |
| (a) Linked Income  | ULI      | 3,201,343              | (3,201,343)       | —                 | 939,002                   | (939,002)         | —                 | 83,420            | (83,420)         | —                 | 29,084               | (29,084)         | —                    | —   |
| (b) Miscellaneous Income                                     |          | 799,223                | (753,855)         | 45,368            | 242,707                   | (235,162)         | 7,545             | 296               | (229)            | 67                | 249                  | (211)            | 38                   | 53,018  |
| (c) Contribution from the Shareholders' a/c                  |          | 2,747,495              | —                 | 2,747,495         | 744,310                   | —                 | 744,310           | —                 | —                | —                 | 16,301               | —                | 16,301               | 3,508,106   |
| <b>TOTAL (A)</b>   |          | <b>12,151,436</b>      | <b>57,256,463</b> | <b>69,407,899</b> | <b>4,171,683</b>          | <b>33,023,080</b> | <b>37,194,763</b> | <b>46,273</b>     | <b>6,112,950</b> | <b>6,159,223</b>  | <b>30,233</b>        | <b>2,452,440</b> | <b>2,482,673</b>     | <b>115,244,558</b>                                |
| Commission   |          | 2,881,366              | —                 | 2,881,366         | 488,701                   | —                 | 488,701           | 1,606             | —                | 1,606             | 1,623                | —                | 1,623                | 3,373,296   |
| Operating Expenses related to Insurance Business             |          | 8,368,844              | 118,814           | 8,487,658         | 3,598,883                 | 74,660            | 3,673,543         | 79,771            | 10,996           | 90,767            | 32,921               | 4,099            | 37,020               | 12,288,988  |
| Fringe Benefit Tax   |          | —                      | —                 | —                 | —                         | —                 | —                 | —                 | —                | —                 | —                    | —                | —                    | —   |
| Provision for Taxation                                       |          | —                      | —                 | —                 | —                         | —                 | —                 | —                 | —                | —                 | —                    | —                | —                    | —   |
| <b>TOTAL (B)</b>   |          | <b>11,250,210</b>      | <b>118,814</b>    | <b>11,369,024</b> | <b>4,087,584</b>          | <b>74,660</b>     | <b>4,162,244</b>  | <b>81,377</b>     | <b>10,996</b>    | <b>92,373</b>     | <b>34,544</b>        | <b>4,099</b>     | <b>38,643</b>        | <b>15,662,284</b>                                 |
| Benefits Paid (Net)  | ULI2     | 217,877                | 5,793,060         | 6,010,937         | (36,026)                  | 4,965,002         | 4,928,976         | 34                | 872,805          | 872,839           | —                    | 570,634          | 570,634              | 12,383,386  |
| Interim Bonus Paid   |          | —                      | —                 | —                 | —                         | —                 | —                 | —                 | —                | —                 | —                    | —                | —                    | —   |
| Terminal Bonus Paid  |          | —                      | —                 | —                 | —                         | —                 | —                 | —                 | —                | —                 | —                    | —                | —                    | —   |
| Change in valuation of liability in respect of life policies |          | —                      | —                 | —                 | —                         | —                 | —                 | —                 | —                | —                 | —                    | —                | —                    | —   |
| Change in Valuation Liability                                |          | 352,911                | 51,344,589        | 51,697,500        | (82,297)                  | 27,983,418        | 27,901,121        | (60,512)          | 5,229,149        | 5,168,637         | (4,311)              | 1,877,707        | 1,873,396            | 86,640,654  |
| <b>TOTAL (C)</b>   |          | <b>570,788</b>         | <b>57,137,649</b> | <b>57,708,437</b> | <b>(118,323)</b>          | <b>32,948,420</b> | <b>32,830,097</b> | <b>(60,478)</b>   | <b>6,101,954</b> | <b>6,041,476</b>  | <b>(4,311)</b>       | <b>2,448,341</b> | <b>2,444,030</b>     | <b>99,024,040</b>                                 |
| <b>SURPLUS/ (DEFICIT) (D) =(A)-(B)-(C)</b>                   |          | <b>330,438</b>         | <b>—</b>          | <b>330,438</b>    | <b>202,422</b>            | <b>—</b>          | <b>202,423</b>    | <b>25,374</b>     | <b>—</b>         | <b>25,374</b>     | <b>—</b>             | <b>—</b>         | <b>—</b>             | <b>558,235</b>                                    |
| <b>APPROPRIATIONS</b>  |          |                        |                   |                   |                           |                   |                   |                   |                  |                   |                      |                  |                      |   |
| Transfer to Shareholders' a/c                                |          | —                      | —                 | —                 | —                         | —                 | —                 | —                 | —                | —                 | —                    | —                | —                    | 25,374  |
| Funds available for future appropriations                    |          | 330,438                | —                 | 330,438           | 202,422                   | —                 | 202,423           | —                 | —                | —                 | —                    | —                | —                    | 532,861   |
| <b>TOTAL (D)</b>   |          | <b>330,438</b>         | <b>—</b>          | <b>330,438</b>    | <b>202,422</b>            | <b>—</b>          | <b>202,423</b>    | <b>25,374</b>     | <b>—</b>         | <b>25,374</b>     | <b>—</b>             | <b>—</b>         | <b>—</b>             | <b>558,235</b>                                    |



**Name of the Insurer: HDFC Standard Life Insurance Company Ltd.**

Registration No. and Date of Registration with IRDA: 101 23rd October 2000

**Schedule-ULI - March 2010**

**Linked Income (recovered from linked funds)\***

(₹ '000)

| Particulars  | Linked<br>Individual Life | Linked<br>Individual Pension | Linked<br>Group Life | Linked<br>Group Pension | Total<br>Unit Linked    |
|--|---------------------------|------------------------------|----------------------|-------------------------|-------------------------|
|  | (1)                       | (2)                          | (3)                  | (4)                     | (5)=(1)+<br>(2)+(3)+(4) |
| Fund Administration charges  | —                         | —                            | —                    | —                       | —                       |
| Fund Management charge   | 551,188                   | 340,805                      | 82,831               | 28,304                  | 1,003,128               |
| Policy Administration charge   | 486,019                   | 151,546                      | 406                  | 691                     | 638,662                 |
| Set up charges   | —                         | —                            | —                    | —                       | —                       |
| Annual charges   | —                         | —                            | 159                  | —                       | 159                     |
| Surrender charge**   | 708,238                   | 409,752                      | —                    | 89                      | 1,118,079               |
| Switching charge   | —                         | —                            | —                    | —                       | —                       |
| Mortality charge   | 1,428,601                 | —                            | —                    | —                       | 1,428,601               |
| Rider Premium charge   | —                         | —                            | —                    | —                       | —                       |
| Partial withdrawal charge  | —                         | —                            | —                    | —                       | —                       |
| Reinstatement Fees   | 24,560                    | 3,747                        | —                    | —                       | 28,307                  |
| Miscellaneous charge<br>(Adhoc statement and Simplified<br>instructions, Prm reduction charge) | 2,737                     | 33,152                       | 24                   | —                       | 35,913                  |
| <b>TOTAL (UL-I)</b>  | <b>3,201,343</b>          | <b>939,002</b>               | <b>83,420</b>        | <b>29,084</b>           | <b>4,252,849</b>        |

\* (net of service tax, if any)

\*\* Surrender charges which was adjusted against Surrender Expenses in Sch-UL2 in previous year is being regrouped and shown in Sch ULI.

**Name of the Insurer: HDFC Standard Life Insurance Company Ltd.**  
Registration No. and Date of Registration with IRDA: 101 23rd October 2000

**Schedule-UL2 - Mar 10**  
**BENEFITS PAID [NET]**

| Sl. No. | Particulars                 | Linked Individual Life |           |                            | Linked Individual Pension |           |                               | Linked Group Life |         |                             | Linked Group Pension |                       |                                | Total Unit Linked<br>(₹ '000) |
|---------|-----------------------------|------------------------|-----------|----------------------------|---------------------------|-----------|-------------------------------|-------------------|---------|-----------------------------|----------------------|-----------------------|--------------------------------|-------------------------------|
|         |                             | Non Unit               | Unit      | Linked Life<br>(3)=(1)+(2) | Non-Unit                  | Unit      | Linked Pension<br>(6)=(4)+(5) | Non-Unit          | Unit    | Linked Group<br>(9)=(7)+(8) | Non-Unit             | Unit                  | Linked Group<br>(12)=(10)+(11) |                               |
|         |                             |                        |           |                            |                           |           |                               |                   |         |                             |                      |                       |                                |                               |
| (1)     | (2)                         | (3)=(1)+(2)            | (4)       | (5)                        | (6)=(4)+(5)               | (7)       | (8)                           | (9)=(7)+(8)       | (10)    | (11)                        | (12)=(10)+(11)       | (13)=(3)+(6)+(9)+(12) |                                |                               |
| 1       | Insurance Claims            |                        |           |                            |                           |           |                               |                   |         |                             |                      |                       |                                |                               |
| (a)     | Claims by Death             | 422,901                | 34,512    | 457,413                    | 493                       | 112,938   | 113,431                       | 137               | —       | 137                         | —                    | —                     | 570,981                        |                               |
| (b)     | Claims by Maturity          | —                      | —         | —                          | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | —                              |                               |
| (c)     | Annuities / Pension payment | —                      | —         | —                          | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | —                              |                               |
| (d)     | Other benefits              |                        |           |                            |                           |           |                               |                   |         |                             |                      |                       | —                              |                               |
| —       | — Surrender*                | (66,129)               | 4,661,999 | 4,595,870                  | (37,609)                  | 4,820,728 | 4,783,119                     | —                 | 145,601 | 145,601                     | 325,784              | —                     | 9,850,374                      |                               |
| —       | — Critical illness          | 22,365                 | —         | 22,365                     | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | 22,365                         |                               |
| —       | — Waiver of Premium         | —                      | —         | —                          | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | —                              |                               |
| —       | — Vesting of Pension policy | —                      | —         | —                          | 1,090                     | 31,336    | 32,426                        | —                 | —       | —                           | 1,520                | —                     | 33,946                         |                               |
| —       | — Withdrawal                | 559                    | 1,096,549 | 1,097,108                  | —                         | —         | —                             | (103)             | 727,204 | 727,101                     | 243,330              | —                     | 2,067,539                      |                               |
|         | Sub Total (A)               | 379,696                | 5,793,060 | 6,172,756                  | (36,026)                  | 4,965,002 | 4,928,976                     | 34                | 872,805 | 872,839                     | 570,634              | —                     | 12,545,205                     |                               |
| 2       | Amount Ceded in reinsurance |                        |           |                            |                           |           |                               |                   |         |                             |                      |                       |                                |                               |
| (a)     | Claims by Death             | 149,085                | —         | 149,085                    | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | 149,085                        |                               |
| (b)     | Claims by Maturity          | —                      | —         | —                          | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | —                              |                               |
| (c)     | Annuities / Pension payment | —                      | —         | —                          | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | —                              |                               |
| (d)     | Other benefits              |                        |           |                            |                           |           |                               |                   |         |                             |                      |                       | —                              |                               |
| —       | — Surrender                 | —                      | —         | —                          | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | —                              |                               |
| —       | — Critical illness          | 12,734                 | —         | 12,734                     | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | 12,734                         |                               |
|         | Sub Total (B)               | 161,819                | —         | 161,819                    | —                         | —         | —                             | —                 | —       | —                           | —                    | —                     | 161,819                        |                               |
|         | TOTAL (A) - (B)             | 217,877                | 5,793,060 | 6,010,937                  | (36,026)                  | 4,965,002 | 4,928,976                     | 34                | 872,805 | 872,839                     | 570,634              | —                     | 12,383,386                     |                               |
|         | Benefits paid to claimants: |                        |           |                            |                           |           |                               |                   |         |                             |                      |                       |                                |                               |
|         | In India                    | 217,877                | 5,793,060 | 6,010,937                  | (36,026)                  | 4,965,002 | 4,928,976                     | 34                | 872,805 | 872,839                     | 570,634              | —                     | 12,383,386                     |                               |
|         | Outside India               |                        |           |                            |                           |           |                               |                   |         |                             |                      |                       |                                |                               |
|         | TOTAL (UL2)                 | 217,877                | 5,793,060 | 6,010,937                  | (36,026)                  | 4,965,002 | 4,928,976                     | 34                | 872,805 | 872,839                     | 570,634              | —                     | 12,383,386                     |                               |

\* Surrender charges which was adjusted against Surrender Expenses in Sch-UL2 in previous year is being regrouped and shown in Sch UL1.

Name of the Insurer: HDFC Standard Life Insurance Company Ltd.  
Registration No. and Date of Registration with IRDA: 101 23rd October 2000

**Form A-BS(UL)**

**Fund Balance Sheet as at 31st March 2011**

(₹ '000)

| Particulars                              | Schedule | Linked Individual Life |               | Linked Individual Pension |               | Linked Group Life |               | Linked Group Pension |               | Total Unit Linked |               |
|--|----------|------------------------|---------------|---------------------------|---------------|-------------------|---------------|----------------------|---------------|-------------------|---------------|
|  |          | Current Year           | Previous Year | Current Year              | Previous Year | Current Year      | Previous Year | Current Year         | Previous Year | Current Year      | Previous Year |
| Sources of Funds                         |          |                        |               |                           |               |                   |               |                      |               |                   |               |
| Policyholders' Funds:                    |          |                        |               |                           |               |                   |               |                      |               |                   |               |
| Policyholder contribution                | F-1      | 101,559,409            | 69,915,948    | 47,562,686                | 39,918,065    | 12,425,752        | 10,975,551    | 4,389,708            | 3,702,018     | 165,937,555       | 124,511,582   |
| Revenue Account                          |          | 18,931,546             | 15,318,254    | 16,119,068                | 12,281,609    | 3,152,244         | 2,325,327     | 1,090,923            | 781,028       | 39,293,781        | 30,706,218    |
| Total                                    |          | 120,490,955            | 85,234,202    | 63,681,754                | 52,199,674    | 15,577,996        | 13,300,878    | 5,480,631            | 4,483,046     | 205,231,336       | 155,217,800   |
| Application of Funds                     |          |                        |               |                           |               |                   |               |                      |               |                   |               |
| Investments                              | F-2      | 117,979,701            | 84,607,159    | 62,441,953                | 51,648,192    | 14,849,671        | 12,523,369    | 5,259,966            | 4,325,789     | 200,531,291       | 153,104,509   |
| Current Assets                           | F-3      | 3,016,520              | 1,780,743     | 1,520,951                 | 1,280,411     | 750,687           | 880,998       | 230,757              | 216,745       | 5,518,915         | 4,158,897     |
| Less: Current Liabilities and Provisions | F-4      | 505,266                | 1,153,700     | 281,150                   | 728,929       | 22,362            | 103,489       | 10,092               | 59,488        | 818,870           | 2,045,606     |
| Net current assets                       |          | 2,511,254              | 627,043       | 1,239,801                 | 551,482       | 728,325           | 777,509       | 220,665              | 157,257       | 4,700,045         | 2,113,291     |
| Total                                    |          | 120,490,955            | 85,234,202    | 63,681,754                | 52,199,674    | 15,577,996        | 13,300,878    | 5,480,631            | 4,483,046     | 205,231,336       | 155,217,800   |

**Net Asset Value (NAV) per Unit:**

Please refer Annexure I for :

(a) Net Asset as per Balance Sheet (Total Assets less Current Liabilities and Provisions)

(b) Number of Units outstanding

(c) NAV per Unit (a)/(b) (₹ )

**Annexure I**  
**Net Asset Value (NAV) per Unit as at 31st March, 2011 (As per published NAV)**

|           | Funds                                 | Current Year  |                             |                      | Previous Year   |                             |                      |
|-----------|---------------------------------------|---|-----------------------------|----------------------|---|-----------------------------|----------------------|
|           |                                       | Net Asset as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Amount in ₹) | Number of Units outstanding | NAV per unit (a)/(b) | Net Asset as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Amount in ₹) | Number of Units outstanding | NAV per unit (a)/(b) |
| <b>A)</b> | <b>Linked Individual Life</b>         |   |                             |                      |   |                             |                      |
|           | Liquid                                | 597,989,107   | 17,979,714,04291            | 33.2591              | 455,477,426   | 14,627,562,40156            | 31.1383              |
|           | Stable Managed                        | 518,093,224   | 15,736,417,58848            | 32.9232              | 680,402,574   | 21,747,203,27715            | 31.2869              |
|           | Secured Managed                       | 1,885,548,482   | 60,847,305,81582            | 30.9882              | 1,928,538,386   | 66,001,306,84472            | 29.2197              |
|           | Defensive Managed                     | 1,694,963,320   | 41,178,666,31913            | 41.1612              | 1,297,653,798   | 33,479,286,53750            | 38.7599              |
|           | Balanced Managed                      | 6,247,868,456   | 115,635,954,80174           | 54.0305              | 6,304,519,186.45  | 125,388,708,60695           | 50.2798              |
|           | Equity Managed                        | 10,585,687,808  | 150,996,538,19320           | 70.1055              | 10,533,640,106  | 166,113,253,96255           | 63.4124              |
|           | Growth                                | 46,272,182,090  | 558,844,803,65950           | 82.7997              | 44,801,392,990  | 594,509,359,11675           | 75.3586              |
|           | <b>Linked Individual Life-II</b>      |   |                             |                      |   |                             |                      |
|           | Liquid                                | 116,318,836   | 9,069,765,55681             | 12.8249              | 29,859,889  | 2,475,287,59837             | 12.0632              |
|           | Stable Managed                        | 282,872,618   | 22,787,315,40233            | 12.4136              | 149,269,449   | 12,605,619,97585            | 11.8415              |
|           | Secured Managed                       | 1,088,063,618   | 87,239,109,23384            | 12.4722              | 561,304,166   | 48,133,514,49822            | 11.6614              |
|           | Defensive Managed                     | 566,646,844   | 45,705,435,13029            | 12.3978              | 269,282,091   | 23,032,296,19220            | 11.6915              |
|           | Balanced Managed                      | 2,663,315,218   | 236,507,878,37379           | 11.2610              | 1,231,203,240   | 117,581,079,21360           | 10.4711              |
|           | Equity Managed                        | 3,445,729,141   | 312,379,121,77962           | 11.0306              | 1,659,984,118   | 166,872,825,36514           | 9.9476               |
|           | Growth                                | 20,961,576,105  | 2,167,131,155,87336         | 9.6725               | 10,877,999,460  | 1,233,654,973,47097         | 8.8177               |
|           | Highest NAV Guarantee Super-II        | 8,804,581,063   | 879,780,675,19809           | 10.0077              | —   | —                           | 0.0000               |
|           | Short Term Super-II                   | 99,454,260  | 9,613,008,20979             | 10.3458              | —   | —                           | 0.0000               |
|           | Balanced Super-II                     | 574,875,633   | 56,799,157,52974            | 10.1212              | —   | —                           | 0.0000               |
|           | Capital Guarantee Super-II            | 94,436,042  | 9,126,283,30436             | 10.3477              | —   | —                           | 0.0000               |
|           | <b>Wealth Maximiser</b>               |   |                             |                      |   |                             |                      |
|           | Money Plus                            | 102,208,230   | 8,622,329,33679             | 11.8539              | 72,267,227  | 6,301,971,40626             | 11.4674              |
|           | Bonds Opportunity                     | 300,284,176   | 24,710,272,71825            | 12.1522              | 188,676,625   | 16,137,379,32514            | 11.6919              |
|           | Large Cap                             | 544,488,385   | 37,554,808,08784            | 14.4985              | 293,390,831   | 22,218,498,65237            | 13.2048              |
|           | Mid Cap                               | 414,752,165   | 22,456,909,20003            | 18.4688              | 217,862,094   | 13,281,844,39705            | 16.4030              |
|           | Managers Fund                         | 5,323,898,428   | 359,462,984,76239           | 14.8107              | 3,007,548,960   | 219,103,708,09514           | 13.7266              |
|           | <b>Wealth Builder</b>                 |   |                             |                      |   |                             |                      |
|           | Income                                | 169,647,713   | 15,805,883,89059            | 10.7332              | 12,509,455  | 1,230,736,75783             | 10.1642              |
|           | Blue Chip                             | 1,907,543,265   | 180,977,900,37039           | 10.5402              | 63,276,045  | 6,621,257,29351             | 9.5565               |
|           | Opportunities                         | 3,696,523,027   | 321,361,334,89066           | 11.5027              | 29,196,639  | 2,806,694,48147             | 10.4025              |
|           | Vantage                               | 1,531,407,443   | 139,914,615,71953           | 10.9453              | 568,947,692   | 56,321,974,68140            | 10.1017              |
|           | <b>Net asset as per Balance Sheet</b> | <b>120,490,954,699</b>  |                             |                      | <b>85,234,202,446</b>   |                             |                      |

## Net Asset Value (NAV) per Unit as at 31st March, 2011 (As per published NAV) (Continued)

|    | Funds                                 | Current Year  |                             |              |              | Previous Year   |                             |              |
|----|---------------------------------------|---|-----------------------------|--------------|--------------|---|-----------------------------|--------------|
|    |                                       | Net Asset as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Amount in ₹) | Number of Units outstanding | NAV per unit | NAV per unit | Net Asset as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Amount in ₹) | Number of Units outstanding | NAV per unit |
|    |                                       | (a)   | (b)                         | (a)/(b)      | (a)/(b)      | (a)   | (b)                         | (a)/(b)      |
| B) | <b>Linked Individual Pension</b>      |   |                             |              |              |   |                             |              |
|    | Liquid                                | 338,184,861   | 10,089,468.55299            | 33.5186      |              | 202,061,968   | 6,428,829.47634             | 31.4306      |
|    | Stable Managed                        | 524,733,331   | 15,924,365.76399            | 32.9516      |              | 444,812,925   | 14,182,954.97754            | 31.3625      |
|    | Secured Managed                       | 2,163,950,036   | 70,926,624.51887            | 30.5097      |              | 1,948,424,811   | 67,674,787.65407            | 28.7910      |
|    | Defensive Managed                     | 1,104,358,695   | 29,664,414.66256            | 37.2284      |              | 1,033,347,767   | 29,385,940.06578            | 35.1647      |
|    | Balanced Managed                      | 4,897,941,295   | 94,367,937.15233            | 51.9026      |              | 4,900,306,138   | 101,155,080.42237           | 48.4435      |
|    | Equity Managed                        | 5,627,899,740   | 84,721,289.99789            | 66.4284      |              | 5,899,072,428   | 98,388,877.77517            | 59.9567      |
|    | Growth                                | 28,816,988,742  | 364,079,796.91813           | 79.1502      |              | 28,920,833,241  | 400,082,908.85301           | 72.2871      |
|    | <b>Linked Individual Pension-II</b>   |   |                             |              |              |   |                             |              |
|    | Liquid                                | 98,426,134  | 8,102,917.12284             | 12.1470      |              | 45,716,251  | 3,988,714.40142             | 11.4614      |
|    | Stable Managed                        | 284,843,789   | 24,017,790.41616            | 11.8597      |              | 152,889,668   | 13,531,136.31506            | 11.2991      |
|    | Secured Managed                       | 1,087,353,352   | 88,275,680.66872            | 12.3177      |              | 610,454,237   | 53,006,003.93676            | 11.5167      |
|    | Defensive Managed                     | 495,277,476   | 36,605,062.38500            | 13.5303      |              | 241,107,611   | 18,948,446.38986            | 12.7244      |
|    | Balanced Managed                      | 1,982,114,820   | 131,080,979.82204           | 15.1213      |              | 882,066,194   | 62,554,336.94594            | 14.1008      |
|    | Equity Managed                        | 2,509,939,166   | 153,303,068.96399           | 16.3724      |              | 1,156,093,196   | 78,785,143.54018            | 14.6740      |
|    | Growth                                | 12,945,286,231  | 700,574,530.42924           | 18.4781      |              | 5,762,487,459   | 342,603,462.55797           | 16.8197      |
|    | Pension Guarantee Maximus Fund        | 804,456,002   | 79,605,759.44762            | 10.1055      |              | —   | —                           | —            |
|    | <b>Net asset as per Balance Sheet</b> | <b>63,681,753,670</b>   |                             |              |              | <b>52,199,673,896</b>   |                             |              |
| C) | <b>Linked Group Life</b>              |   |                             |              |              |   |                             |              |
|    | <b>Life Funds</b>                     |   |                             |              |              |   |                             |              |
|    | Liquid                                | 271,479,885   | 8,162,574.60035             | 33.2591      |              | 334,154,161   | 10,731,291.07758            | 31.1383      |
|    | Stable Managed                        | 1,492,105,973   | 45,320,806.39610            | 32.9232      |              | 2,651,678,012   | 84,753,619.31142            | 31.2869      |
|    | Sovereign                             | 36,412,675  | 1,329,594.54624             | 27.3863      |              | 36,054,335  | 1,375,578.87085             | 26.2103      |
|    | Secured Managed                       | 1,770,223,628   | 57,125,732.63675            | 30.9882      |              | 945,513,701   | 32,358,775.10415            | 29.2197      |
|    | Defensive Managed                     | 5,624,084,584   | 136,635,583.60120           | 41.1612      |              | 4,716,544,082   | 121,686,177.78061           | 38.7599      |
|    | Balanced Managed                      | 1,202,671,399   | 22,259,120.29982            | 54.0305      |              | 678,053,240   | 13,485,599.28572            | 50.2798      |
|    | Equity Managed                        | 401,212   | 5,722.97033                 | 70.1055      |              | 362,211   | 5,711.98586                 | 63.4124      |
|    | Growth                                | 389,902   | 4,708.98115                 | 82.7997      |              | 353,906   | 4,696.29573                 | 75.3586      |
|    | <b>Life II Funds</b>                  |   |                             |              |              |   |                             |              |
|    | Liquid                                | 602,614,290   | 46,987,835.35865            | 12.8249      |              | 328,416,364   | 27,224,647.22714            | 12.0632      |
|    | Stable Managed                        | 191,267,076   | 15,407,865.25812            | 12.4136      |              | 138,274,554   | 11,677,114.68515            | 11.8415      |
|    | Secured Managed                       | 815,672,566   | 65,399,253.23044            | 12.4722      |              | 669,547,752   | 57,415,726.39631            | 11.6614      |
|    | Defensive Managed                     | 1,028,423,468   | 82,952,093.73449            | 12.3978      |              | 557,577,963   | 47,690,883.36766            | 11.6915      |
|    | Balanced Managed                      | 80,498,222  | 7,148,407.94108             | 11.2610      |              | 77,166,450  | 7,369,469.36007             | 10.4711      |
|    | Capital Guarantee 5 Year              | 26,592,093  | 2,517,356.29420             | 10.5635      |              | —   | —                           | —            |
|    | Group Liquid Fund                     | 64,854,351  | 6,444,320.28971             | 10.0638      |              | —   | —                           | —            |

## Net Asset Value (NAV) per Unit as at 31st March, 2011 (As per published NAV) (Continued)

|           | Funds                                      | Current Year  |                             |          | NAV per unit | Previous Year   |                             |         | NAV per unit |
|-----------|--|---|-----------------------------|----------|--------------|---|-----------------------------|---------|--------------|
|           |  | Net Asset as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Amount in ₹) | Number of Units outstanding | (a)/(b)  |              | Net Asset as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Amount in ₹) | Number of Units outstanding | (a)/(b) |              |
|           | <b>Gratuity and Leave encashment funds</b> |   |                             |          |              |   |                             |         |              |
|           | Liquid                                     | 214,410,233   | 6,287,505,74031             | 34.1010  |              | 113,394,800   | 3,563,532,13148             |         | 31.8209      |
|           | Stable Managed                             | 94,482,750  | 2,822,756,77794             | 33.4718  |              | 391,751,056   | 12,738,007,64236            |         | 30.7545      |
|           | Sovereign                                  | 30,223,407  | 1,111,236,36000             | 27.1980  |              | 28,946,263  | 1,111,236,36000             |         | 26.0487      |
|           | Secured Managed                            | 512,259,579   | 16,235,767,73490            | 31.5513  |              | 360,171,905   | 11,999,330,52422            |         | 30.0160      |
|           | Defensive Managed                          | 926,190,534   | 19,559,939,80916            | 47.3514  |              | 740,398,974   | 16,713,747,85929            |         | 44.2988      |
|           | Balanced Managed                           | 592,652,448   | 8,498,356,65508             | 69.7373  |              | 532,441,323   | 8,126,493,04191             |         | 65.5192      |
|           | Growth                                     | 86,342  | 484,03520                   | 178.3801 |              | 76,866  | 493,96300                   |         | 155.6112     |
|           | <b>Net asset as per Balance Sheet</b>      | <b>15,577,996,616</b>   |                             |          |              | <b>13,300,877,916</b>   |                             |         |              |
| <b>D)</b> | <b>Linked Group Pension</b>                |   |                             |          |              |   |                             |         |              |
|           | <b>Group Defined Contribution</b>          |   |                             |          |              |   |                             |         |              |
|           | Liquid                                     | 4,567,768   | 136,275,61892               | 33.5186  |              | 5,423,956   | 172,569,28831               |         | 31.4306      |
|           | Stable Managed                             | 2,846,766   | 86,392,35782                | 32.9516  |              | 23,574,818  | 751,688,08354               |         | 31.3625      |
|           | Sovereign                                  | 622,521   | 22,873,01949                | 27.2164  |              | 541,220   | 20,949,59199                |         | 25.8344      |
|           | Secured Managed                            | 64,843,905  | 2,125,353,73366             | 30.5097  |              | 39,627,634  | 1,376,389,65258             |         | 28.7910      |
|           | Defensive Managed                          | 108,147,016   | 2,904,960,07486             | 37.2284  |              | 131,687,955   | 3,744,890,62750             |         | 35.1647      |
|           | Balanced Managed                           | 103,978,496   | 2,003,338,86395             | 51.9026  |              | 86,622,639  | 1,788,116,85278             |         | 48.4435      |
|           | Growth                                     | 16,901,003  | 213,530,77168               | 79.1502  |              | 15,026,460  | 207,871,93742               |         | 72.2871      |
|           | <b>Group Unit Linked Pension</b>           |   |                             |          |              |   |                             |         |              |
|           | Liquid                                     | 249,745,048   | 7,450,939,11769             | 33.5186  |              | 317,444,680   | 10,099,860,63901            |         | 31.4306      |
|           | Stable Managed                             | 698,251,723   | 21,190,222,12365            | 32.9516  |              | 847,511,066   | 27,023,071,07143            |         | 31.3625      |
|           | Secured Managed                            | 191,083,689   | 6,263,047,14342             | 30.5097  |              | 76,176,299  | 2,645,837,19290             |         | 28.7910      |
|           | Defensive Managed                          | 1,060,478,786   | 28,485,747,06090            | 37.2284  |              | 976,195,348   | 27,760,661,90174            |         | 35.1647      |
|           | Balanced Managed                           | 650,323,843   | 12,529,696,84055            | 51.9026  |              | 640,144,043   | 13,214,240,16545            |         | 48.4435      |
|           | <b>Group Unit Linked Pension II</b>        |   |                             |          |              |   |                             |         |              |
|           | Liquid                                     | 79,860,607  | 6,574,512,81558             | 12.1470  |              | 2,828,757   | 246,807,32385               |         | 11.4614      |
|           | Stable Managed                             | 212,524,931   | 17,919,924,71342            | 11.8597  |              | 140,895,956   | 12,469,662,30042            |         | 11.2991      |
|           | Secured Managed                            | 447,923,419   | 36,364,209,17349            | 12.3177  |              | 408,412,091   | 35,462,596,25674            |         | 11.5167      |
|           | Defensive Managed                          | 719,194,407   | 53,154,357,80685            | 13.5303  |              | 87,972,716  | 6,913,702,48518             |         | 12.7244      |
|           | Balanced Managed                           | 62,584,043  | 4,138,800,40866             | 15.1213  |              | 42,413,363  | 3,007,869,23879             |         | 14.1008      |
|           | Capital Guarantee 5 Year                   | 2,651,968   | 251,050,10951               | 10.5635  |              | —   | —                           |         | —            |
|           | <b>Group Defined Benefit Pension</b>       |   |                             |          |              |   |                             |         |              |
|           | Liquid                                     | 5,752   | 165,47206                   | 34.7593  |              | 33,353,319  | 1,057,703,94555             |         | 31.5337      |
|           | Stable Managed                             | 66,677,782  | 2,603,644,84097             | 25.6094  |              | 64,230,712  | 2,630,347,23755             |         | 24.4191      |
|           | Sovereign                                  | 68,761,969  | 2,567,153,20966             | 26.7853  |              | 30,747,506  | 1,196,224,13692             |         | 25.7038      |
|           | Secured Managed                            | 112,972,353   | 1,500,011,98800             | 75.3143  |              | —   | —                           |         | —            |
|           | Defensive Managed                          | 352,695,115   | 9,223,319,20846             | 38.2395  |              | 327,308,847   | 9,093,529,05453             |         | 35.9936      |
|           | Balanced Managed                           | 202,988,084   | 4,164,327,94754             | 48.7445  |              | 184,906,498   | 4,125,783,96677             |         | 44.8173      |
|           | <b>Net asset as per Balance Sheet</b>      | <b>5,480,630,995</b>  |                             |          |              | <b>4,483,045,883</b>  |                             |         |              |

Name of the Insurer: HDFC Standard Life Insurance Company Ltd.  
 Registration No. and Date of Registration with IRDA: I01 23rd October 2000  
 Form A-RA(UL)

**Fund Revenue Account for the year ended 31st March 2011**

(₹ '000)

| Particulars  | Schedule | Linked Individual Life |                   | Linked Individual Pension |                   | Linked Group Life |                  | Linked Group Pension |                | Total Unit Linked |                   |
|--|----------|------------------------|-------------------|---------------------------|-------------------|-------------------|------------------|----------------------|----------------|-------------------|-------------------|
|  |          | Current Year           | Previous Year     | Current Year              | Previous Year     | Current Year      | Previous Year    | Current Year         | Previous Year  | Current Year      | Previous Year     |
| <b>Income from investments</b>                         |          |                        |                   |                           |                   |                   |                  |                      |                |                   |                   |
| Interest income (includes discount income)             |          | 1,480,715              | 759,585           | 883,454                   | 576,901           | 869,391           | 708,649          | 322,347              | 234,244        | 3,555,907         | 2,279,379         |
| Dividend income  |          | 1,255,352              | 756,472           | 753,393                   | 483,688           | 35,400            | 23,602           | 14,768               | 10,331         | 2,058,913         | 1,274,093         |
| Profit/loss on sale of investment                      |          | 7,772,739              | 3,215,776         | 4,715,421                 | 1,815,424         | 122,544           | 145,637          | 54,103               | 55,332         | 12,664,807        | 5,232,169         |
| Profit/loss on interscheme sale of investment          |          | 2,410,858              | 668,065           | 1,637,908                 | 695,894           | 84,674            | 220,990          | 35,189               | 101,124        | 4,168,629         | 1,686,073         |
| Miscellaneous Income                                   |          | (283,210)              | (753,855)         | (62,540)                  | (235,162)         | (1)               | (229)            | (82)                 | (211)          | (345,833)         | (989,457)         |
| Unrealised Gain/loss*                                  |          | (3,464,298)            | 25,170,118        | (2,129,674)               | 16,562,783        | (132,706)         | 615,943          | (55,076)             | 252,899        | (5,781,754)       | 42,601,743        |
| Appropriation/Expropriation (Income/Expenditure)       |          | (89,001)               | 241,594           | (188,480)                 | 146,729           | (16,828)          | 18,762           | (7,806)              | 6,564          | (302,115)         | 413,649           |
| <b>Total (A)</b>                                       |          | <b>9,083,155</b>       | <b>30,057,755</b> | <b>5,609,482</b>          | <b>20,046,257</b> | <b>962,474</b>    | <b>1,733,354</b> | <b>363,443</b>       | <b>660,283</b> | <b>16,018,554</b> | <b>52,497,649</b> |
| Fund management charges                                |          | 993,142                | 551,188           | 548,187                   | 340,805           | 120,085           | 82,831           | 48,149               | 28,304         | 1,709,563         | 1,003,128         |
| Fund administration expenses                           |          | —                      | —                 | —                         | —                 | —                 | —                | —                    | —              | —                 | —                 |
| Other expenses   | F-5      | 4,476,721              | 2,768,968         | 1,223,836                 | 672,857           | 15,472            | 11,583           | 5,399                | 4,879          | 5,721,428         | 3,458,287         |
| <b>Total (B)</b>                                       |          | <b>5,469,863</b>       | <b>3,320,156</b>  | <b>1,772,023</b>          | <b>1,013,662</b>  | <b>135,557</b>    | <b>94,414</b>    | <b>53,548</b>        | <b>33,183</b>  | <b>7,430,991</b>  | <b>4,461,415</b>  |
| <b>Net Income for the year (A-B)</b>                   |          | <b>3,613,292</b>       | <b>26,737,599</b> | <b>3,837,459</b>          | <b>19,032,595</b> | <b>826,917</b>    | <b>1,638,940</b> | <b>309,895</b>       | <b>627,100</b> | <b>8,587,563</b>  | <b>48,036,234</b> |
| Add: Fund revenue account at the beginning of the year |          | 15,318,254             | (11,419,345)      | 12,281,609                | (6,750,986)       | 2,325,327         | 686,387          | 781,028              | 153,928        | 30,706,218        | (17,330,016)      |
| <b>Fund revenue account at the end of the year</b>     |          | <b>18,931,546</b>      | <b>15,318,254</b> | <b>16,119,068</b>         | <b>12,281,609</b> | <b>3,152,244</b>  | <b>2,325,327</b> | <b>1,090,923</b>     | <b>781,028</b> | <b>39,293,781</b> | <b>30,706,218</b> |

\* Net change in mark to market value of investments



**Name of the Insurer: HDFC Standard Life Insurance Company Ltd.**  
 Registration No. and Date of Registration with IRDA: 101 23rd October 2000  
**Schedules to Fund Revenue Account**  
**Schedule: F-1**

### Policyholders Contribution

(₹ '000)

| Particulars                        | Linked Individual Life |               | Linked Individual Pension |               | Linked Group Life |               | Linked Group Pension |               | Total Linked |               |
|------------------------------------|------------------------|---------------|---------------------------|---------------|-------------------|---------------|----------------------|---------------|--------------|---------------|
|                                    | Current Year           | Previous Year | Current Year              | Previous Year | Current Year      | Previous Year | Current Year         | Previous Year | Current Year | Previous Year |
| Opening balance                    | 69,915,948             | 45,308,957    | 39,918,065                | 30,967,241    | 10,975,551        | 7,385,343     | 3,702,018            | 2,451,411     | 124,511,582  | 86,112,952    |
| Add: Additions during the year*    | 74,722,629             | 53,309,399    | 32,763,454                | 25,539,370    | 6,773,494         | 8,961,722     | 4,393,968            | 4,129,002     | 118,653,545  | 91,939,493    |
| Less: Deductions during the year** | (43,079,168)           | (28,702,408)  | (25,118,833)              | (16,588,546)  | (5,323,293)       | (5,371,514)   | (3,706,278)          | (2,878,395)   | (77,227,572) | (53,540,863)  |
| Closing balance                    | 101,559,409            | 69,915,948    | 47,562,686                | 39,918,065    | 12,425,752        | 10,975,551    | 4,389,708            | 3,702,018     | 165,937,555  | 124,511,582   |

@ Surrender charges which was adjusted against 'deductions during the year' in previous year is being regrouped and shown in Sch F5.

\* Additions represents units creation and deductions represent unit cancellations.

### Schedule: F-2

### INVESTMENTS

(₹ '000)

| Particulars                        | Linked Individual Life |                   | Linked Individual Pension |                   | Linked Group Life |                   | Linked Group Pension |                  | Total Linked       |                    |
|------------------------------------|------------------------|-------------------|---------------------------|-------------------|-------------------|-------------------|----------------------|------------------|--------------------|--------------------|
|                                    | Current Year           | Previous Year     | Current Year              | Previous Year     | Current Year      | Previous Year     | Current Year         | Previous Year    | Current Year       | Previous Year      |
| <b>Approved Investments</b>        |                        |                   |                           |                   |                   |                   |                      |                  |                    |                    |
| <b>Approved Investments</b>        |                        |                   |                           |                   |                   |                   |                      |                  |                    |                    |
| Government Bonds (G-Sec + T-Bill)  | 4,713,708              | 2,752,914         | 2,202,887                 | 1,692,862         | 2,703,189         | 977,960           | 942,242              | 434,653          | 10,562,026         | 5,858,389          |
| Corporate Bonds                    | 2,959,941              | 2,196,765         | 2,022,012                 | 1,615,783         | 2,362,286         | 1,391,912         | 819,515              | 411,528          | 8,163,754          | 5,615,988          |
| Infrastructure Bonds               | 6,701,809              | 4,879,186         | 3,259,157                 | 3,759,940         | 3,529,196         | 4,801,680         | 1,158,719            | 1,414,021        | 14,648,881         | 14,854,827         |
| Equity                             | 86,997,468             | 62,003,828        | 46,886,485                | 36,664,175        | 2,277,665         | 1,505,203         | 894,623              | 643,068          | 137,056,241        | 100,816,274        |
| Commercial Papers                  | 29,519                 | 105,857           | 22,885                    | 36,903            | 27,626            | 118,540           | 15,243               | 100,147          | 95,273             | 361,447            |
| Certificate of Deposit             | 7,107,049              | 1,096,215         | 3,086,888                 | 642,123           | 1,734,429         | 368,872           | 634,552              | 295,369          | 12,562,918         | 2,402,579          |
| Money Market                       | —                      | 277,610           | —                         | 24,724            | —                 | 136,230           | —                    | 26,410           | —                  | 464,974            |
| Mutual Funds                       | —                      | 1,738,597         | —                         | 961,418           | —                 | 18,127            | —                    | 389              | —                  | 2,718,531          |
| Deep Discount Bonds                | 1,518,865              | 1,060,549         | 925,175                   | 557,306           | 826,116           | 967,168           | 322,817              | 235,674          | 3,592,973          | 2,820,697          |
| Repo investments                   | 1,890,301              | 1,982,047         | 838,145                   | 1,479,758         | 143,609           | 532,656           | 81,419               | 233,384          | 2,953,474          | 4,227,845          |
| Fixed Deposits                     | 3,042,507              | 1,302,105         | 1,863,348                 | 639,204           | 1,067,493         | 1,527,502         | 346,652              | 465,829          | 6,320,000          | 3,934,640          |
| <b>Total</b>                       | <b>114,961,167</b>     | <b>79,395,673</b> | <b>61,106,982</b>         | <b>48,074,196</b> | <b>14,671,609</b> | <b>12,345,850</b> | <b>5,215,782</b>     | <b>4,260,472</b> | <b>195,955,540</b> | <b>144,076,191</b> |
| <b>Other Investments</b>           |                        |                   |                           |                   |                   |                   |                      |                  |                    |                    |
| Corporate Bonds                    | —                      | 57,949            | —                         | 26,572            | —                 | —                 | —                    | —                | —                  | 151,675            |
| Infrastructure Bonds               | —                      | —                 | —                         | —                 | —                 | —                 | —                    | —                | —                  | —                  |
| Equity                             | 2,787,504              | 5,145,920         | 1,254,348                 | 3,503,265         | 30,490            | 125,191           | 13,524               | 47,859           | 4,085,866          | 8,822,235          |
| Money Market                       | —                      | —                 | —                         | —                 | —                 | —                 | —                    | —                | —                  | —                  |
| Mutual Funds                       | —                      | —                 | —                         | —                 | —                 | —                 | —                    | —                | —                  | —                  |
| Pass through Certificates          | 231,030                | —                 | 80,623                    | —                 | 147,572           | —                 | 30,660               | —                | 489,885            | —                  |
| Sub-ordinate Debt                  | —                      | 7,617             | —                         | 44,159            | —                 | —                 | —                    | 2,632            | —                  | 54,408             |
| <b>Total</b>                       | <b>3,018,534</b>       | <b>5,211,486</b>  | <b>1,334,971</b>          | <b>3,573,996</b>  | <b>178,062</b>    | <b>177,519</b>    | <b>44,184</b>        | <b>65,317</b>    | <b>4,575,751</b>   | <b>9,028,318</b>   |
| <b>GRAND TOTAL</b>                 | <b>117,979,701</b>     | <b>84,607,159</b> | <b>62,441,953</b>         | <b>51,648,192</b> | <b>14,849,671</b> | <b>12,523,369</b> | <b>5,259,966</b>     | <b>4,325,789</b> | <b>200,531,291</b> | <b>153,104,509</b> |
| % of Approved Investments to Total | 97.44%                 | 93.84%            | 97.86%                    | 93.08%            | 98.80%            | 98.58%            | 99.16%               | 98.49%           | 97.72%             | 94.10%             |
| % of Other Investments to Total    | 2.56%                  | 6.16%             | 2.14%                     | 6.92%             | 1.20%             | 1.42%             | 0.84%                | 1.51%            | 2.28%              | 5.90%              |

**Schedule: F - 3**  
**CURRENT ASSETS**

| Particulars   | Linked Individual Life |                  | Linked Pension   |                  | Linked Group Life |                | Linked Group Pension |                | Total Unit Linked |                  |
|---|------------------------|------------------|------------------|------------------|-------------------|----------------|----------------------|----------------|-------------------|------------------|
|   | Current Year           | Previous Year    | Current Year     | Previous Year    | Current Year      | Previous Year  | Current Year         | Previous Year  | Current Year      | Previous Year    |
| Accrued Interest (includes discount inc Receivable) | 663,976                | 481,097          | 308,250          | 317,811          | 330,197           | 425,401        | 114,098              | 147,475        | 1,416,521         | 1,371,784        |
| Cash & Bank Balance                                 | 2,047                  | 3,807            | 1,069            | 5,906            | 1,187             | 1,446          | 861                  | 743            | 5,164             | 11,902           |
| Dividend Receivable                                 | 53,328                 | 2,681            | 29,322           | —                | 1,537             | —              | 560                  | —              | 84,747            | 2,681            |
| Receivable for Sale of Investments                  | 1,196,474              | 351,168          | 728,740          | 229,227          | 62,608            | 24,790         | 20,705               | 1,345          | 2,008,527         | 606,530          |
| Unit Collection A/c#                                | —                      | —                | —                | —                | —                 | —              | —                    | —              | —                 | —                |
| Other Current Assets (for Investments)              | 948,102                | 700,396          | 495,320          | 580,738          | 353,224           | 410,599        | 95,775               | 60,618         | 1,892,421         | 1,752,351        |
| Appropriation/Expropriation (Asset)                 | 152,593                | 241,594          | (41,750)         | 146,729          | 1,934             | 18,762         | (1,242)              | 6,564          | 111,535           | 413,649          |
| <b>Total</b>  | <b>3,016,520</b>       | <b>1,780,743</b> | <b>1,520,951</b> | <b>1,280,411</b> | <b>750,687</b>    | <b>880,998</b> | <b>230,757</b>       | <b>216,745</b> | <b>5,518,915</b>  | <b>4,158,897</b> |

**Schedule: F - 4**  
**CURRENT LIABILITIES**

| Particulars                         | Linked Individual Life |                  | Linked Pension |                | Linked Group Life |                | Linked Group Pension |               | Total Unit Linked |                  |
|-------------------------------------|------------------------|------------------|----------------|----------------|-------------------|----------------|----------------------|---------------|-------------------|------------------|
|                                     | Current Year           | Previous Year    | Current Year   | Previous Year  | Current Year      | Previous Year  | Current Year         | Previous Year | Current Year      | Previous Year    |
| Payable for Purchase of Investments | 313,860                | 1,083,256        | 182,815        | 688,395        | 508               | 93,639         | 1,722                | 55,996        | 498,905           | 1,921,286        |
| Other Current Liabilities           | 191,406                | 70,444           | 98,335         | 40,534         | 21,854            | 9,850          | 8,370                | 3,492         | 319,965           | 124,320          |
| Unit Payable a/c #                  | —                      | —                | —              | —              | —                 | —              | —                    | —             | —                 | —                |
| <b>Total</b>                        | <b>505,266</b>         | <b>1,153,700</b> | <b>281,150</b> | <b>728,929</b> | <b>22,362</b>     | <b>103,489</b> | <b>10,092</b>        | <b>59,488</b> | <b>818,870</b>    | <b>2,045,606</b> |

**BREAK UP OF OTHER EXPENSES UNDER ULIP****Schedule: F - 5**  
**OTHER EXPENSES**

| Particulars   | Linked Individual Life |                  | Linked Pension   |                | Linked Group Life |               | Linked Group Pension |               | Total Unit Linked |                  |
|---|------------------------|------------------|------------------|----------------|-------------------|---------------|----------------------|---------------|-------------------|------------------|
|   | Current Year           | Previous Year    | Current Year     | Previous Year  | Current Year      | Previous Year | Current Year         | Previous Year | Current Year      | Previous Year    |
| Policy Administration                                     | 1,052,844              | 486,019          | 479,487          | 151,546        | 816               | 406           | 424                  | 691           | 1,533,571         | 638,662          |
| Surrender charge @  | 1,554,553              | 708,238          | 675,151          | 409,752        | 1,632             | —             | 946                  | 89            | 2,232,282         | 1,118,079        |
| Switching charge  | 1,718,305              | 1,428,601        | —                | —              | —                 | —             | —                    | —             | 1,718,305         | 1,428,601        |
| Mortality charge  | —                      | —                | —                | —              | —                 | —             | —                    | —             | —                 | —                |
| Rider Premium charge                                      | —                      | —                | —                | —              | —                 | —             | —                    | —             | —                 | —                |
| Partial withdrawal charge                                 | 524                    | 2,737            | 983              | 33,152         | 23                | 24            | (1,116)              | —             | 414               | 35,913           |
| Miscellaneous charge                                      | —                      | —                | —                | —              | —                 | —             | —                    | —             | —                 | —                |
| Set up charge   | —                      | —                | —                | —              | —                 | —             | —                    | —             | —                 | —                |
| Annual charge   | —                      | —                | —                | —              | 137               | 159           | —                    | —             | 137               | 159              |
| Paid up charges   | 40,919                 | 24,560           | 9,900            | 3,747          | —                 | —             | —                    | —             | 50,819            | 28,307           |
| Service tax   | 103,067                | 56,774           | 57,728           | 35,104         | 12,743            | 8,616         | 5,099                | 2,954         | 178,637           | 103,448          |
| Education cess  | 5,687                  | —                | 210              | —              | —                 | —             | 1                    | —             | 5,898             | —                |
| Brokerage Expenses for purchase and sale of investments   | —                      | 30,677           | —                | 19,590         | —                 | 1,188         | —                    | 572           | —                 | 52,027           |
| Safe custody charges for purchase and sale of investments | (62)                   | 328              | (43)             | 210            | (2)               | 11            | (1)                  | 5             | (108)             | 554              |
| CCIL charges  | 884                    | 677              | 420              | 437            | 123               | 173           | 46                   | 56            | 1,473             | 1,343            |
| STT fee   | —                      | 30,357           | —                | 19,319         | —                 | 1,006         | —                    | 512           | —                 | 51,194           |
| <b>Total</b>  | <b>4,476,721</b>       | <b>2,768,968</b> | <b>1,223,836</b> | <b>672,857</b> | <b>15,472</b>     | <b>11,583</b> | <b>5,399</b>         | <b>4,879</b>  | <b>5,721,428</b>  | <b>3,458,287</b> |

@ Surrender charges which was adjusted against 'deductions during the year' in Sch F1 in previous year is being regrouped and shown in Sch F5.

# Represents inter fund receivables or payables, if any

**ANNEXURE 2****DISCLOSURES FOR ULIP BUSINESS****I) Performance of the Fund (Absolute Growth %)**

| Fund Name  | Year of Inception | Year     |                  |                 | Since Inception |
|--|-------------------|----------|------------------|-----------------|-----------------|
|  |                   | 20010-11 | 2009-10 ( X -1 ) | 2008-09 ( X-2 ) |                 |
| <b>Individual Life and Group Life (on or after 29.03.2006)</b>                         |                   |          |                  |                 |                 |
| Linked Life - Liquid Fund  | 2003-04           | 6.87%    | 16.30%           | 28.31%          | 66.30%          |
| Linked Life - Stable Managed Fund  | 2007-08           | 5.35%    | 14.04%           | 25.50%          | 34.38%          |
| Linked Life - Sovereign Fund   | 2007-08           | 4.55%    | 8.39%            | 20.89%          | 24.49%          |
| Linked Life - Secure Managed Fund  | 2003-04           | 6.18%    | 14.36%           | 28.75%          | 54.94%          |
| Linked Life - Defensive Managed Fund   | 2003-04           | 6.32%    | 34.52%           | 31.36%          | 105.71%         |
| Linked Life - Balanced Managed Fund  | 2003-04           | 7.78%    | 65.56%           | 36.15%          | 170.39%         |
| Linked Life - Equity Managed Fund  | 2005-06           | 11.04%   | 105.35%          | 37.19%          | 100.62%         |
| Linked Life - Growth Fund  | 2003-04           | 10.00%   | 116.23%          | 33.31%          | 313.14%         |
| <b>Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)</b> |                   |          |                  |                 |                 |
| Linked Pension - Liquid Fund   | 2003-04           | 6.75%    | 16.82%           | 28.77%          | 67.59%          |
| Linked Pension - Stable Managed Fund   | 2007-08           | 5.17%    | 14.35%           | 25.69%          | 34.50%          |
| Linked Pension - Sovereign Fund  | 2007-08           | 5.41%    | 8.52%            | 20.16%          | 23.71%          |
| Linked Pension - Secure Managed Fund   | 2003-04           | 6.10%    | 14.73%           | 28.19%          | 52.55%          |
| Linked Pension - Defensive Managed Fund  | 2003-04           | 6.09%    | 33.20%           | 31.44%          | 86.23%          |
| Linked Pension - Balanced Managed Fund   | 2003-04           | 7.46%    | 65.37%           | 37.69%          | 159.74%         |
| Linked Pension - Equity Managed Fund   | 2005-06           | 11.28%   | 108.30%          | 41.92%          | 95.69%          |
| Linked Pension - Growth Fund   | 2003-04           | 10.07%   | 117.27%          | 33.25%          | 296.57%         |
| <b>Group Life (Upto 28.03.2006)</b>  |                   |          |                  |                 |                 |
| Linked Group - Liquid Fund   | 2003-04           | 7.30%    | 17.80%           | 29.15%          | 70.50%          |
| Linked Group - Stable Managed Fund   | 2007-08           | 8.99%    | 17.38%           | 27.71%          | 36.62%          |
| Linked Group - Sovereign Fund  | 2007-08           | 4.48%    | 8.58%            | 20.11%          | 23.63%          |
| Linked Group - Secure Managed Fund   | 2003-04           | 5.24%    | 13.35%           | 26.20%          | 57.76%          |
| Linked Group - Defensive Managed Fund  | 2003-04           | 7.02%    | 33.59%           | 31.66%          | 136.65%         |
| Linked Group - Balanced Managed Fund   | 2003-04           | 6.76%    | 62.08%           | 32.73%          | 249.01%         |
| Linked Group - Growth Fund   | 2003-04           | 15.24%   | 189.76%          | 92.83%          | 793.77%         |
| <b>Group DB Pension (Upto 28.03.2006)</b>  |                   |          |                  |                 |                 |
| Linked DB - Pension Liquid Fund  | 2004-05           | 10.23%   | 27.94%           | 40.98%          | 73.80%          |
| Linked DB - Stable Managed Fund  | 2007-08           | 5.04%    | -11.03%          | -2.28%          | 4.53%           |
| Linked DB - Sovereign Fund   | 2007-08           | 4.27%    | 6.73%            | 18.19%          | 21.76%          |
| Linked DB - Secure Managed Fund  | 2004-05           | 22.03%   | 172.60%          | 205.04%         | 276.58%         |
| Linked DB - Defensive Managed Fund   | 2004-05           | 6.46%    | 34.17%           | 30.12%          | 91.29%          |
| Linked DB - Balanced Managed Fund  | 2004-05           | 9.09%    | 75.88%           | 46.81%          | 143.94%         |
| <b>Life - II (on or after 20.02.2008)</b>  |                   |          |                  |                 |                 |
| Linked Life - Liquid Fund - II   | 2007-08           | 6.37%    | 16.12%           | 26.61%          | 28.25%          |
| Linked Life - Stable Managed Fund - II   | 2007-08           | 4.94%    | 12.93%           | 22.51%          | 24.14%          |
| Linked Life - Secure Managed Fund - II   | 2007-08           | 7.07%    | 15.21%           | 25.14%          | 24.72%          |
| Linked Life - Defensive Managed Fund - II  | 2007-08           | 6.15%    | 31.58%           | 32.15%          | 23.92%          |
| Linked Life - Balanced Managed Fund - II   | 2007-08           | 7.66%    | 60.86%           | 29.92%          | 12.51%          |
| Linked Life - Equity Managed Fund - II   | 2007-08           | 11.01%   | 98.23%           | 37.29%          | 10.14%          |
| Linked Life - Growth Fund - II   | 2007-08           | 9.80%    | 110.09%          | 23.45%          | -3.47%          |
| <b>Niche Life Fund</b>   |                   |          |                  |                 |                 |
| Niche Life Money Plus Fund   | 2008-09           | 3.42%    | 9.05%            | N/A             | 18.54%          |
| Niche Life Bond Opportunities Fund   | 2008-09           | 4.02%    | 8.93%            | N/A             | 21.52%          |
| Niche Life Mid Cap Fund  | 2008-09           | 12.73%   | 161.38%          | N/A             | 84.30%          |
| Niche Life Large Cap Fund  | 2008-09           | 9.92%    | 110.54%          | N/A             | 44.68%          |
| Niche Life Manager Fund  | 2008-09           | 7.90%    | 72.74%           | N/A             | 48.11%          |

**ANNEXURE 2****DISCLOSURES FOR ULIP BUSINESS****I) Performance of the Fund (Absolute Growth %) (Continued)**

| Fund Name  | Year of Inception | Year    |               |               | Since Inception |
|--|-------------------|---------|---------------|---------------|-----------------|
|  |                   | 2010-11 | 2009-10 (X-1) | 2008-09 (X-2) |                 |
| <b>Pension - II (on or after 08.10.2008)</b>         |                   |         |               |               |                 |
| Linked Pension - Liquid Fund - II                    | 2008-09           | 6.03%   | 16.03%        | N/A           | 21.47%          |
| Linked Pension - Stable Managed Fund - II            | 2008-09           | 5.08%   | 12.99%        | N/A           | 18.60%          |
| Linked Pension - Secure Managed Fund - II            | 2008-09           | 7.08%   | 15.10%        | N/A           | 23.18%          |
| Linked Pension - Defensive Managed Fund - II         | 2008-09           | 6.44%   | 34.36%        | N/A           | 35.24%          |
| Linked Pension - Balanced Managed Fund - II          | 2008-09           | 7.35%   | 59.36%        | N/A           | 51.08%          |
| Linked Pension - Equity Managed Fund - II            | 2008-09           | 11.68%  | 106.56%       | N/A           | 63.48%          |
| Linked Pension - Growth Fund - II                    | 2008-09           | 9.97%   | 112.83%       | N/A           | 84.41%          |
| <b>Wealth Builder Fund</b>                           |                   |         |               |               |                 |
| Income Wealth Builder Fund                           | 2009-10           | 5.74%   | N/A           | N/A           | 7.33%           |
| Blue Chip Wealth Builder Fund                        | 2009-10           | 10.37%  | N/A           | N/A           | 5.19%           |
| Opportunities Wealth Builder Fund                    | 2009-10           | 10.66%  | N/A           | N/A           | 14.80%          |
| Vantage Wealth Builder Fund                          | 2009-10           | 8.35%   | N/A           | N/A           | 9.45%           |
| <b>Capital Guarantee Fund</b>                        |                   |         |               |               |                 |
| HDFC Life Capital Guarantee 5 Year Life Fund - II    | 2010-11           | N/A     | N/A           | N/A           | 5.66%           |
| HDFC Life Capital Guarantee 5 Year Pension Fund - II | 2010-11           | N/A     | N/A           | N/A           | 5.66%           |
| <b>Life Super - II</b>                               |                   |         |               |               |                 |
| HDFC Life Highest NAV Guarantee Fund Life Super - II | 2010-11           | N/A     | N/A           | N/A           | 0.00%           |
| HDFC Life Short Term Fund Life Super - II            | 2010-11           | N/A     | N/A           | N/A           | 3.46%           |
| HDFC Life Balanced Fund Life Super - II              | 2010-11           | N/A     | N/A           | N/A           | 1.12%           |
| HDFC Life Capital Guarantee Fund Life Super- II      | 2010-11           | N/A     | N/A           | N/A           | 3.37%           |
| <b>Pension Maximus Fund</b>                          |                   |         |               |               |                 |
| HDFC Life Pension Guarantee Maximus Fund             | 2010-11           | N/A     | N/A           | N/A           | 1.05%           |
| <b>Group Liquid Fund</b>                             |                   |         |               |               |                 |
| HDFC Life Group Liquid Fund                          | 2010-11           | N/A     | N/A           | N/A           | 0.64%           |

**ANNEXURE 2****2 Investment Management**

- **Activities Outsourced**

- a) Custodial services from HDFC Bank Ltd. - Custody and Depository Services.

- Fees paid for various activities charged to the policyholders Account and shareholders account (please refer statement of operations- Annexure I) : Nil

- Basis of payment of fees : N/A

**3 Related party transactions - Details to be furnished Fund- wise.**

- Brokerage, custodial fee or any other payments and receipts made to/from related parties (as defined in AS 18 issued by ICAI).

(₹ '000 )

| Fund Name   | Years            |                  |
|---|------------------|------------------|
|   | 2010-11          | 2009-10          |
| Individual Life and Group Life (on or after 29.03.2006)                         | 9,631.15         | 8,969.58         |
| Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006) | 5,940.09         | 5,751.95         |
| Group Life (Upto 28.03.2006)  | 218.89           | 260.69           |
| Group DB Pension (Upto 28.03.2006)  | 63.94            | 55.65            |
| Individual Life - II (on or after 15.02.08)                                     | 2,942.28         | 1,205.68         |
| Niche Life Fund   | 449.53           | 284.57           |
| Pension - II (on or after 08.10.08)   | 1,877.80         | 630.89           |
| Wealth Builder Fund   | 281.33           | 8.36             |
| Capital Guarantee Fund  | 3.30             | N/A              |
| Life Super - II   | 362.09           | N/A              |
| Pension Maximus Fund  | 1.50             | N/A              |
| Group Liquid Fund   | 0.44             | N/A              |
| <b>TOTAL</b>  | <b>21,772.36</b> | <b>17,167.37</b> |

Note:- Custody Safe Keeping Charges paid to HDFC Bank and Brokerage paid to HDFC Securities have been included in payment made during the year 2010-11. Year 2009-10 also includes Transaction Charges in addition to Custody Safe Keeping and Brokerage Charges.

## ANNEXURE 2 (Continued)

## 4) Company-wise details of investments held in the promoter Group along with its percentage to funds under management. This information is required to be given fund-wise and also for total funds under ULIPs.

| Fund Class  | Security Name                      | Name of the Company                         | Units  | Amount              | Asset Under Management as on 31/03/2011 | 2010-11 % of Asset Under Management | 2009-10 % of Asset Under Management |
|---|------------------------------------|---|--------|---------------------|---|-------------------------------------|-------------------------------------|
| Individual Life and Group Life (on or after 29.03.2006)                         | 0% HDFC LTD DDB MAT 09/03/2012.    | Housing Development Finance Corporation Ltd | 235.00 | 248,971.02          | 77,803,486.03                           | 0.32%                               | 0.58%                               |
|   | 0% HDFC LTD DDB MAT 24/08/2011.    | Housing Development Finance Corporation Ltd | 213.00 | 229,393.16          | 77,803,486.03                           | 0.29%                               | 0.66%                               |
|   | 0% HDFC LTD DDB MAT 27/01/2012..   | Housing Development Finance Corporation Ltd | 286.00 | 296,257.66          | 77,803,486.03                           | 0.38%                               | —                                   |
|   | 0% HDFC LTD DDB MAT 30/08/2013.    | Housing Development Finance Corporation Ltd | 135.00 | 138,584.28          | 77,803,486.03                           | 0.18%                               | —                                   |
|   | 10.10% HDFC NCD Mat 13 Sep 17      | Housing Development Finance Corporation Ltd | 47.00  | 49,083.61           | 77,803,486.03                           | 0.06%                               | 0.06%                               |
|   | 6.84 % HDFC LTD NCD MAT 22/04/2011 | Housing Development Finance Corporation Ltd | 10.00  | 9,990.66            | 77,803,486.03                           | 0.01%                               | 0.27%                               |
|   | 8.65% HDFC NCD MAT 12/09/2011      | Housing Development Finance Corporation Ltd | 80.00  | 79,582.72           | 77,803,486.03                           | 0.10%                               | —                                   |
|   | 9.08% HDFC LTD NCD Mat 18-Jan-2013 | Housing Development Finance Corporation Ltd | 48.00  | 47,635.54           | 77,803,486.03                           | 0.06%                               | 0.07%                               |
|   | 9.32% HDFC LTD NCD MAT 17/12/2012. | Housing Development Finance Corporation Ltd | 40.00  | 39,845.53           | 77,803,486.03                           | 0.05%                               | 0.06%                               |
|   | 9.90% HDFC LTD NCD MAT 19/12/2013  | Housing Development Finance Corporation Ltd | 78.00  | 78,935.68           | 77,803,486.03                           | 0.10%                               | 0.10%                               |
|   | 9.90% HDFC LTD NCD MD 11/03/2014   | Housing Development Finance Corporation Ltd | 30.00  | 30,401.70           | 77,803,486.03                           | 0.04%                               | —                                   |
|   | HDFC Ltd CP Mat 13.06.2011         | Housing Development Finance Corporation Ltd | 80.00  | 39,329.77           | 77,803,486.03                           | 0.05%                               | —                                   |
|   |                                    |   |        | <b>1,288.011.31</b> | <b>77,803,486.03</b>                    | <b>1.66%</b>                        | <b>2.26%</b>                        |
| Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006) | 0% HDFC LTD DDB MAT 08/02/2012.    | Housing Development Finance Corporation Ltd | 65.00  | 69,112.00           | 46,515,943.47                           | 0.15%                               | —                                   |
|   | 0% HDFC LTD DDB MAT 09/03/2012.    | Housing Development Finance Corporation Ltd | 40.00  | 42,378.05           | 46,515,943.47                           | 0.09%                               | 0.24%                               |
|   | 0% HDFC LTD DDB MAT 24/08/2011.    | Housing Development Finance Corporation Ltd | 130.00 | 140,005.21          | 46,515,943.47                           | 0.30%                               | 0.23%                               |
|   | 0% HDFC LTD DDB MAT 27/01/2012..   | Housing Development Finance Corporation Ltd | 115.00 | 119,124.58          | 46,515,943.47                           | 0.26%                               | —                                   |
|   | 0% HDFC LTD DDB MAT 30/08/2013.    | Housing Development Finance Corporation Ltd | 105.00 | 107,787.77          | 46,515,943.47                           | 0.23%                               | —                                   |
|   | 10.10% HDFC NCD Mat 13 Sep 17      | Housing Development Finance Corporation Ltd | 14.00  | 14,620.65           | 46,515,943.47                           | 0.03%                               | 0.04%                               |
|   | 8.65% HDFC NCD MAT 12/09/2011      | Housing Development Finance Corporation Ltd | 39.00  | 38,796.58           | 46,515,943.47                           | 0.08%                               | —                                   |
|   | 9.08% HDFC LTD NCD Mat 18-Jan-2013 | Housing Development Finance Corporation Ltd | 24.00  | 23,817.77           | 46,515,943.47                           | 0.05%                               | 0.08%                               |
|   | 9.32% HDFC NCD MAT 17/12/2012.     | Housing Development Finance Corporation Ltd | 40.00  | 39,845.53           | 46,515,943.47                           | 0.09%                               | 0.14%                               |
|   | 9.90% HDFC LTD NCD MAT 19/12/2013  | Housing Development Finance Corporation Ltd | 89.00  | 90,067.63           | 46,515,943.47                           | 0.19%                               | 0.17%                               |
|   | 9.90% HDFC LTD NCD MD 11/03/2014   | Housing Development Finance Corporation Ltd | 15.00  | 15,200.85           | 46,515,943.47                           | 0.03%                               | —                                   |
|   | 9.90% HDFC NCD MAT 17/12/2011.     | Housing Development Finance Corporation Ltd | 10.00  | 10,012.49           | 46,515,943.47                           | 0.02%                               | 0.08%                               |
|   | HDFC Ltd CP Mat 13.06.2011         | Housing Development Finance Corporation Ltd | 60.00  | 29,495.00           | 46,515,943.47                           | 0.06%                               | —                                   |
|   |                                    |   |        | <b>740,264.11</b>   | <b>46,515,943.47</b>                    | <b>1.59%</b>                        | <b>1.57%</b>                        |

## ANNEXURE 2 (Continued)

4) Company-wise details of investments held in the promoter Group along with its percentage to funds under management. This information is required to be given fund-wise and also for total funds under ULIPs.

| Fund Class                                    | Security Name                      | Name of the Company                         | Units  | Amount            | Asset Under Management as on 31/03/2011 | 2010-11 % of Asset Under Management | 2009-10 % of Asset Under Management |
|---|------------------------------------|---|--------|-------------------|---|-------------------------------------|-------------------------------------|
| Group Life (Upto 28.03.2006)                  | 0% HDFC LTD DDB MAT 08/02/2012     | Housing Development Finance Corporation Ltd | 10.00  | 10,632.62         | 2,263,263.71                            | 0.47%                               | —                                   |
|   | 0% HDFC LTD DDB MAT 09/03/2012     | Housing Development Finance Corporation Ltd | 20.00  | 21,189.02         | 2,263,263.71                            | 0.94%                               | 0.47%                               |
|   | 10.10% HDFC NCD Mat 13 Sep 17      | Housing Development Finance Corporation Ltd | 12.00  | 12,531.99         | 2,263,263.71                            | 0.55%                               | 0.60%                               |
|   | 6.84 % HDFC LTD NCD MAT 22/04/2011 | Housing Development Finance Corporation Ltd | 20.00  | 19,981.32         | 2,263,263.71                            | 0.88%                               | 2.52%                               |
|   | 9.32% HDFC NCD MAT 17/12/2012      | Housing Development Finance Corporation Ltd | 20.00  | 19,922.76         | 2,263,263.71                            | 0.88%                               | —                                   |
|   |                                    |   |        | <b>84,257.71</b>  | <b>2,263,263.71</b>                     | <b>3.72%</b>                        | <b>4.06%</b>                        |
| Group DB Pension ( Upto 28.03.2006)           | 0% HDFC LTD DDB MAT 09/03/2012     | Housing Development Finance Corporation Ltd | 15.00  | 15,891.77         | 771,990.45                              | 2.06%                               | 0.83%                               |
|   | 6.84 % HDFC LTD NCD MAT 22/04/2011 | Housing Development Finance Corporation Ltd | 10.00  | 9,990.66          | 771,990.45                              | 1.29%                               | —                                   |
|   | 8.65% HDFC NCD MAT 12/09/2011      | Housing Development Finance Corporation Ltd | 10.00  | 9,947.84          | 771,990.45                              | 1.29%                               | —                                   |
|   | 9.90% HDFC NCD MAT 17/12/2011      | Housing Development Finance Corporation Ltd | 10.00  | 10,012.49         | 771,990.45                              | 1.30%                               | —                                   |
|   |                                    |   |        | <b>45,842.75</b>  | <b>771,990.45</b>                       | <b>5.94%</b>                        | <b>11.16%</b>                       |
| Individual Life - II ( on or after 20.02.08 ) | 0% HDFC LTD DDB MAT 08/02/2012     | Housing Development Finance Corporation Ltd | 15.00  | 15,948.92         | 31,266,483.29                           | 0.05%                               | —                                   |
|   | 0% HDFC LTD DDB MAT 09/03/2012     | Housing Development Finance Corporation Ltd | 290.00 | 307,240.83        | 31,266,483.29                           | 0.98%                               | 0.88%                               |
|   | 0% HDFC LTD DDB MAT 24/08/2011     | Housing Development Finance Corporation Ltd | 39.00  | 42,001.56         | 31,266,483.29                           | 0.13%                               | 0.13%                               |
|   | 0% HDFC LTD DDB MAT 27/01/2012     | Housing Development Finance Corporation Ltd | 64.00  | 66,295.42         | 31,266,483.29                           | 0.21%                               | —                                   |
|   | 9.25% HDFC LTD MD 24 NOV 2016      | Housing Development Finance Corporation Ltd | 60.00  | 60,236.51         | 31,266,483.29                           | 0.19%                               | —                                   |
|   | 9.90% HDFC LTD NCD MAT 19/12/2013  | Housing Development Finance Corporation Ltd | 29.00  | 29,347.88         | 31,266,483.29                           | 0.09%                               | 0.26%                               |
|   | 9.90% HDFC LTD NCD MD 11/03/2014   | Housing Development Finance Corporation Ltd | 90.00  | 91,205.09         | 31,266,483.29                           | 0.29%                               | —                                   |
|   | 9.90% HDFC NCD MAT 17/12/2011      | Housing Development Finance Corporation Ltd | 73.00  | 73,091.16         | 31,266,483.29                           | 0.23%                               | 0.01%                               |
|   | HDFC Ltd CP Mat 13.06.2011         | Housing Development Finance Corporation Ltd | 40.00  | 19,662.56         | 31,266,483.29                           | 0.06%                               | —                                   |
|   |                                    |   |        | <b>705,029.94</b> | <b>31,266,483.29</b>                    | <b>2.25%</b>                        | <b>1.45%</b>                        |
| Niche Life Funds                              | 0% HDFC LTD DDB MAT 09/03/2012     | Housing Development Finance Corporation Ltd | 20.00  | 21,189.02         | 6,661,427.18                            | 0.32%                               | —                                   |
|   | 0% HDFC LTD DDB MAT 30/08/2013     | Housing Development Finance Corporation Ltd | 10.00  | 10,265.50         | 6,661,427.18                            | 0.15%                               | —                                   |
|   | 6.84 % HDFC LTD NCD MAT 22/04/2011 | Housing Development Finance Corporation Ltd | 10.00  | 9,990.66          | 6,661,427.18                            | 0.15%                               | 0.01%                               |
|   | 8.65% HDFC NCD MAT 12/09/2011      | Housing Development Finance Corporation Ltd | 15.00  | 14,921.76         | 6,661,427.18                            | 0.22%                               | —                                   |
|   | 9.90% HDFC LTD NCD MAT 19/12/2013  | Housing Development Finance Corporation Ltd | 4.00   | 4,047.98          | 6,661,427.18                            | 0.06%                               | 0.06%                               |
|   | 9.90% HDFC NCD MAT 17/12/2011      | Housing Development Finance Corporation Ltd | 12.00  | 12,014.99         | 6,661,427.18                            | 0.18%                               | 0.03%                               |
|   |                                    |   |        | <b>72,429.91</b>  | <b>6,661,427.18</b>                     | <b>1.09%</b>                        | <b>0.11%</b>                        |



## ANNEXURE 2 (Continued)

## 4) Company-wise details of investments held in the promoter Group along with its percentage to funds under management. This information is required to be given fund-wise and also for total funds under ULIPs.

| Fund Class  | Security Name                         | Name of the Company                         | Units      | Amount              | Asset Under Management as on 31/03/2011 | 2010-11 % of Asset Under Management | 2009-10 % of Asset Under Management |
|---|---------------------------------------|---|------------|---------------------|---|-------------------------------------|-------------------------------------|
| Individual Pension - II<br>(on or after 08.10.08) | 0% HDFC LTD DDB<br>MAT 08/02/2012     | Housing Development Finance Corporation Ltd | 10.00      | 10,632.62           | 20,647,349.51                           | 0.05%                               | —                                   |
|   | 0% HDFC LTD DDB<br>MAT 09/03/2012     | Housing Development Finance Corporation Ltd | 70.00      | 74,161.58           | 20,647,349.51                           | 0.36%                               | 1.75%                               |
|   | 0% HDFC LTD DDB<br>MAT 24/08/2011     | Housing Development Finance Corporation Ltd | 56.00      | 60,309.94           | 20,647,349.51                           | 0.29%                               | 0.51%                               |
|   | 0% HDFC LTD DDB<br>MAT 27/01/2012     | Housing Development Finance Corporation Ltd | 35.00      | 36,255.31           | 20,647,349.51                           | 0.18%                               | —                                   |
|   | 9.08% HDFC LTD NCD<br>Mat 18-Jan-2013 | Housing Development Finance Corporation Ltd | 14.00      | 13,893.70           | 20,647,349.51                           | 0.07%                               | —                                   |
|   | 9.25% HDFC LTD<br>MD 24 NOV 2016      | Housing Development Finance Corporation Ltd | 40.00      | 40,157.67           | 20,647,349.51                           | 0.19%                               | —                                   |
|   | 9.90% HDFC LTD NCD<br>MD 11/03/2014   | Housing Development Finance Corporation Ltd | 75.00      | 76,004.25           | 20,647,349.51                           | 0.37%                               | —                                   |
|   | 9.90% HDFC NCD<br>MAT 17/12/2011      | Housing Development Finance Corporation Ltd | 45.00      | 45,056.19           | 20,647,349.51                           | 0.22%                               | —                                   |
|   | HDFC Ltd CP<br>Mat 13.06.2011         | Housing Development Finance Corporation Ltd | 20.00      | 9,830.12            | 20,647,349.51                           | 0.05%                               | —                                   |
|   |                                       |   |            | <b>366,301.37</b>   | <b>20,647,349.51</b>                    | <b>1.77%</b>                        | <b>2.67%</b>                        |
|   | 0% HDFC LTD DDB<br>MAT 24/08/2011     | Housing Development Finance Corporation Ltd | 12.00      | 12,923.56           | 7,114,989.35                            | 0.18%                               | 0.43%                               |
|   | 9.90% HDFC LTD NCD<br>MD 11/03/2014   | Housing Development Finance Corporation Ltd | 40.00      | 40,535.60           | 7,114,989.35                            | 0.57%                               | —                                   |
|   |                                       |   |            | <b>53,459.16</b>    | <b>7,114,989.35</b>                     | <b>0.75%</b>                        | <b>0.43%</b>                        |
|   | 8.65% HDFC NCD<br>MAT 12/09/2011      | Housing Development Finance Corporation Ltd | 6.00       | 5,968.70            | 9,413,135.21                            | 0.06%                               | —                                   |
| Super Life - II                                   | 9.08% HDFC LTD NCD<br>Mat 18-Jan-2013 | Housing Development Finance Corporation Ltd | 14.00      | 13,893.70           | 9,413,135.21                            | 0.15%                               | —                                   |
|   | Housing Devt Finance Corpn Ltd.       | Housing Development Finance Corporation Ltd | 246,528.00 | 172,865.43          | 9,413,135.21                            | 1.84%                               | —                                   |
|   |                                       |   |            | <b>192,727.84</b>   | <b>9,413,135.21</b>                     | <b>2.05%</b>                        | <b>N/A</b>                          |
| Pension Guarantee Maximise Funds                  | 0% HDFC LTD DDB<br>MAT 09/03/2012     | Housing Development Finance Corporation Ltd | 10.00      | 10,594.51           | 676,701.79                              | 1.57%                               | —                                   |
|   |                                       |   |            | <b>10,594.51</b>    | <b>676,701.79</b>                       | <b>1.57%</b>                        | <b>N/A</b>                          |
| Total Funds under Unit Linked                     |                                       |   |            | <b>3,558,918.61</b> | <b>203,228,876.72</b>                   | <b>1.75%</b>                        | <b>1.95%</b>                        |

5 Industry wise disclosure on investments (with exposure of 10% and above) segregated at scrip level. Investments in industries where exposure is below 10%, should be grouped under the head "others". Such disclosures are required to be made in

i) Amount in Rs. '000 and ii) Percentage of respective Funds

Please refer ANNEXURE 2a

6 Unclaimed redemptions of units : NIL

**ANNEXURE 2****7) NAV : Highest, Lowest and closing at the end of the year**

| Fund Name  | 2010-11  |          | 2009-10  |         | NAV as on 31/03/2011 |
|--|----------|----------|----------|---------|----------------------|
|  | Highest  | Lowest   | Highest  | Lowest  |                      |
| <b>Individual Life and Group Life (on or after 29.03.2006)</b>                         |          |          |          |         |                      |
| Linked Life - Liquid Fund  | 33.2590  | 31.1259  | 31.1196  | 28.6146 | 33.2590              |
| Linked Life - Stable Managed Fund  | 32.9236  | 31.2575  | 31.2525  | 28.8953 | 32.9236              |
| Linked Life - Sovereign Fund   | 27.3872  | 26.1820  | 26.3160  | 25.3299 | 27.3872              |
| Linked Life - Secure Managed Fund  | 30.9886  | 29.1897  | 29.1847  | 27.2094 | 30.9886              |
| Linked Life - Defensive Managed Fund   | 41.4796  | 38.7676  | 38.6980  | 30.9524 | 41.1419              |
| Linked Life - Balanced Managed Fund  | 56.2649  | 49.8748  | 50.2260  | 33.4598 | 54.0783              |
| Linked Life - Equity Managed Fund  | 75.8444  | 61.8641  | 63.4347  | 35.4729 | 70.2163              |
| Linked Life - Growth Fund  | 92.8270  | 72.6837  | 75.3576  | 39.8781 | 82.6282              |
| <b>Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)</b> |          |          |          |         |                      |
| Linked Pension - Liquid Fund   | 33.5185  | 31.4041  | 31.3992  | 28.7093 | 33.5185              |
| Linked Pension - Stable Managed Fund   | 32.9519  | 31.3367  | 31.3312  | 28.8455 | 32.9519              |
| Linked Pension - Sovereign Fund  | 27.2173  | 25.8242  | 26.2754  | 24.9444 | 27.2155              |
| Linked Pension - Secure Managed Fund   | 30.5101  | 28.7618  | 28.7565  | 26.6913 | 30.5101              |
| Linked Pension - Defensive Managed Fund  | 37.5946  | 35.1810  | 35.1085  | 28.2816 | 37.2465              |
| Linked Pension - Balanced Managed Fund   | 54.1729  | 47.9683  | 48.3987  | 32.1643 | 51.9486              |
| Linked Pension - Equity Managed Fund   | 71.8695  | 58.4049  | 59.9369  | 33.1607 | 66.5344              |
| Linked Pension - Growth Fund   | 89.0988  | 69.7115  | 72.2712  | 38.0733 | 79.3143              |
| <b>Group Life (Upto 28.03.2006)</b>  |          |          |          |         |                      |
| Linked Group - Liquid Fund   | 34.1009  | 31.7839  | 31.7796  | 28.9639 | 34.1009              |
| Linked Group - Stable Managed Fund   | 33.4725  | 30.7141  | 30.7115  | 28.5308 | 33.4725              |
| Linked Group - Sovereign Fund  | 27.1989  | 26.0159  | 26.2920  | 25.0030 | 27.1989              |
| Linked Group - Secure Managed Fund   | 31.5520  | 29.9856  | 29.9800  | 27.9286 | 31.5520              |
| Linked Group - Defensive Managed Fund  | 47.8045  | 44.3363  | 44.2236  | 35.7602 | 47.3301              |
| Linked Group - Balanced Managed Fund   | 73.6682  | 65.0713  | 65.4471  | 44.1494 | 69.8013              |
| Linked Group - Growth Fund   | 198.7339 | 152.2628 | 155.1148 | 64.3274 | 178.7546             |
| <b>Group DB Pension (Upto 28.03.2006)</b>  |          |          |          |         |                      |
| Linked DB - Liquid Fund  | 34.7593  | 31.5308  | 31.5680  | 27.1842 | 34.7593              |
| Linked DB - Stable Managed Fund  | 25.6100  | 24.3780  | 31.1091  | 24.3597 | 25.6100              |
| Linked DB - Sovereign Fund   | 26.7862  | 25.6234  | 26.3027  | 25.0064 | 26.7862              |
| Linked DB - Secure Managed Fund  | 75.3157  | 61.7142  | 61.7213  | 27.6719 | 75.3157              |
| Linked DB - Defensive Managed Fund   | 38.6270  | 36.0125  | 35.9378  | 28.8299 | 38.2576              |
| Linked DB - Balanced Managed Fund  | 50.5033  | 44.2928  | 44.8247  | 28.6127 | 48.7881              |
| <b>Life - II (on or after 20.02.2008)</b>  |          |          |          |         |                      |
| Linked Life - Liquid Fund - II   | 12.8248  | 12.0591  | 12.0572  | 11.0507 | 12.8248              |
| Linked Life - Stable Managed Fund - II   | 12.4135  | 11.8313  | 11.8297  | 11.0002 | 12.4135              |
| Linked Life - Secure Managed Fund - II   | 12.4721  | 11.6502  | 11.6486  | 10.8646 | 12.4721              |
| Linked Life - Defensive Managed Fund - II  | 12.4792  | 11.6962  | 11.6805  | 9.5417  | 12.3922              |
| Linked Life - Balanced Managed Fund - II   | 11.6461  | 10.3532  | 10.4625  | 7.1720  | 11.2513              |
| Linked Life - Equity Managed Fund - II   | 11.8774  | 9.6857   | 9.9575   | 5.7736  | 11.0142              |
| Linked Life - Growth Fund - II   | 10.8437  | 8.5495   | 8.8132   | 4.7906  | 9.6529               |
| <b>Niche Life Fund</b>   |          |          |          |         |                      |
| Niche Life Money Plus Fund   | 11.8594  | 11.4636  | 11.4670  | 10.8826 | 11.8536              |
| Niche Life Bond Opportunities Fund   | 12.1705  | 11.6819  | 11.7162  | 11.2032 | 12.1519              |
| Niche Life Mid Cap Fund  | 21.9403  | 16.2542  | 16.3490  | 7.2130  | 18.4299              |
| Niche Life Large Cap Fund  | 15.9127  | 12.5232  | 13.2324  | 7.1677  | 14.4684              |
| Niche Life Manager Fund  | 15.7857  | 13.6620  | 13.7296  | 8.7577  | 14.8107              |

**ANNEXURE 2****7) NAV : Highest, Lowest and closing at the end of the year (Continued)**

| Fund Name  | 2010-11 |         | 2009-10 |         | NAV as on<br>31/03/2011 |
|--|---------|---------|---------|---------|-------------------------|
|  | Highest | Lowest  | Highest | Lowest  |                         |
| <b>Pension - II (on or after 08.10.2008)</b>         |         |         |         |         |                         |
| Linked Pension - Liquid Fund - II                    | 12.1470 | 11.4576 | 11.4557 | 10.4744 | 12.1470                 |
| Linked Pension - Stable Managed Fund - II            | 11.9559 | 11.2876 | 11.2867 | 10.5054 | 11.8596                 |
| Linked Pension - Secure Managed Fund - II            | 12.3176 | 11.5047 | 11.5029 | 10.7544 | 12.3176                 |
| Linked Pension - Defensive Managed Fund - II         | 13.5873 | 12.7308 | 12.7126 | 10.1837 | 13.5240                 |
| Linked Pension - Balanced Managed Fund - II          | 15.6567 | 13.9555 | 14.0833 | 9.6752  | 15.1081                 |
| Linked Pension - Equity Managed Fund - II            | 17.5307 | 14.2850 | 14.6854 | 8.2351  | 16.3476                 |
| Linked Pension - Growth Fund - II                    | 20.7639 | 16.3273 | 16.8202 | 9.0349  | 18.4409                 |
| <b>Wealth Builder Fund</b>                           |         |         |         |         |                         |
| Income Wealth Builder Fund                           | 10.7331 | 10.1512 | 10.1500 | 9.9669  | 10.7331                 |
| Blue Chip Wealth Builder Fund                        | 11.5122 | 9.0836  | 10.0233 | 8.7497  | 10.5190                 |
| Opportunities Wealth Builder Fund                    | 13.3974 | 10.4440 | 10.3745 | 9.4932  | 11.4803                 |
| Vantage Wealth Builder Fund                          | 11.5387 | 10.0721 | 10.1017 | 9.5638  | 10.9453                 |
| <b>Capital Guarantee Fund</b>                        |         |         |         |         |                         |
| HDFC Life Capital Guarantee 5 Year Life Fund - II    | 10.6245 | 10.0116 | N/A     | N/A     | 10.5665                 |
| HDFC Life Capital Guarantee 5 Year Pension Fund - II | 10.6248 | 10.0116 | N/A     | N/A     | 10.5665                 |
| <b>Life Super - II</b>                               |         |         |         |         |                         |
| HDFC SL Highest NAV Guarantee Fund Life Super - II   | 10.3272 | 9.5614  | N/A     | N/A     | 9.9996                  |
| HDFC SL Short Term Fund Life Super - II              | 10.3458 | 10.0007 | N/A     | N/A     | 10.3458                 |
| HDFC SL Balanced Fund Life Super - II                | 10.6182 | 9.6518  | N/A     | N/A     | 10.1115                 |
| HDFC SL Capital Guarantee Fund Life Super- II        | 10.3371 | 9.7733  | N/A     | N/A     | 10.3371                 |
| <b>Pension Maximus Fund</b>                          |         |         |         |         |                         |
| HDFC Life Pension Guarantee Maximus Fund             | 10.1054 | 10.0012 | N/A     | N/A     | 10.1054                 |
| <b>Group Liquid Fund</b>                             |         |         |         |         |                         |
| HDFC Life Group Liquid Fund                          | 10.0638 | 10.0025 | N/A     | N/A     | 10.0638                 |

**ANNEXURE 2****8) Expenses charged to Fund (%)****Annualized expenses ratio to average daily assets of the Fund**

| Fund Name  | 2010-11 | 2009-10 |
|--|---------|---------|
| <b>Individual Life and Group Life (on or after 29.03.2006)</b>                         |         |         |
| Linked Life - Liquid Fund  | 0.8832% | 0.8814% |
| Linked Life - Stable Managed Fund  | 0.8828% | 0.8792% |
| Linked Life - Sovereign Fund   | 0.8827% | 0.8758% |
| Linked Life - Secure Managed Fund  | 0.8831% | 0.8892% |
| Linked Life - Defensive Managed Fund   | 0.8832% | 0.9158% |
| Linked Life - Balanced Managed Fund  | 0.8832% | 0.9547% |
| Linked Life - Equity Managed Fund  | 0.8832% | 0.9879% |
| Linked Life - Growth Fund  | 0.8828% | 0.9918% |
| <b>Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)</b> |         |         |
| Linked Pension - Liquid Fund   | 0.8833% | 0.8758% |
| Linked Pension - Stable Managed Fund   | 0.8829% | 0.8824% |
| Linked Pension - Sovereign Fund  | 0.8824% | 0.7957% |
| Linked Pension - Secure Managed Fund   | 0.8831% | 0.8849% |
| Linked Pension - Defensive Managed Fund  | 0.8831% | 0.9247% |
| Linked Pension - Balanced Managed Fund   | 0.8829% | 0.9554% |
| Linked Pension - Equity Managed Fund   | 0.8829% | 0.9869% |
| Linked Pension - Growth Fund   | 0.8827% | 0.9932% |
| <b>Group Life (Upto 28.03.2006)</b>  |         |         |
| Linked Group - Liquid Fund   | 0.8294% | 0.8222% |
| Linked Group - Stable Managed Fund   | 0.8286% | 0.8127% |
| Linked Group - Sovereign Fund  | 0.8280% | 0.8193% |
| Linked Group - Secure Managed Fund   | 0.8278% | 0.8320% |
| Linked Group - Defensive Managed Fund  | 0.8277% | 0.8679% |
| Linked Group - Balanced Managed Fund   | 0.8278% | 0.9027% |
| Linked Group - Growth Fund   | 0.8344% | 0.8273% |
| <b>Group DB Pension (Upto 28.03.2006)</b>  |         |         |
| Linked DB - Liquid Fund  | 0.8513% | 0.7753% |
| Linked DB - Stable Managed Fund  | 0.8292% | 0.8236% |
| Linked DB - Sovereign Fund   | 0.8278% | 0.8472% |
| Linked DB - Secure Managed Fund  | 0.8276% | 0.8392% |
| Linked DB - Defensive Managed Fund   | 0.8277% | 0.8621% |
| Linked DB - Balanced Managed Fund  | 0.8279% | 0.9184% |
| <b>Life - II (on or after 20.02.2008)</b>  |         |         |
| Linked Life - Liquid Fund - II   | 1.3876% | 1.3779% |
| Linked Life - Stable Managed Fund - II   | 1.3882% | 1.3797% |
| Linked Life - Secure Managed Fund - II   | 1.3886% | 1.3932% |
| Linked Life - Defensive Managed Fund - II  | 1.3889% | 1.4191% |
| Linked Life - Balanced Managed Fund - II   | 1.3892% | 1.4445% |
| Linked Life - Equity Managed Fund - II   | 1.3891% | 1.4441% |
| Linked Life - Growth Fund - II   | 1.3881% | 1.4720% |

**ANNEXURE 2****8) Expenses charged to Fund (%) (Continued)****Annualized expenses ratio to average daily assets of the Fund**

| Fund Name  | 2010-11    | 2009-10 |
|--|------------|---------|
| <b>Niche Life Fund</b>                               |            |         |
| Niche Life Money Plus Fund                           | 1.9344%    | 1.9279% |
| Niche Life Bond Opportunities Fund                   | 1.9310%    | 1.9330% |
| Niche Life Mid Cap Fund                              | 1.9312%    | 2.0471% |
| Niche Life Large Cap Fund                            | 1.9313%    | 2.0953% |
| Niche Life Manager Fund                              | 0.0000%    | 0.0000% |
| <b>Pension - II (on or after 08.10.2008)</b>         |            |         |
| Linked Pension - Liquid Fund - II                    | 1.3892%    | 1.3722% |
| Linked Pension - Stable Managed Fund - II            | 1.3882%    | 1.3715% |
| Linked Pension - Secure Managed Fund - II            | 1.3886%    | 1.3897% |
| Linked Pension - Defensive Managed Fund - II         | 1.3891%    | 1.4084% |
| Linked Pension - Balanced Managed Fund - II          | 1.3892%    | 1.4402% |
| Linked Pension - Equity Managed Fund - II            | 1.3891%    | 1.4523% |
| Linked Pension - Growth Fund - II                    | 1.3884%    | 1.4751% |
| <b>Wealth Builder Fund</b>                           |            |         |
| Income Wealth Builder Fund                           | 1.4906%    | 0.3637% |
| Blue Chip Wealth Builder Fund                        | 1.4920%    | 0.3622% |
| Opportunities Wealth Builder Fund                    | 1.4935%    | 0.4391% |
| Vantage Wealth Builder Fund                          | 0.0000%    | 0.0000% |
| <b>Capital Guarantee Fund</b>                        |            |         |
| HDFC Life Capital Guarantee 5 Year Life Fund - II    | 1.4701%*   | N/A     |
| HDFC Life Capital Guarantee 5 Year Pension Fund - II | 1.4702%*   | N/A     |
| <b>Life Super - II</b>                               |            |         |
| HDFC SL Highest NAV Guarantee Fund Life Super - II   | 1.1190%**  | N/A     |
| HDFC SL Short Term Fund Life Super - II              | 0.8138%**  | N/A     |
| HDFC SL Balanced Fund Life Super - II                | 0.8373%**  | N/A     |
| HDFC SL Capital Guarantee Fund Life Super- II        | 0.7426%**  | N/A     |
| <b>Pension Maximus Fund</b>                          |            |         |
| HDFC Life Pension Guarantee Maximus Fund             | 0.3240%^   | N/A     |
| <b>Group Liquid Fund</b>                             |            |         |
| HDFC Life Group Liquid Fund                          | 0.0074%^ ^ | N/A     |

\* The Capital Guarantee 5 Year Life Fund - II and Capital Guarantee 5 Year Pension Fund - II, the date of inception is 05th April 2010 and therefore, these funds were operational for only 361 days during the financial year 2010-11.

\*\* The Highest NAV Guarantee Fund Life Super - II, Short Term Fund Life Super - II, Balanced Fund Life Super - II, the date of inception is 01 September 2010 and Capital Guarantee Fund Life Super- II, the date of inception is 26th October 2010 and therefore, these funds were operational for only 212 and 157 days respectively during the financial year 2010-11.

^ The Pension Guarantee Maximus Fund, the date of inception is 24th January 2011 and therefore, these funds were operational for only 67 days during the financial year 2010-11.

^ ^ The Group Liquid Fund, the date of inception is 08th March 2011 and therefore, these funds were operational for only 24 days during the financial year 2010-11.

**ANNEXURE 2****9) Ratio of gross income (including unrealized gains) to average daily net assets**

| Fund Name  | 2010-11 | 2009-10 |
|--|---------|---------|
| <b>Individual Life and Group Life (on or after 29.03.2006)</b>                         |         |         |
| Linked Life - Liquid Fund  | 7.56%   | 9.26%   |
| Linked Life - Stable Managed Fund  | 6.13%   | 8.78%   |
| Linked Life - Sovereign Fund   | 5.36%   | 4.41%   |
| Linked Life - Secure Managed Fund  | 6.75%   | 8.57%   |
| Linked Life - Defensive Managed Fund   | 6.90%   | 21.69%  |
| Linked Life - Balanced Managed Fund  | 8.22%   | 39.43%  |
| Linked Life - Equity Managed Fund  | 11.53%  | 52.56%  |
| Linked Life - Growth Fund  | 10.59%  | 56.49%  |
| <b>Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)</b> |         |         |
| Linked Pension - Liquid Fund   | 7.62%   | 9.43%   |
| Linked Pension - Stable Managed Fund   | 5.87%   | 9.32%   |
| Linked Pension - Sovereign Fund  | 6.23%   | 6.60%   |
| Linked Pension - Secure Managed Fund   | 6.61%   | 8.93%   |
| Linked Pension - Defensive Managed Fund  | 6.61%   | 20.77%  |
| Linked Pension - Balanced Managed Fund   | 7.99%   | 40.25%  |
| Linked Pension - Equity Managed Fund   | 11.91%  | 55.20%  |
| Linked Pension - Growth Fund   | 10.77%  | 57.80%  |
| <b>Group Life (Upto 28.03.2006)</b>  |         |         |
| Linked Group - Liquid Fund   | 7.17%   | 10.06%  |
| Linked Group - Stable Managed Fund   | 5.89%   | 7.99%   |
| Linked Group - Sovereign Fund  | 5.22%   | 4.73%   |
| Linked Group - Secure Managed Fund   | 5.33%   | 8.67%   |
| Linked Group - Defensive Managed Fund  | 7.00%   | 23.78%  |
| Linked Group - Balanced Managed Fund   | 6.93%   | 38.78%  |
| Linked Group - Growth Fund   | 14.68%  | 69.11%  |
| <b>Group DB Pension (Upto 28.03.2006)</b>  |         |         |
| Linked DB Liquid Fund  | 4.48%   | 9.66%   |
| Linked DB Stable Managed Fund  | 5.66%   | 7.85%   |
| Linked DB Sovereign Fund   | 5.22%   | 3.10%   |
| Linked DB Secure Managed Fund  | 4.92%   | 6.98%   |
| Linked DB Defensive Managed Fund   | 6.90%   | 22.38%  |
| Linked DB Balanced Managed Fund  | 9.31%   | 21.45%  |
| <b>Individual Life - II (on or after 15.02.2008)</b>                                   |         |         |
| Linked Life - Liquid Fund - II   | 7.72%   | 8.98%   |
| Linked Life - Stable Managed Fund - II   | 6.18%   | 8.50%   |
| Linked Life - Secure Managed Fund - II   | 8.11%   | 8.86%   |
| Linked Life - Defensive Managed Fund - II  | 6.85%   | 14.64%  |
| Linked Life - Balanced Managed Fund - II   | 7.83%   | 29.00%  |
| Linked Life - Equity Managed Fund - II   | 10.15%  | 40.42%  |
| Linked Life - Growth Fund - II   | 8.47%   | 46.29%  |

**ANNEXURE 2****9) Ratio of gross income (including unrealized gains) to average daily net assets (Continued)**

| Fund Name  | 2010-11   | 2009-10 |
|--|-----------|---------|
| <b>Niche Life Fund</b>                               |           |         |
| Niche Life Money Plus Fund                           | 5.44%     | 7.47%   |
| Niche Life Bond Opportunities Fund                   | 5.83%     | 6.18%   |
| Niche Life Mid Cap Fund                              | 8.80%     | 46.99%  |
| Niche Life Large Cap Fund                            | 8.48%     | 32.32%  |
| Niche Life Manager Fund                              | 5.35%     | 24.84%  |
| <b>Pension - II (on or after 08.10.2008)</b>         |           |         |
| Linked Pension - Liquid Fund - II                    | 7.24%     | 9.47%   |
| Linked Pension - Stable Managed Fund - II            | 6.28%     | 8.49%   |
| Linked Pension - Secure Managed Fund - II            | 8.14%     | 8.61%   |
| Linked Pension - Defensive Managed Fund - II         | 6.67%     | 19.83%  |
| Linked Pension - Balanced Managed Fund - II          | 7.36%     | 31.12%  |
| Linked Pension - Equity Managed Fund - II            | 10.76%    | 46.71%  |
| Linked Pension - Growth Fund - II                    | 7.98%     | 47.81%  |
| <b>Wealth Builder Fund</b>                           |           |         |
| Income Wealth Builder Fund                           | 7.14%     | 2.00%   |
| Blue Chip Wealth Builder Fund                        | 5.71%     | 8.95%   |
| Opportunities Wealth Builder Fund                    | -5.77%    | 11.48%  |
| Vantage Wealth Builder Fund                          | 7.23%     | 7.24%   |
| <b>Capital Guarantee Fund</b>                        |           |         |
| HDFC Life Capital Guarantee 5 Year Life Fund - II    | 7.34%*    | N/A     |
| HDFC Life Capital Guarantee 5 Year Pension Fund - II | 7.34%*    | N/A     |
| <b>Life Super - II</b>                               |           |         |
| HDFC SL Highest NAV Guarantee Fund Life Super - II   | 1.41%**   | N/A     |
| HDFC SL Short Term Fund Life Super - II              | 4.93%**   | N/A     |
| HDFC SL Balanced Fund Life Super - II                | 1.25%**   | N/A     |
| HDFC SL Capital Guarantee Fund Life Super- II        | 5.42%**   | N/A     |
| <b>Pension Maximus Fund</b>                          |           |         |
| HDFC Life Pension Guarantee Maximus Fund             | 1.32% ^   | N/A     |
| <b>Group Liquid Fund</b>                             |           |         |
| HDFC Life Group Liquid Fund                          | 0.64% ^ ^ | N/A     |

\* The Capital Guarantee 5 Year Life Fund - II and Capital Guarantee 5 Year Pension Fund - II, the date of inception is 05th April 2010 and therefore, these funds were operational for only 361 days during the financial year 2010-11.

\*\* The Highest NAV Guarantee Fund Life Super - II, Short Term Fund Life Super - II, Balanced Fund Life Super - II, the date of inception is 01 September 2010 and Capital Guarantee Fund Life Super- II, the date of inception is 26th October 2010 and therefore, these funds were operational for only 212 and 157 days respectively during the financial year 2010-11.

^ The Pension Guarantee Maximus Fund, the date of inception is 24th January 2011 and therefore, these funds were operational for only 67 days during the financial year 2010-11.

^ ^ The Group Liquid Fund, the date of inception is 08th March 2011 and therefore, these funds were operational for only 24 days during the financial year 2010-11.



**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name  | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|---|----------------------------|--|--|
| Individual Life and Group Life<br>(on or after 29.03.2006)<br>Liquid Fund | Government Securities      | —  | —  |
|   | Non Convertible Debentures | —  | —  |
|   | <b>Total</b>               | —  | —  |
| Secure Managed Fund   | Deep Discount Bond         | (842.35)   | 5,728.16   |
|   | Government Securities      | (2,457.55)   | 2,344.51   |
|   | Mutual Fund Units          | (0.00)   | —  |
|   | Non Convertible Debentures | (31,084.90)  | (10,330.42)  |
|   | Oil Bond                   | (5,330.70)   | (1,484.80)   |
|   | Pass Through Certificate   | —  | —  |
|   | <b>Total</b>               | <b>(39,715.49)</b>   | <b>(3,742.56)</b>  |
| Defensive Managed Fund  | Deep Discount Bond         | 647.43   | 3,818.48   |
|   | Equity                     | 10,962.25  | 477,230.21   |
|   | Government Securities      | (8,902.67)   | (15,289.90)  |
|   | Non Convertible Debentures | (58,314.80)  | (8,942.71)   |
|   | Oil Bond                   | (118.10)   | 11.59  |
|   | Pass Through Certificate   | 9,426.93   | 1,869.06   |
|   | <b>Total</b>               | <b>(46,298.96)</b>   | <b>458,696.73</b>  |
| Balanced Managed Fund   | Deep Discount Bond         | 1,147.63   | 2,758.86   |
|   | Equity                     | (156,181.87)   | 1,446,398.25   |
|   | Government Securities      | (1,532.98)   | (16,792.01)  |
|   | Mutual Fund Units          | (866.39)   | 866.39   |
|   | Non Convertible Debentures | (42,759.87)  | 3,445.51   |
|   | Oil Bond                   | (2,259.60)   | 248.35   |
|   | Pass Through Certificate   | 7,957.44   | 1,772.70   |
|   | Subordinate Bond           | —  | —  |
|   | <b>Total</b>               | <b>(194,495.64)</b>  | <b>1,438,698.04</b>  |
| Equity Managed Fund   | Deep Discount Bond         | 7,260.54   | 1,453.02   |
|   | Equity                     | (534,475.14)   | 3,385,638.21   |
|   | Government Securities      | (1,093.30)   | (2,229.88)   |
|   | Mutual Fund Units          | —  | —  |
|   | Non Convertible Debentures | (23,110.96)  | 12,881.06  |
|   | Oil Bond                   | (262.92)   | 21.36  |
|   | Pass Through Certificate   | 395.17   | 762.36   |
|   | <b>Total</b>               | <b>(551,286.60)</b>  | <b>3,398,526.12</b>  |
| Growth Fund   | Equity                     | (2,594,593.88)   | 17,302,210.79  |
|   | Mutual Fund Units          | (11,127.19)  | (1,399.80)   |
|   | <b>Total</b>               | <b>(2,605,721.06)</b>  | <b>17,300,811.00</b>   |
| Stable Fund   | Deep Discount Bond         | (1,156.00)   | 2,528.53   |
|   | Non Convertible Debentures | (3,376.19)   | (3,402.97)   |
|   | Oil Bond                   | 256.21   | —  |
|   | <b>Total</b>               | <b>(4,275.98)</b>  | <b>(874.44)</b>  |
| Sovereign Fund  | Government Securities      | (735.30)   | (1,006.28)   |
|   | Oil Bond                   | (36.61)  | 9.73   |
|   | <b>Total</b>               | <b>(771.91)</b>  | <b>(996.55)</b>  |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name  | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|---|----------------------------|--|--|
| Individual Pension, Group Pension and<br>Group DB Pension (on or after 29.03.2006)<br>Liquid Fund | Government Securities      | —  | —  |
|   | Non Convertible Debentures | —  | —  |
|   | <b>Total</b>               | <b>—</b>   | <b>—</b>   |
| Secure Managed Fund   | Deep Discount Bond         | 1,818.34   | (391.20)   |
|   | Government Securities      | 744.34   | 3,292.56   |
|   | Mutual Fund Units          | (0.00)   | —  |
|   | Non Convertible Debentures | (20,739.53)  | (9,800.89)   |
|   | Pass Through Certificate   | —  | —  |
|   | Oil Bond                   | (63.16)  | 59.66  |
|   | Subordinate Bond           | (3,057.63)   | 575.02   |
|   | <b>Total</b>               | <b>(21,297.63)</b>   | <b>(6,264.86)</b>  |
| Defensive Managed Fund  | Deep Discount Bond         | 3,494.75   | (1,721.54)   |
|   | Equity                     | (4,784.06)   | 182,586.77   |
|   | Government Securities      | 2,278.50   | (354.15)   |
|   | Non Convertible Debentures | (12,210.80)  | (10,003.88)  |
|   | Oil Bond                   | (2,280.54)   | (51.35)  |
|   | Pass Through Certificate   | 2,015.54   | 736.10   |
|   | Subordinate Bond           | —  | —  |
|   | <b>Total</b>               | <b>(11,486.60)</b>   | <b>171,191.93</b>  |
| Balanced Managed Fund   | Deep Discount Bond         | (1,096.91)   | 1,130.51   |
|   | Equity                     | (153,630.28)   | 1,201,054.80   |
|   | Government Securities      | 2,680.44   | (9,246.84)   |
|   | Mutual Fund Units          | —  | (0.00)   |
|   | Non Convertible Debentures | (39,485.39)  | (3,469.67)   |
|   | Oil Bond                   | (823.03)   | 98.45  |
|   | Pass Through Certificate   | 146.54   | —  |
|   | <b>Total</b>               | <b>(192,208.63)</b>  | <b>1,189,567.25</b>  |
| Equity Managed Fund   | Deep Discount Bond         | 2,927.80   | 150.08   |
|   | Equity                     | (332,503.37)   | 2,106,166.31   |
|   | Government Securities      | (291.69)   | (2,098.83)   |
|   | Mutual Fund Units          | —  | —  |
|   | Non Convertible Debentures | (10,319.26)  | 14,673.50  |
|   | Oil Bond                   | 232.81   | (213.45)   |
|   | Pass Through Certificate   | 316.51   | —  |
|   | <b>Total</b>               | <b>(339,637.20)</b>  | <b>2,118,677.61</b>  |
| Growth Fund   | Equity                     | (1,597,796.29)   | 12,030,845.78  |
|   | Mutual Fund Units          | (1,358.59)   | (8,715.32)   |
|   | <b>Total</b>               | <b>(1,599,154.89)</b>  | <b>12,022,130.46</b>   |
| Stable Fund   | Deep Discount Bond         | 613.28   | 201.85   |
|   | Oil Bond                   | 187.63   | —  |
|   | Non Convertible Debentures | (3,193.56)   | (2,770.78)   |
|   | <b>Total</b>               | <b>(2,392.64)</b>  | <b>(2,568.93)</b>  |
| Sovereign Fund  | Government Securities      | (2.83)   | (723.94)   |
|   | Oil Bond                   | (2.49)   | 0.63   |
|   | <b>Total</b>               | <b>(5.32)</b>  | <b>(723.31)</b>  |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name                                  | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|---|----------------------------|--|--|
| Group Life (Upto 28.03.2006)<br>Liquid Fund | Government Securities      | —  | —  |
|   | <b>Total</b>               | —  | —  |
| Secure Managed Fund                         | Government Securities      | (1,367.96)   | (4,293.70)   |
|   | Non Convertible Debentures | (9,509.72)   | (831.36)   |
|   | Oil Bond                   | (418.50)   | (191.86)   |
|   | Deep Discount Bond         | 256.21   | —  |
|   | <b>Total</b>               | <b>(11,039.97)</b>   | <b>(5,316.92)</b>  |
| Defensive Managed Fund                      | Deep Discount Bond         | 403.77   | 850.09   |
|   | Equity                     | (4,840.71)   | 76,121.58  |
|   | Government Securities      | (541.02)   | (2,189.10)   |
|   | Non Convertible Debentures | (11,462.04)  | (3,029.77)   |
|   | Oil Bond                   | (31.20)  | (1,953.45)   |
|   | Pass Through Certificate   | —  | —  |
|   | <b>Total</b>               | <b>(16,471.21)</b>   | <b>69,799.36</b>   |
| Balanced Managed Fund                       | Equity                     | (7,982.82)   | 91,910.34  |
|   | Government Securities      | (473.12)   | 197.88   |
|   | Non Convertible Debentures | (6,324.44)   | (443.73)   |
|   | Oil Bond                   | 19.48  | (29.83)  |
|   | Deep Discount Bond         | 1,049.95   | —  |
|   | <b>Total</b>               | <b>(13,710.94)</b>   | <b>91,634.66</b>   |
| Growth Fund                                 | Equity                     | 1.62   | (385.89)   |
|   | <b>Total</b>               | <b>1.62</b>  | <b>(385.89)</b>  |
| Stable Fund                                 | Oil Bond                   | (3,252.03)   | —  |
|   | Deep Discount Bond         | —  | 3,369.03   |
|   | Non Convertible Debentures | 685.85   | (765.76)   |
|   | <b>Total</b>               | <b>(2,566.18)</b>  | <b>2,603.27</b>  |
| Sovereign Fund                              | Government Securities      | (509.33)   | (245.74)   |
|   | Oil Bond                   | (16.73)  | 4.38   |
|   | <b>Total</b>               | <b>(526.06)</b>  | <b>(241.36)</b>  |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name   | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|--|----------------------------|--|--|
| Group DB Pension ( Upto 28.03.2006)<br>Liquid Fund | Government Securities      | —  | —  |
|  | <b>Total</b>               | <b>—</b>   | <b>—</b>   |
| Secure Managed Fund                                | Deep Discount Bond         | 285.04   | —  |
|  | Government Securities      | (776.29)   | (72.72)  |
|  | Non Convertible Debentures | (1,228.48)   | (1.71)   |
|  | Oil Bond                   | (1.09)   | 0.10   |
|  | Pass Through Certificate   | —  | —  |
|  | <b>Total</b>               | <b>(1,720.82)</b>  | <b>(74.33)</b>   |
| Defensive Managed Fund                             | Deep Discount Bond         | 1,043.53   | (69.80)  |
|  | Equity                     | 927.75   | 30,017.43  |
|  | Government Securities      | (787.55)   | 2,238.93   |
|  | Mutual Fund Units          | (0.00)   | —  |
|  | Non Convertible Debentures | (4,655.67)   | (133.24)   |
|  | Oil Bond                   | (365.16)   | 104.46   |
|  | <b>Total</b>               | <b>(3,837.09)</b>  | <b>32,157.79</b>   |
| Balanced Managed Fund                              | Equity                     | 1,450.80   | 9,921.46   |
|  | Government Securities      | (66.86)  | (237.41)   |
|  | Mutual Fund Units          | (0.00)   | —  |
|  | Non Convertible Debentures | (1,536.20)   | (172.54)   |
|  | <b>Total</b>               | <b>(152.26)</b>  | <b>9,511.51</b>  |
| Growth Fund  | Equity                     | —  | 18.76  |
|  | <b>Total</b>               | <b>—</b>   | <b>18.76</b>   |
| Stable Fund  | Oil Bond                   | 286.16   | (243.90)   |
|  | Non Convertible Debentures | (41.18)  | (97.43)  |
|  | <b>Total</b>               | <b>244.97</b>  | <b>(341.33)</b>  |
| Sovereign Fund                                     | Government Securities      | (1,907.44)   | (251.94)   |
|  | Oil Bond                   | (7.99)   | 1.36   |
|  | <b>Total</b>               | <b>(1,915.43)</b>  | <b>(250.59)</b>  |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name   | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|--|----------------------------|--|--|
| Life - II (on or after 20.02.08)<br>Liquid Fund - II | Government Securities      | —  | —  |
|  | Non Convertible Debentures | —  | —  |
|  | <b>Total</b>               | <b>—</b>   | <b>—</b>   |
| Secure Managed Fund - II                             | Deep Discount Bond         | 688.37   | 1,643.56   |
|  | Government Securities      | 1,167.05   | 2,961.57   |
|  | Non Convertible Debentures | (6,420.96)   | 2,654.01   |
|  | Oil Bond                   | (57.04)  | 57.04  |
|  | <b>Total</b>               | <b>(4,622.58)</b>  | <b>7,316.18</b>  |
| Defensive Managed Fund - II                          | Deep Discount Bond         | 3,063.68   | 489.09   |
|  | Equity                     | 10,189.48  | 22,083.36  |
|  | Government Securities      | (1,684.93)   | (1,133.38)   |
|  | Non Convertible Debentures | (8,227.99)   | (213.67)   |
|  | Oil Bond                   | (189.67)   |  |
|  | <b>Total</b>               | <b>3,150.57</b>  | <b>21,225.41</b>   |
| Balanced Managed Fund - II                           | Deep Discount Bond         | 3,426.32   | 48.17  |
|  | Equity                     | 12,272.32  | 124,959.98   |
|  | Government Securities      | (704.44)   | (137.06)   |
|  | Non Convertible Debentures | (10,640.64)  | (750.56)   |
|  | Oil Bond                   | (71.95)  | (78.16)  |
|  | <b>Total</b>               | <b>4,281.61</b>  | <b>124,042.37</b>  |
| Equity Managed Fund - II                             | Equity                     | 13,430.46  | 285,196.72   |
|  | Government Securities      | (550.01)   | 216.42   |
|  | Non Convertible Debentures | 480.09   | (1,053.61)   |
|  | Oil Bond                   | (2,768.92)   | (65.51)  |
|  | Deep Discount Bond         | 48.01  |  |
|  | <b>Total</b>               | <b>10,639.64</b>   | <b>284,294.02</b>  |
| Growth Fund - II                                     | Equity                     | 122,550.40   | 2,344,848.09   |
|  | Government Securities      | —  | —  |
|  | Mutual Fund                | (1,743.60)   | 1,743.60   |
|  | <b>Total</b>               | <b>120,806.80</b>  | <b>2,346,591.69</b>  |
| Stable Fund - II                                     | Deep Discount Bond         | 36.48  | 623.64   |
|  | Non Convertible Debentures | (1,080.78)   | (285.40)   |
|  | <b>Total</b>               | <b>(1,044.30)</b>  | <b>338.24</b>  |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name                                   | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|--|----------------------------|--|--|
| Pension - II ( on or after 08.10.08 )        | Government Securities      | —  | —  |
| Linked Pension - Liquid Fund - II            | <b>Total</b>               | <b>—</b>   | <b>—</b>   |
| Linked Pension - Secure Managed Fund - II    | Deep Discount Bond         | 1,001.06   | 848.22   |
|  | Government Securities      | 420.37   | 609.71   |
|  | Non Convertible Debentures | (3,763.37)   | 1,928.15   |
|  | Oil Bond                   | 132.32   | (132.32)   |
|  | <b>Total</b>               | <b>(2,209.62)</b>  | <b>3,253.76</b>  |
| Linked Pension - Defensive Managed Fund - II | Deep Discount Bond         | 299.53   | 50.78  |
|  | Equity Share               | 5,286.80   | 13,708.43  |
|  | Government Securities      | (1,015.40)   | (673.79)   |
|  | Non Convertible Debentures | (6,386.24)   | 422.93   |
|  | Oil Bond                   | 110.88   | (246.36)   |
|  | <b>Total</b>               | <b>(1,704.43)</b>  | <b>13,262.00</b>   |
| Linked Pension - Balanced Managed Fund - II  | Deep Discount Bond         | 2,731.38   | 134.38   |
|  | Equity Share               | 2,970.00   | 88,082.71  |
|  | Government Securities      | (527.37)   | (247.62)   |
|  | Non Convertible Debentures | (11,509.03)  | (745.21)   |
|  | Oil Bond                   | (34.35)  | (61.18)  |
|  | <b>Total</b>               | <b>(6,369.35)</b>  | <b>87,163.07</b>   |
| Linked Pension - Equity Managed Fund - II    | Equity Share               | 13,491.34  | 214,703.90   |
|  | Deep Discount Bond         | 260.96   | (77.13)  |
|  | Non Convertible Debentures | (15.00)  | (477.96)   |
|  | Oil Bond                   | (626.51)   | —  |
|  | Government Securities      | (2,133.57)   | —  |
|  | <b>Total</b>               | <b>10,977.22</b>   | <b>214,148.80</b>  |
| Linked Pension - Growth Fund - II            | Equity Share               | (13,398.31)  | 1,084,312.91   |
|  | Mutual Fund                | (449.29)   | 449.29   |
|  | <b>Total</b>               | <b>(13,847.61)</b>   | <b>1,084,762.20</b>  |
| Linked Pension - Stable Managed Fund - II    | Deep Discount Bond         | 756.37   | 740.08   |
|  | Non Convertible Debentures | (1,720.13)   | 212.55   |
|  | <b>Total</b>               | <b>(963.76)</b>  | <b>952.63</b>  |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name   | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|--|----------------------------|--|--|
| Wealth Builder Funds<br>Income Wealth Builder Fund | Deep Discount Bond         | 2,681.65   | 205.19   |
|  | Government Securities      | (651.30)   | (37.71)  |
|  | Non Convertible Debentures | (2,087.83)   | 474.85   |
|  | Oil Bond                   | (1.00)   | 1.00   |
|  | <b>Total</b>               | <b>(58.48)</b>   | <b>643.33</b>  |
| Opp Wealth Builder Fund                            | Equity Share               | (114,805.40)   | 9,779.65   |
|  | <b>Total</b>               | <b>(114,805.40)</b>  | <b>9,779.65</b>  |
| Blue Chip Wealth Builder Fund                      | Equity Share               | 19,968.91  | 7,162.06   |
|  | <b>Total</b>               | <b>19,968.91</b>   | <b>7,162.06</b>  |
| Vantage Wealth Builder Fund                        | Insurance Units            | 64,529.94  | 15,949.61  |
|  | <b>Total</b>               | <b>64,529.94</b>   | <b>15,949.61</b>   |



**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name                                    | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|---|----------------------------|--|--|
| Niche Life Fund<br>Niche Life Money Plus Fund | Government Securities      | (3,842.91)   | (817.16)   |
|   | Non Convertible Debentures | (430.87)   | (50.80)  |
|   | Oil Bond                   | (250.88)   | 29.50  |
|   | <b>Total</b>               | <b>(4,524.66)</b>  | <b>(838.46)</b>  |
| Niche Life Bond Opportunities Fund            | Government Securities      | (12,623.10)  | (4,331.54)   |
|   | Non Convertible Debentures | (9,229.05)   | (537.82)   |
|   | Oil Bond                   | 53.60  | (43.02)  |
|   | Pass Through Certificate   | 2,110.01   | 762.36   |
|   | Subordinate Bond           | (548.47)   | 93.61  |
|   | Deep Discount Bond         | 668.88   | —  |
|   | <b>Total</b>               | <b>(19,568.13)</b>   | <b>(4,056.43)</b>  |
| Niche Life Mid Cap Fund                       | Equity Share               | (126,741.59)   | 196,376.27   |
|   | <b>Total</b>               | <b>(126,741.59)</b>  | <b>196,376.27</b>  |
| Niche Life Large Cap Fund                     | Equity Share               | 39,188.65  | 171,514.33   |
|   | <b>Total</b>               | <b>39,188.65</b>   | <b>171,514.33</b>  |
| Niche Life Manager Fund                       | Insurance Units            | 136,506.24   | 329,538.38   |
|   | <b>Total</b>               | <b>136,506.24</b>  | <b>329,538.38</b>  |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name  | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|---|----------------------------|--|--|
| Life Super - II<br>Highest NAV Guarantee Fund Life Super - II | Deep Discount Bond         | —  | N/A  |
|   | Government Securities      | 923.98   | N/A  |
|   | Equity Share               | (17,612.96)  | N/A  |
|   | Non Convertible Debentures | (24,233.59)  | N/A  |
|   | Oil Bond                   | —  | N/A  |
|   | Pass Through Certificate   | —  | N/A  |
|   | <b>Total</b>               | <b>(40,922.56)</b>   | <b>N/A</b>   |
| Short Term Fund Life Super - II                               | Deep Discount Bond         | —  | N/A  |
|   | Government Securities      | —  | N/A  |
|   | Mutual Fund Units          | —  | N/A  |
|   | Non Convertible Debentures | —  | N/A  |
|   | Oil Bond                   | —  | N/A  |
|   | Pass Through Certificate   | —  | N/A  |
|   | <b>Total</b>               | <b>—</b>   | <b>N/A</b>   |
| Balanced Fund Life Super - II                                 | Deep Discount Bond         | 50.74  | N/A  |
|   | Government Securities      | (68.25)  | N/A  |
|   | Equity Share               | (936.34)   | N/A  |
|   | Non Convertible Debentures | (26.99)  | N/A  |
|   | Oil Bond                   | (7.00)   | N/A  |
|   | Pass Through Certificate   | —  | N/A  |
|   | <b>Total</b>               | <b>(987.84)</b>  | <b>N/A</b>   |
| Capital Guarantee Fund Life Super- II                         | Deep Discount Bond         | —  | N/A  |
|   | Government Securities      | —  | N/A  |
|   | Equity Share               | 2,024.22   | N/A  |
|   | Non Convertible Debentures | (0.07)   | N/A  |
|   | Oil Bond                   | —  | N/A  |
|   | Pass Through Certificate   | —  | N/A  |
|   | <b>Total</b>               | <b>2,024.16</b>  | <b>N/A</b>   |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name  | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|---|----------------------------|--|--|
| Capital Guarantee Fund<br>Capital Guarantee 5 Year Life Fund - II | Deep Discount Bond         | —  | N/A  |
|   | Equity                     | 415.80   | N/A  |
|   | Government Securities      | —  | N/A  |
|   | Mutual Fund Units          | —  | N/A  |
|   | Non Convertible Debentures | (525.46)   | N/A  |
|   | Oil Bond                   | —  | N/A  |
|   | Pass Through Certificate   | —  | N/A  |
|   | <b>Total</b>               | <b>-109.67</b>   | <b>N/A</b>   |
| Capital Guarantee 5 Year Pension Fund - II                        | Deep Discount Bond         | —  | N/A  |
|   | Equity                     | 41.55  | N/A  |
|   | Government Securities      | —  | N/A  |
|   | Mutual Fund Units          | —  | N/A  |
|   | Non Convertible Debentures | (52.55)  | N/A  |
|   | Oil Bond                   | —  | N/A  |
|   | Pass Through Certificate   | —  | N/A  |
|   | <b>Total</b>               | <b>(10.99)</b>   | <b>N/A</b>   |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name   | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|--|----------------------------|--|--|
| Pension Maximus Fund<br>Pension Guarantee Maximus Fund | Deep Discount Bond         | 262.01   | N/A  |
|  | Government Securities      | (135.00)   | N/A  |
|  | Mutual Fund Units          | —  | N/A  |
|  | Non Convertible Debentures | 18.22  | N/A  |
|  | Oil Bond                   | —  | N/A  |
|  | Pass Through Certificate   | —  | N/A  |
|  | <b>Total</b>               | <b>145.23</b>  | <b>N/A</b>   |

**ANNEXURE 2****10) Fund wise disclosure of appreciation and/or depreciation in value of investments segregated class - wise**

(₹ '000)

| Funds Name               | Asset Type                 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2011 | Appreciation/<br>Depreciation<br>in Value of<br>Investment<br>31/03/2010 |
|--------------------------|----------------------------|--|--|
| <b>Group Liquid Fund</b> | Deep Discount Bond         | —  | N/A  |
|                          | Government Securities      | —  | N/A  |
|                          | Mutual Fund Units          | —  | N/A  |
|                          | Non Convertible Debentures | —  | N/A  |
|                          | Oil Bond                   | —  | N/A  |
|                          | Pass Through Certificate   | —  | N/A  |
|                          | <b>Total</b>               | <b>0.00</b>  | <b>N/A</b>   |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT  
CONSOLIDATED**

MORE THAN 10%

2010 - 2011

| Industry Name           | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------|---|--------------------------|---|
| <b>Commercial Banks</b> | ICICI Bank Ltd.   | 6,500,703.04             | 3.13%   |
|                         | Union Bank of India   | 3,368,035.39             | 1.62%   |
|                         | Bank of Baroda  | 2,232,090.74             | 1.08%   |
|                         | Punjab National Bank  | 1,905,850.22             | 0.92%   |
|                         | HDFC Bank CD mat 13-Jun-2011                                    | 981,951.24               | 0.47%   |
|                         | 9.65% Andhra Bank FD mat 30-Dec-2011                            | 750,000.00               | 0.36%   |
|                         | Punjab National Bank CD mat 07-Jun-2011                         | 736,553.89               | 0.36%   |
|                         | Corporation Bank CD mat 13-Jun-2011                             | 735,369.94               | 0.35%   |
|                         | Bank of India CD mat 13-Dec-2011                                | 704,314.63               | 0.34%   |
|                         | HDFC Bank Ltd.  | 642,664.37               | 0.31%   |
|                         | United Bank of India Ltd  | 610,675.54               | 0.29%   |
|                         | 9.95% State Bank of India NCD mat 16-Mar-2026                   | 524,832.41               | 0.25%   |
|                         | 9.70% Union Bank FD mat 29-Dec-2011                             | 500,000.00               | 0.24%   |
|                         | 9.70% Union Bank FD mat 30-Dec-2011                             | 500,000.00               | 0.24%   |
|                         | 9.77% Bank of India FD mat 30-Dec-2011                          | 500,000.00               | 0.24%   |
|                         | 9.75% Syndicate Bank FD mat 30-Dec-2011                         | 500,000.00               | 0.24%   |
|                         | 9.77% IDBI Bank FD mat 30-Dec-2011                              | 500,000.00               | 0.24%   |
|                         | Bank of India CD mat 06-Jun-2011                                | 491,196.39               | 0.24%   |
|                         | Axis Bank CD mat 06-Jun-2011                                    | 491,123.87               | 0.24%   |
|                         | Central Bank of India CD mat 08-June-2011                       | 490,844.32               | 0.24%   |
|                         | Oriental Bank of Commerce CD mat 17 Jun 2011                    | 490,779.70               | 0.24%   |
|                         | Bank of India CD Mat 10-06-2011                                 | 490,639.62               | 0.24%   |
|                         | State Bank of Patiala CD mat 14-Dec-2011                        | 468,505.32               | 0.23%   |
|                         | State Bank of Mysore CD mat 14-Dec-2011                         | 467,758.65               | 0.23%   |
|                         | Central Bank of India CD mat 02-Mar-2012                        | 457,639.76               | 0.22%   |
|                         | State Bank of Mysore CD mat 09-Mar-2012                         | 457,320.25               | 0.22%   |
|                         | 10.25 % Corporation Bank FD mat 14-Mar-2012                     | 400,000.00               | 0.19%   |
|                         | Allahabad Bank  | 398,625.67               | 0.19%   |
|                         | Andhra Bank   | 395,706.78               | 0.19%   |
|                         | 10.20% Canara Bank FD mat 09-Sep-2012                           | 350,000.00               | 0.17%   |
|                         | 9.15% State Bank of Patiala Perp Bond<br>mat. 18.01.2020 (Call) | 349,642.73               | 0.17%   |
|                         | 10.31% Union Bank FD mat 30-Mar-2012                            | 300,000.00               | 0.14%   |
|                         | 9.75% State Bank of Patiala FD mat 29-Dec-2011                  | 250,000.00               | 0.12%   |
|                         | 8.25% BOI FD mat 13.04.2011                                     | 250,000.00               | 0.12%   |
|                         | 9.85% Dena Bank FD mat 30-Dec-2011                              | 250,000.00               | 0.12%   |
|                         | 10.20% Bank of Baroda FD mat 31-Mar-2012                        | 250,000.00               | 0.12%   |
|                         | 9.80% Dena Bank FD mat 29-Dec-2011                              | 250,000.00               | 0.12%   |
|                         | 9.65% Union Bank of India FD mat 03-Mar-2016                    | 250,000.00               | 0.12%   |
|                         | 9.75% Oriental Bank of Commerce FD mat 29-Dec-2011              | 250,000.00               | 0.12%   |
|                         | Canara Bank CD mat 05-Apr-2011                                  | 249,737.40               | 0.12%   |
|                         | Indian Bank CD mat 07-Apr-2011                                  | 249,595.41               | 0.12%   |
|                         | Axis Bank CD mat 08-Apr-2011                                    | 249,520.81               | 0.12%   |
|                         | Indian Overseas Bank CD mat 30-May-2011                         | 246,421.94               | 0.12%   |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT  
CONSOLIDATED**

MORE THAN 10%

2010 - 2011

| Industry Name | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---------------|---|--------------------------|---|
|               | State Bank of Mysore CD mat 02-Jun-2011                         | 246,070.15               | 0.12%   |
|               | State Bank of India CD mat 01-Jun-11                            | 245,936.43               | 0.12%   |
|               | Bank of Baroda CD mat 03-Jun-2011                               | 245,912.47               | 0.12%   |
|               | State Bank of Travancore CD mat 09.06.2011                      | 245,863.85               | 0.12%   |
|               | State Bank of Bikaner & Jaipur CD mat 15-Jun-2011               | 245,379.69               | 0.12%   |
|               | Axis Bank CD Mat 13.06.2011                                     | 245,053.81               | 0.12%   |
|               | State Bank of Bikaner & Jaipur CD mat 15-Jul-2011               | 243,352.54               | 0.12%   |
|               | State Bank of Travancore CD mat 23-09-2011                      | 240,702.20               | 0.12%   |
|               | State Bank of Patiala CD mat 21-Sep-2011                        | 240,550.43               | 0.12%   |
|               | Punjab National Bank MD 28-Nov-2011                             | 236,271.42               | 0.11%   |
|               | Corporation Bank CD mat 09-Dec-2011                             | 235,166.42               | 0.11%   |
|               | State Bank of Patiala CD mat 09-Dec-2011                        | 235,105.72               | 0.11%   |
|               | Bank of Baroda CD mat 19-Dec-2011                               | 234,485.36               | 0.11%   |
|               | State Bank of Bikaner & Jaipur CD mat 15-Dec-2011               | 233,889.70               | 0.11%   |
|               | Punjab National Bank CD mat 07-Mar-2012                         | 228,506.72               | 0.11%   |
|               | Canara Bank CD mat 14-Mar-2012                                  | 228,009.53               | 0.11%   |
|               | Indian Bank   | 219,334.52               | 0.11%   |
|               | 9.05% SBI PERP NCD CALL DT - 27/01/2010<br>STEPUP OPTION (10 Y) | 198,757.57               | 0.10%   |
|               | 10.25% Yes Bank FD mat 14-Mar-2012                              | 160,000.00               | 0.08%   |
|               | Indian Overseas Bank  | 143,177.78               | 0.07%   |
|               | State Bank of India   | 134,285.73               | 0.06%   |
|               | Corporation Bank CD mat 06-Mar-2012                             | 128,144.19               | 0.06%   |
|               | 9.95% State Bank of Hyderabad Perp NCD mat 28/03/18             | 104,055.62               | 0.05%   |
|               | 8.07% State Bank of Patiala FD mat 27-Sep-2011                  | 100,000.00               | 0.05%   |
|               | Punjab National Bank CD mat 06-Apr-2011                         | 99,866.64                | 0.05%   |
|               | Corporation Bank CD mat 01-Jun-2011                             | 98,513.84                | 0.05%   |
|               | Corporation Bank CD mat 30-Nov-2011                             | 94,138.25                | 0.05%   |
|               | 10.10% State Bank of India NCD MD 12-SEP-2022                   | 78,441.67                | 0.04%   |
|               | Axis Bank Limited   | 68,711.44                | 0.03%   |
|               | Corporation Bank Ltd  | 55,091.74                | 0.03%   |
|               | HDFC Bank 9.92% MD 08/09/2036(Estimated)                        | 54,737.29                | 0.03%   |
|               | 9.80% State Bank of Mysore (Per Bond)<br>mat 30/11/2017.        | 51,621.70                | 0.02%   |
|               | Oriental Bank of Commerce                                       | 47,522.46                | 0.02%   |
|               | Karnataka Bank Limited  | 10,390.09                | 0.01%   |
|               | 10.16% IDBI Bank FD mat 14-Mar-2012                             | 10,000.00                | 0.00%   |
|               | Karnataka Bank (Rights Issue)                                   | 4,155.95                 | 0.00%   |
|               | <b>Total</b>  | <b>37,129,302.93</b>     | <b>17.90%</b>                                 |
|               | <b>Sub Total ( A )</b>  | <b>37,129,302.93</b>     | <b>17.90%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International and ) and S & P (Standard & Poor's )



## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT  
CONSOLIDATED**

**OTHERS (LESS THAN 10%)****2010 - 2011**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Diversified Financial Services      | 18,158,124.87            | 8.75%   |
| Oil, Gas & Consumable Fuels         | 17,981,172.25            | 8.67%   |
| IT Services                         | 13,759,933.49            | 6.63%   |
| Central Government of India         | 13,515,500.96            | 6.51%   |
| Electrical Equipment                | 8,936,264.60             | 4.31%   |
| Pharmaceuticals                     | 8,448,260.08             | 4.07%   |
| Food Products                       | 7,753,619.26             | 3.74%   |
| Thriffs & Mortgage Finance          | 6,999,238.29             | 3.37%   |
| Life/Health Insurance               | 6,796,850.47             | 3.28%   |
| Independent Power Producers         | 6,522,239.63             | 3.14%   |
| Tobacco                             | 6,380,653.80             | 3.08%   |
| Metals & Mining                     | 5,143,209.84             | 2.48%   |
| Construction & Engineering          | 4,866,117.85             | 2.35%   |
| Chemicals                           | 4,810,356.96             | 2.32%   |
| Automobiles                         | 4,174,109.58             | 2.01%   |
| Media                               | 4,062,541.14             | 1.96%   |
| Gas Utilities                       | 3,716,660.12             | 1.79%   |
| Industrial Conglomerates            | 3,225,217.70             | 1.55%   |
| Wireless Telecommunication Ser      | 3,195,182.45             | 1.54%   |
| Construction Materials              | 3,193,033.93             | 1.54%   |
| Electric Utilities                  | 3,136,619.35             | 1.51%   |
| Life Sciences Tools & Services      | 2,741,101.01             | 1.32%   |
| Auto Components                     | 2,726,939.13             | 1.31%   |
| Finance-Other Services              | 1,955,129.42             | 0.94%   |
| Building Products                   | 1,591,065.23             | 0.77%   |
| Diversified operations              | 1,199,659.11             | 0.58%   |
| Road & Rail                         | 1,146,320.16             | 0.55%   |
| Transportation Infrastructure       | 1,040,120.36             | 0.50%   |
| Consumer Finance                    | 917,804.44               | 0.44%   |
| Personal Products                   | 704,185.63               | 0.34%   |
| Machinery                           | 445,216.34               | 0.21%   |
| Finance-Invest Bnkr                 | 442,193.43               | 0.21%   |
| Finance -other Services             | 247,609.18               | 0.12%   |
| Real Estate Management & Devel      | 111,719.67               | 0.05%   |
| Textiles, Apparel & Luxury Goods    | 108,256.61               | 0.05%   |
| Household Durables                  | 78,496.06                | 0.04%   |
| Household Products                  | 56,007.47                | 0.03%   |
| Paper & Forest Products             | 46,318.80                | 0.02%   |
| Software                            | 9,381.18                 | 0.00%   |
| Air Freight & Logistics             | 6,726.64                 | 0.00%   |
| <b>Sub Total ( B )</b>              | <b>170,349,156.49</b>    | <b>82.10%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>207,478,459.42</b>    | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International and ) and S & P (Standard & Poor's)

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Life and Group Life (on or after 29.03.2006)**

MORE THAN 10%

2010 - 2011

| Industry Name           | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------|---|--------------------------|---|
| <b>Commercial Banks</b> | ICICI Bank Ltd.   | 2,663,195.16             | 3.46%   |
|                         | Union Bank Of India   | 1,391,905.79             | 1.81%   |
|                         | Bank of Baroda  | 928,576.46               | 1.21%   |
|                         | Punjab National Bank  | 833,025.46               | 1.08%   |
|                         | 9.77% IDBI Bank FD mat 30-Dec-2011                              | 405,000.00               | 0.53%   |
|                         | Bank of India CD mat 10-06-2011                                 | 343,447.73               | 0.45%   |
|                         | 10.25 % Corporation Bank FD mat 14-Mar-2012                     | 320,000.00               | 0.42%   |
|                         | 9.75% Syndicate Bank FD mat 30-Dec-2011                         | 310,000.00               | 0.40%   |
|                         | 9.70% Union Bank FD mat 29-Dec-2011                             | 305,000.00               | 0.40%   |
|                         | Central Bank of India CD mat 08-June-2011                       | 245,420.84               | 0.32%   |
|                         | Corporation Bank CD mat 13-Jun-2011                             | 236,297.10               | 0.31%   |
|                         | 9.85% Dena Bank FD mat 30-Dec-2011                              | 200,000.00               | 0.26%   |
|                         | Punjab National Bank CD mat 07-Jun-2011                         | 196,414.37               | 0.26%   |
|                         | 9.77% Bank of India FD mat 30-Dec-2011                          | 195,000.00               | 0.25%   |
|                         | Bank of Baroda CD mat 03-Jun-2011                               | 181,025.18               | 0.24%   |
|                         | Bank of India CD mat 13-Dec-2011                                | 173,702.28               | 0.23%   |
|                         | 10.31% Union Bank FD mat 30-Mar-2012                            | 170,000.00               | 0.22%   |
|                         | 10.20% Canara Bank FD mat 09-Sep-2012                           | 160,000.00               | 0.21%   |
|                         | 9.80% Dena Bank FD mat 29-Dec-2011                              | 150,000.00               | 0.20%   |
|                         | 9.65% Union Bank of India FD mat 03-Mar-2016                    | 150,000.00               | 0.20%   |
|                         | 10.20% Bank of Baroda FD mat 31-Mar-2012                        | 150,000.00               | 0.20%   |
|                         | Axis Bank CD mat 06-Jun-2011                                    | 147,337.16               | 0.19%   |
|                         | 9.15% State Bank of Patiala Perp Bond<br>Mat. 18.01.2020 (Call) | 145,850.97               | 0.19%   |
|                         | 9.75% Oriental Bank of Commerce FD mat 29-Dec-2011              | 140,000.00               | 0.18%   |
|                         | State Bank of Mysore CD mat 14-Dec-2011                         | 135,547.73               | 0.18%   |
|                         | Central Bank of India CD mat 02-Mar-2012                        | 134,641.83               | 0.18%   |
|                         | State Bank of Patiala CD mat 09-Dec-2011                        | 126,970.42               | 0.17%   |
|                         | Corporation Bank CD mat 09-Dec-2011                             | 122,277.22               | 0.16%   |
|                         | State Bank of Travancore CD mat 09.06.2011                      | 122,003.81               | 0.16%   |
|                         | 9.95% State Bank of India NCD mat 16-Mar-2026                   | 120,711.45               | 0.16%   |
|                         | Axis Bank CD mat 08-Apr-2011                                    | 114,273.30               | 0.15%   |
|                         | Allahabad Bank  | 110,469.08               | 0.14%   |
|                         | Canara Bank CD mat 14-Mar-2012                                  | 109,444.57               | 0.14%   |
|                         | Indian Overseas Bank CD mat 30-May-2011                         | 103,014.25               | 0.13%   |
|                         | HDFC Bank Ltd.  | 100,198.29               | 0.13%   |
|                         | State Bank of Patiala CD mat 14-Dec-2011                        | 90,975.78                | 0.12%   |
|                         | State Bank of Bikaner & Jaipur CD mat 15-Jun-2011               | 89,324.13                | 0.12%   |
|                         | Punjab National Bank CD mat 07-Mar-2012                         | 87,743.88                | 0.11%   |
|                         | State Bank of Travancore CD mat 23-09-2011                      | 86,811.06                | 0.11%   |
|                         | United Bank of India Ltd  | 83,065.80                | 0.11%   |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Individual Life and Group Life (on or after 29.03.2006)

MORE THAN 10%

2010 - 2011

| Industry Name | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---------------|---|--------------------------|---|
|               | Oriental Bank of Commerce CD mat 17 Jun 2011                    | 82,445.99                | 0.11%   |
|               | Bank of India CD mat 06-Jun-2011                                | 81,531.66                | 0.11%   |
|               | Canara Bank CD mat 05-Apr-2011                                  | 81,116.79                | 0.11%   |
|               | Andhra Bank   | 70,181.81                | 0.09%   |
|               | Bank of Baroda CD mat 19-Dec-2011                               | 66,595.85                | 0.09%   |
|               | 9.70% Union Bank FD mat 30-Dec-2011                             | 65,000.00                | 0.08%   |
|               | Corporation Bank CD mat 01-Jun-2011                             | 64,029.83                | 0.08%   |
|               | 9.95% State Bank of Hyderabad Perp NCD mat 28/03/18             | 57,230.59                | 0.07%   |
|               | HDFC Bank 9.92% MD 08/09/2036(Estimated).                       | 54,737.29                | 0.07%   |
|               | 9.80% State Bank of Mysore (PER BOND)<br>MAT 30/11/2017         | 41,297.36                | 0.05%   |
|               | Corporation Bank CD mat 06-Mar-2012                             | 41,203.87                | 0.05%   |
|               | State Bank of Patiala CD mat 21-Sep-2011                        | 38,344.97                | 0.05%   |
|               | 10.10% State Bank of India NCD MD 12-Sep-2022                   | 32,422.56                | 0.04%   |
|               | Indian Bank   | 32,417.65                | 0.04%   |
|               | 9.05% SBI PERP NCD CALL DT - 27/01/2010<br>STEPUP OPTION (10 Y) | 24,844.70                | 0.03%   |
|               | 9.75% State Bank of Patiala FD mat 29-Dec-2011                  | 20,000.00                | 0.03%   |
|               | Corporation Bank CD mat 30-Nov-2011                             | 14,132.81                | 0.02%   |
|               | Indian Overseas Bank  | 13,933.79                | 0.02%   |
|               | 8.25% BOI FD mat. 13.04.2011                                    | 7.74                     | 0.00%   |
|               | <b>Total</b>  | <b>12,760,146.36</b>     | <b>16.59%</b>                                 |
|               | <b>Sub Total ( A )</b>  | <b>12,760,146.36</b>     | <b>16.59%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Life and Group Life (on or after 29.03.2006)**

**OTHERS (LESS THAN 10%)****2010 - 2011**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Oil, Gas & Consumable Fuels         | 7,264,666.75             | 9.45%   |
| Diversified Financial Services      | 6,940,145.82             | 9.03%   |
| IT Services                         | 5,566,735.44             | 7.24%   |
| Central Government of India         | 4,486,550.17             | 5.83%   |
| Electrical Equipment                | 3,728,345.22             | 4.85%   |
| Pharmaceuticals                     | 3,271,637.36             | 4.25%   |
| Food Products                       | 3,208,040.81             | 4.17%   |
| Thriffs & Mortgage Finance          | 2,828,544.28             | 3.68%   |
| Independent Power Producers         | 2,699,037.61             | 3.51%   |
| Tobacco                             | 2,605,420.15             | 3.39%   |
| Metals & Mining                     | 1,987,698.63             | 2.59%   |
| Construction & Engineering          | 1,910,336.60             | 2.48%   |
| Chemicals                           | 1,855,865.92             | 2.41%   |
| Media                               | 1,714,124.32             | 2.23%   |
| Automobiles                         | 1,667,131.54             | 2.17%   |
| Gas Utilities                       | 1,401,782.94             | 1.82%   |
| Wireless Telecommunication Ser      | 1,305,167.97             | 1.70%   |
| Life Sciences Tools & Services      | 1,285,706.60             | 1.67%   |
| Industrial Conglomerates            | 1,256,064.53             | 1.63%   |
| Construction Materials              | 1,108,768.98             | 1.44%   |
| Electric Utilities                  | 1,095,013.85             | 1.42%   |
| Auto Components                     | 1,014,725.56             | 1.32%   |
| Finance-Other Services              | 959,836.07               | 1.25%   |
| Building Products                   | 595,211.85               | 0.77%   |
| Consumer Finance                    | 566,025.84               | 0.74%   |
| Road & Rail                         | 503,118.56               | 0.65%   |
| Transportation Infrastructure       | 376,200.59               | 0.49%   |
| Diversified operations              | 275,316.46               | 0.36%   |
| Finance-Invest Bnkr                 | 236,316.81               | 0.31%   |
| Personal Products                   | 210,117.86               | 0.27%   |
| Finance -other Services             | 153,378.34               | 0.20%   |
| Machinery                           | 55,855.65                | 0.07%   |
| <b>Sub Total ( B )</b>              | <b>64,132,889.08</b>     | <b>83.41%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>76,893,035.44</b>     | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)**

MORE THAN 10%

2010 - 2011

| Industry Name           | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------|---|--------------------------|---|
| <b>Commercial Banks</b> | ICICI Bank Ltd.   | 1,623,501.74             | 3.53%   |
|                         | Union Bank Of India   | 772,543.40               | 1.68%   |
|                         | Bank of Baroda  | 567,105.06               | 1.23%   |
|                         | Punjab National Bank  | 521,561.65               | 1.13%   |
|                         | 9.65% Andhra Bank FD mat 30-Dec-2011                                | 265,000.00               | 0.58%   |
|                         | Central Bank of India CD mat 08-June-2011                           | 245,423.49               | 0.53%   |
|                         | Punjab National Bank CD mat 07-Jun-2011                             | 196,414.37               | 0.43%   |
|                         | Corporation Bank CD mat 13-Jun-2011                                 | 196,102.89               | 0.43%   |
|                         | 9.70% Union Bank FD mat 30-Dec-2011                                 | 190,000.00               | 0.41%   |
|                         | 9.70% Union Bank FD mat 29-Dec-2011                                 | 185,000.00               | 0.40%   |
|                         | Central Bank of India CD mat 02-Mar-2012                            | 153,720.95               | 0.33%   |
|                         | State Bank of Mysore CD mat 14-Dec-2011                             | 149,689.63               | 0.33%   |
|                         | Bank of India CD Mat 10-06-2011                                     | 147,191.88               | 0.32%   |
|                         | Bank of India CD mat 13-Dec-2011                                    | 131,449.87               | 0.29%   |
|                         | 10.31% Union Bank FD mat 30-Mar-2012                                | 130,000.00               | 0.28%   |
|                         | 9.05% SBI PERP NCD CALL DT - 27/01/2010<br>STEPUP OPTION (10 Year ) | 109,316.66               | 0.24%   |
|                         | 10.20% Bank of Baroda FD mat 31-Mar-2012                            | 100,000.00               | 0.22%   |
|                         | 10.20% Canara Bank FD mat 09-Sep-2012                               | 100,000.00               | 0.22%   |
|                         | 9.75% Oriental Bank of Commerce FD mat 29-Dec-2011                  | 100,000.00               | 0.22%   |
|                         | 9.77% IDBI Bank FD mat 30-Dec-2011                                  | 95,000.00                | 0.21%   |
|                         | 10.25% Yes Bank FD mat 14-Mar-2012                                  | 95,000.00                | 0.21%   |
|                         | 9.80% Dena Bank FD mat 29-Dec-2011                                  | 90,000.00                | 0.20%   |
|                         | State Bank of Patiala CD mat 14-Dec-2011                            | 89,041.91                | 0.19%   |
|                         | Punjab National Bank CD mat 07-Mar-2012                             | 84,996.01                | 0.18%   |
|                         | 9.95% State Bank of India NCD mat 16-Mar-2026                       | 83,973.18                | 0.18%   |
|                         | Canara Bank CD mat 14-Mar-2012                                      | 72,963.05                | 0.16%   |
|                         | Bank of India CD mat 06-Jun-2011                                    | 69,767.66                | 0.15%   |
|                         | 10.25 % Corporation Bank FD mat 14-Mar-2012                         | 65,000.00                | 0.14%   |
|                         | State Bank of Patiala CD mat 21-Sep-2011                            | 64,892.73                | 0.14%   |
|                         | HDFC Bank Ltd.  | 61,914.02                | 0.13%   |
|                         | Allahabad Bank  | 59,336.38                | 0.13%   |
|                         | 9.15% State Bank of Patiala Perp Bond<br>mat. 18.01.2020 (Call)     | 58,939.77                | 0.13%   |
|                         | United Bank of India Ltd  | 52,612.65                | 0.11%   |
|                         | Corporation Bank CD mat 06-Mar-2012                                 | 50,360.29                | 0.11%   |
|                         | 9.85% Dena Bank FD mat 30-Dec-2011                                  | 50,000.00                | 0.11%   |
|                         | 9.75% Syndicate Bank FD mat 30-Dec-2011                             | 50,000.00                | 0.11%   |
|                         | 9.77% Bank of India FD mat 30-Dec-2011                              | 50,000.00                | 0.11%   |
|                         | Indian Overseas Bank CD mat 30-May-2011                             | 49,275.50                | 0.11%   |
|                         | State Bank of Bikaner & Jaipur CD mat 15-Jun-2011                   | 49,065.66                | 0.11%   |
|                         | Corporation Bank CD mat 09-Dec-2011                                 | 42,326.73                | 0.09%   |

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)

MORE THAN 10%

2010 - 2011

| Industry Name | Scrip Name                                     | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---------------|--|--------------------------|---|
|               | State Bank of Patiala CD mat 09-Dec-2011       | 42,298.78                | 0.09%   |
|               | Andhra Bank                                    | 41,659.40                | 0.09%   |
|               | Oriental Bank of Commerce CD mat 17 Jun 2011   | 40,245.00                | 0.09%   |
|               | Indian Bank                                    | 37,938.25                | 0.08%   |
|               | State Bank of Travancore CD mat 23-09-2011     | 37,754.14                | 0.08%   |
|               | Bank of Baroda CD mat 19-Dec-2011              | 37,518.40                | 0.08%   |
|               | 10.10% State Bank of India NCD MD 12-Sep-2022  | 27,193.11                | 0.06%   |
|               | Corporation Bank CD mat 30-Nov-2011            | 16,028.39                | 0.03%   |
|               | State Bank of Travancore CD mat 09.06.2011     | 14,761.33                | 0.03%   |
|               | Bank of Baroda CD mat 03-Jun-2011              | 14,750.00                | 0.03%   |
|               | 10.16% IDBI Bank FD Mat 14-Mar-2012            | 10,000.00                | 0.02%   |
|               | 9.75% State Bank of Patiala FD mat 29-Dec-2011 | 10,000.00                | 0.02%   |
|               | Indian Overseas Bank                           | 7,467.82                 | 0.02%   |
|               | Punjab National Bank CD mat 06-Apr-2011        | 5,991.60                 | 0.01%   |
|               | Punjab National Bank MD 28-Nov-2011            | 4,701.04                 | 0.01%   |
|               | <b>Total</b>                                   | <b>7,616,794.43</b>      | <b>16.57%</b>                                 |
|               | <b>Sub Total ( A )</b>                         | <b>7,616,794.43</b>      | <b>16.57%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)

**OTHERS (LESS THAN 10%)****2010 - 2011**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Oil, Gas & Consumable Fuels         | 4,402,034.24             | 9.58%   |
| Diversified Financial Services      | 4,112,735.89             | 8.95%   |
| IT Services                         | 3,358,456.19             | 7.31%   |
| Central Government of India         | 2,587,488.25             | 5.63%   |
| Electrical Equipment                | 2,287,101.89             | 4.98%   |
| Pharmaceuticals                     | 2,030,788.95             | 4.42%   |
| Food Products                       | 1,936,964.65             | 4.21%   |
| Independent Power Producers         | 1,701,815.92             | 3.70%   |
| Tobacco                             | 1,597,255.19             | 3.48%   |
| Thriffs & Mortgage Finance          | 1,552,008.12             | 3.38%   |
| Metals & Mining                     | 1,209,549.93             | 2.63%   |
| Chemicals                           | 1,189,215.34             | 2.59%   |
| Construction & Engineering          | 1,151,092.99             | 2.50%   |
| Media                               | 1,047,307.91             | 2.28%   |
| Automobiles                         | 1,001,291.13             | 2.18%   |
| Gas Utilities                       | 845,116.10               | 1.84%   |
| Wireless Telecommunication Ser      | 801,906.24               | 1.74%   |
| Industrial Conglomerates            | 777,842.92               | 1.69%   |
| Construction Materials              | 730,727.50               | 1.59%   |
| Life Sciences Tools & Services      | 723,224.39               | 1.57%   |
| Electric Utilities                  | 701,861.63               | 1.53%   |
| Auto Components                     | 620,270.63               | 1.35%   |
| Building Products                   | 359,905.33               | 0.78%   |
| Finance-Other Services              | 324,413.87               | 0.71%   |
| Road & Rail                         | 318,031.25               | 0.69%   |
| Diversified operations              | 237,152.11               | 0.52%   |
| Transportation Infrastructure       | 180,407.38               | 0.39%   |
| Consumer Finance                    | 179,860.96               | 0.39%   |
| Personal Products                   | 125,712.88               | 0.27%   |
| Finance-Invest Bnkr                 | 107,771.52               | 0.23%   |
| Finance -other Services             | 94,230.84                | 0.21%   |
| Machinery                           | 51,460.72                | 0.11%   |
| <b>Sub Total ( B )</b>              | <b>38,345,002.84</b>     | <b>83.43%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>45,961,797.27</b>     | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Group Life (Upto 28.03.2006)

MORE THAN 10%

2010 - 2011

| Industry Name                              | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|--|---|--------------------------|---|
| <b>Central<br/>Government<br/>of India</b> | 7.47% Oil Bond mat. 07/03/2012  | 126,530.10               | 5.71%   |
|  | Repo Investments  | 82,198.88                | 3.71%   |
|  | 7.27% GOI 03/09/2013  | 64,468.51                | 2.91%   |
|  | 7% Oil Bonds mat 09.Sep.2012  | 59,307.00                | 2.68%   |
|  | 7.17% GOI MD 14-June-2015   | 42,858.20                | 1.93%   |
|  | 7.59% Oil Bonds mat. 23/03/2015   | 39,178.56                | 1.77%   |
|  | 7.56% GOI mat 03/11/2014  | 36,238.73                | 1.63%   |
|  | 7.59% GOI 2016  | 23,021.86                | 1.04%   |
|  | 7.61% Oil Bonds mat 07/03/2015  | 20,782.76                | 0.94%   |
|  | 7.44% Oil Bonds mat 23/03/2012  | 19,926.00                | 0.90%   |
|  | 6.07% GOI mat 15/05/2014  | 19,914.27                | 0.90%   |
|  | 4.81% GOI 10/09/2013 (Floater)  | 19,579.16                | 0.88%   |
|  | 7.46% GOI 28/08/2017  | 19,494.82                | 0.88%   |
|  | 10.71% GOI 19/04/2016   | 11,717.69                | 0.53%   |
|  | 7.99% GOI MD 09-JULY-2017   | 9,016.65                 | 0.41%   |
|  | 7.02% GOI mat 17/08/2016  | 8,620.20                 | 0.39%   |
|  | 7.32% GOI 2014 mat 20/10/2014   | 7,556.41                 | 0.34%   |
|  | 8.20% GOI 15/02/2022  | 1,005.20                 | 0.05%   |
|  | 9.39% GOI mat 02/07/2011  | 923.62                   | 0.04%   |
|  | 7.38% GOI 03/09/2015  | 754.16                   | 0.03%   |
|  | 11.50% GOI 24/11/2011   | 239.18                   | 0.01%   |
|  | <b>Total</b>  | <b>613,331.95</b>        | <b>27.67%</b>                                 |
| <b>Diversified<br/>Financial Services</b>  | 6.55% National Housing Bank NCD mat - 20/11/2012                            | 64,768.49                | 2.92%   |
|  | 9.62% L & T Finance Ltd - NCD mat 29.09.2014                                | 50,448.22                | 2.28%   |
|  | 0% IDFC LTD DDB mat 04/11/2011  | 42,608.89                | 1.92%   |
|  | 10.90% Rural Elec Corp Ltd NCD mat 14/08/2013                               | 41,085.09                | 1.85%   |
|  | 10.00% IDFC NCD mat 16 Dec 2013   | 33,469.86                | 1.51%   |
|  | 10.90% Rural Elec Corp Ltd NCD mat 30/09/2013                               | 30,923.17                | 1.40%   |
|  | 8.35% Infrastructure Leasing & Financial Services Ltd<br>NCD mat 03/07/2012 | 29,575.77                | 1.33%   |
|  | 11.10% PFC NCD mat 15/09/2013   | 25,842.40                | 1.17%   |
|  | 8.60% IDFC NCD 24 NOV 2011  | 24,830.83                | 1.12%   |
|  | 7.65% Infrastructure Dev Fin Corp NCD mat 26 Feb 2012                       | 19,673.83                | 0.89%   |
|  | 6.60% Rural Elec Corp Ltd NCD mat 18/08/2011                                | 14,835.33                | 0.67%   |
|  | 6.90% National Housing Bank NCD mat - 30/10/2012                            | 13,786.25                | 0.62%   |
|  | Rural Electrification Corporation Ltd                                       | 11,074.77                | 0.50%   |
|  | 9.50% National Bank for Agriculture & Rural<br>Development mat              | 10,985.22                | 0.50%   |
|  | 10.00% NABARD mat 14.05.2012  | 10,037.60                | 0.45%   |
|  | 10.95% Rural Elec Corp Ltd NCD mat 14/08/2011                               | 10,032.27                | 0.45%   |
|  | 9.80% GE Money Fin Ser mat 25 Apr 11  | 10,010.29                | 0.45%   |
|  | 9.55% Power Finance Corp Ltd NCD mat 09/06/2011                             | 10,005.01                | 0.45%   |



## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Group Life (Upto 28.03.2006)**

**MORE THAN 10%****2010 - 2011**

| Industry Name           | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------|--|--------------------------|---|
|                         | 8.55% Power Finance Corp Ltd NCD mat 07/09/2011              | 9,959.26                 | 0.45%   |
|                         | 7.75% Rural Elec Corp Ltd NCD mat 17/11/2012                 | 9,735.44                 | 0.44%   |
|                         | 10.90% PFC NCD mat 11/08/2013                                | 8,215.26                 | 0.37%   |
|                         | 8.90% Power Finance Corp NCD mat 16/02/2014                  | 7,911.01                 | 0.36%   |
|                         | Power Finance Corporation Ltd                                | 7,832.18                 | 0.35%   |
|                         | 11.35% Rural Elec Corp Ltd NCD mat 24/10/2013                | 4,169.75                 | 0.19%   |
|                         | Kotak Mahindra Bank Limited                                  | 550.79                   | 0.02%   |
|                         | <b>Total</b>   | <b>502,366.98</b>        | <b>22.66%</b>                                 |
| <b>Commercial Banks</b> | 9.15% State Bank of Patiala Perp Bond mat. 18.01.2020 (Call) | 29,969.38                | 1.35%   |
|                         | Indian Bank CD mat 07-Apr-2011                               | 17,970.27                | 0.81%   |
|                         | Bank of Baroda CD mat 03-Jun-2011                            | 17,692.69                | 0.80%   |
|                         | Axis Bank CD mat 08-Apr-2011                                 | 17,469.58                | 0.79%   |
|                         | Canara Bank CD mat 05-Apr-2011                               | 16,484.07                | 0.74%   |
|                         | Central Bank of India CD mat 02-Mar-2012                     | 16,468.91                | 0.74%   |
|                         | Punjab National Bank CD mat 07-Mar-2012                      | 16,455.78                | 0.74%   |
|                         | Bank of India CD mat 13-Dec-2011                             | 16,424.31                | 0.74%   |
|                         | State Bank of Patiala CD mat 21-Sep-2011                     | 16,403.93                | 0.74%   |
|                         | Indian Overseas Bank CD mat 30-May-2011                      | 16,269.73                | 0.73%   |
|                         | Corporation Bank CD mat 01-Jun-2011                          | 15,764.13                | 0.71%   |
|                         | State Bank of Bikaner & Jaipur CD mat 15-Jun-2011            | 15,705.88                | 0.71%   |
|                         | Oriental Bank Of Commerce CD mat 17 Jun 2011                 | 15,705.36                | 0.71%   |
|                         | ICICI Bank Ltd.  | 14,096.49                | 0.64%   |
|                         | 9.80% State Bank of Mysore (Per Bond)<br>mat 30/11/2017      | 10,324.34                | 0.47%   |
|                         | 10.20% Canara Bank FD mat 09-Sep-2012                        | 10,000.00                | 0.45%   |
|                         | Union Bank Of India  | 8,510.06                 | 0.38%   |
|                         | 10.10% State Bank of India NCD MD 12-Sep-2022                | 8,367.11                 | 0.38%   |
|                         | Punjab National Bank   | 6,907.54                 | 0.31%   |
|                         | Bank of Baroda   | 6,301.44                 | 0.28%   |
|                         | State Bank of Travancore CD mat 23-09-2011                   | 5,781.64                 | 0.26%   |
|                         | Andhra Bank  | 5,010.62                 | 0.23%   |
|                         | United Bank of India Ltd                                     | 4,490.96                 | 0.20%   |
|                         | Allahabad Bank.  | 2,316.80                 | 0.10%   |
|                         | HDFC Bank Ltd  | 1,876.68                 | 0.08%   |
|                         | <b>Total</b>   | <b>312,767.69</b>        | <b>14.11%</b>                                 |
|                         | <b>Sub Total ( A )</b>                                       | <b>1,428,466.62</b>      | <b>64.45%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Group Life (Upto 28.03.2006)**

**OTHERS (LESS THAN 10%)****2010 - 2011**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Thriffs & Mortgage Finance          | 191,096.62               | 8.62%   |
| Oil, Gas & Consumable Fuels         | 103,125.54               | 4.65%   |
| Diversified operations              | 81,594.20                | 3.68%   |
| Chemicals                           | 44,243.74                | 2.00%   |
| Electric Utilities                  | 43,150.23                | 1.95%   |
| IT Services                         | 38,421.82                | 1.73%   |
| Electrical Equipment                | 29,915.51                | 1.35%   |
| Pharmaceuticals                     | 26,876.48                | 1.21%   |
| Food Products                       | 21,922.10                | 0.99%   |
| Independent Power Producers         | 21,518.15                | 0.97%   |
| Finance-Invest Bnkr                 | 19,776.20                | 0.89%   |
| Tobacco                             | 18,668.16                | 0.84%   |
| Construction Materials              | 15,831.93                | 0.71%   |
| Metals & Mining                     | 15,786.60                | 0.71%   |
| Media                               | 12,898.67                | 0.58%   |
| Automobiles                         | 11,368.86                | 0.51%   |
| Wireless Telecommunication Ser      | 11,305.63                | 0.51%   |
| Gas Utilities                       | 11,160.92                | 0.50%   |
| Finance-Other Services              | 10,886.89                | 0.49%   |
| Construction & Engineering          | 10,601.84                | 0.48%   |
| Life Sciences Tools & Services      | 10,369.30                | 0.47%   |
| Industrial Conglomerates            | 7,278.35                 | 0.33%   |
| Auto Components                     | 6,211.68                 | 0.28%   |
| Building Products                   | 5,221.84                 | 0.24%   |
| Consumer Finance                    | 4,790.04                 | 0.22%   |
| Transportation Infrastructure       | 4,103.87                 | 0.19%   |
| Road & Rail                         | 3,892.96                 | 0.18%   |
| Personal Products                   | 3,892.21                 | 0.18%   |
| Machinery                           | 2,134.04                 | 0.10%   |
| <b>Sub Total ( B )</b>              | <b>788,044.41</b>        | <b>35.55%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>2,216,511.03</b>      | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Group DB Pension (Upto 28.03.2006)

MORE THAN 10%

2010 - 2011

| Industry Name                                 | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---|---|--------------------------|---|
| <b>Central<br/>Government<br/>of India</b>    | 9.39% GOI Mat 02/07/2011  | 54,037.19                | 7.19%   |
|   | 7.47% Oil Bond mat. 07/03/2012  | 32,877.90                | 4.37%   |
|   | Repo Investments  | 31,584.05                | 4.20%   |
|   | 7.99% GOI MD 09-July-2017   | 31,057.35                | 4.13%   |
|   | 7.02% GOI MAT 17/08/2016  | 26,147.56                | 3.48%   |
|   | 7.17% GOI MD 14-June-2015   | 23,377.20                | 3.11%   |
|   | 7% Oil Bonds mat 09.Sep.2012  | 22,734.35                | 3.02%   |
|   | 7.56% GOI mat 03/11/2014  | 21,425.78                | 2.85%   |
|   | 7.61% Oil Bonds mat 07/03/2015  | 14,107.85                | 1.88%   |
|   | 7.59% GOI 2016  | 7,125.76                 | 0.95%   |
|   | 6.07% GOI mat 15/05/2014  | 6,342.69                 | 0.84%   |
|   | 7.46% GOI 28/08/2017  | 4,873.71                 | 0.65%   |
|   | 7.27% GOI 03/09/2013  | 2,488.82                 | 0.33%   |
|   | 8.20% GOI 15/02/2022  | 1,005.20                 | 0.13%   |
|   | 7.44% Oil Bonds mat. 23/03/2012   | 464.18                   | 0.06%   |
|   | 10.71% GOI 19/04/2016   | 6.52                     | 0.00%   |
|   | <b>Total</b>  | <b>279,656.08</b>        | <b>37.20%</b>                                 |
| <b>Diversified<br/>Financial<br/>Services</b> | 6.55% National Housing Bank NCD mat - 20/11/2012.                           | 22,570.84                | 3.00%   |
|   | 10.90% Rural Elec Corp Ltd NCD mat 14/08/2013                               | 21,569.67                | 2.87%   |
|   | 0% IDFC Ltd DDB mat 04/11/2011  | 18,937.28                | 2.52%   |
|   | 9.80% GE Money Fin Ser Mat 25 Apr 11  | 12,012.35                | 1.60%   |
|   | 10.70% PFC NCD mat 15/07/2013   | 10,221.74                | 1.36%   |
|   | 9.22% PFC NCD mat 28/12/2012  | 7,956.96                 | 1.06%   |
|   | 11.50% Rural Elec Corp Ltd NCD mat 26/11/2013                               | 5,238.21                 | 0.70%   |
|   | 10.90% Rural Elec Corp Ltd NCD mat 30/09/2013                               | 5,153.86                 | 0.69%   |
|   | 8.60% IDFC NCD 24 Nov 2011  | 4,966.17                 | 0.66%   |
|   | 7.75% Rural Elec Corp Ltd NCD mat 17/11/2012                                | 3,894.18                 | 0.52%   |
|   | Rural Electrification Corporation Ltd                                       | 3,704.53                 | 0.49%   |
|   | Power Finance Corporation Ltd   | 2,528.49                 | 0.34%   |
|   | 9.50% National Bank for Agriculture & Rural Development<br>mat 15/10/2012   | 1,997.31                 | 0.27%   |
|   | 6.90% National Housing Bank NCD mat - 30/10/2012.                           | 984.73                   | 0.13%   |
|   | Kotak Mahindra Bank Limited   | 838.78                   | 0.11%   |
|   | 8.35% Infrastructure Leasing & Financial Services Ltd NCD<br>mat 03/07/2012 | 82.81                    | 0.01%   |
|   | <b>Total</b>  | <b>122,657.92</b>        | <b>16.32%</b>                                 |
| <b>Thriffs &amp;<br/>Mortgage<br/>Finance</b> | 6.75% LIC Housing Finance Ltd. mat - 13-May-2011                            | 19,959.08                | 2.66%   |
|   | 0% HDFC Ltd DDB mat 09/03/2012.   | 15,891.77                | 2.11%   |
|   | 9.90% Housing Dev Finance Corp Ltd NCD mat 17/12/2011.                      | 10,012.49                | 1.33%   |
|   | 6.84 % HDFC Ltd NCD MAT 22/04/2011  | 9,990.66                 | 1.33%   |
|   | 8.65% HDFC NCD mat 12/09/2011   | 9,947.84                 | 1.32%   |
|   | 6.85% LIC Housing Finance Ltd. mat - 28-Sep-2011                            | 9,876.33                 | 1.31%   |
|   | 7.60% LIC Housing Finance Ltd mat-23-Apr-2012                               | 2,941.46                 | 0.39%   |
|   | <b>Total</b>  | <b>78,619.62</b>         | <b>10.46%</b>                                 |
|   | <b>Sub Total ( A )</b>  | <b>480,933.62</b>        | <b>63.98%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Group DB Pension (Upto 28.03.2006)**

**OTHERS (LESS THAN 10%)****2010 - 2011**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Chemicals                           | 30,642.99                | 4.08%   |
| Diversified operations              | 29,604.36                | 3.94%   |
| Commercial Banks                    | 26,658.67                | 3.55%   |
| Electric Utilities                  | 25,770.56                | 3.43%   |
| Oil, Gas & Consumable Fuels         | 23,822.81                | 3.17%   |
| Construction Materials              | 17,423.17                | 2.32%   |
| IT Services                         | 16,031.66                | 2.13%   |
| Electrical Equipment                | 10,524.12                | 1.40%   |
| Metals & Mining                     | 10,349.13                | 1.38%   |
| Finance-Invest Bnkr                 | 9,888.10                 | 1.32%   |
| Pharmaceuticals                     | 9,730.94                 | 1.29%   |
| Food Products                       | 8,279.18                 | 1.10%   |
| Independent Power Producers         | 7,509.39                 | 1.00%   |
| Tobacco                             | 7,345.73                 | 0.98%   |
| Media                               | 4,719.91                 | 0.63%   |
| Wireless Telecommunication Ser      | 4,283.44                 | 0.57%   |
| Automobiles                         | 4,241.19                 | 0.56%   |
| Gas Utilities                       | 4,212.93                 | 0.56%   |
| Construction & Engineering          | 4,154.89                 | 0.55%   |
| Auto Components                     | 2,492.16                 | 0.33%   |
| Life Sciences Tools & Services      | 2,475.06                 | 0.33%   |
| Industrial Conglomerates            | 2,053.73                 | 0.27%   |
| Finance-Other Services              | 1,967.32                 | 0.26%   |
| Building Products                   | 1,603.55                 | 0.21%   |
| Transportation Infrastructure       | 1,585.00                 | 0.21%   |
| Road & Rail                         | 1,508.46                 | 0.20%   |
| Personal Products                   | 1,502.83                 | 0.20%   |
| Machinery                           | 407.28                   | 0.05%   |
| <b>Sub Total ( B )</b>              | <b>270,788.56</b>        | <b>36.02%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>751,722.18</b>        | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Individual Life - II (on or after 20.02.08)

MORE THAN 10%

2010 - 2011

| Industry Name               | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-----------------------------|---|--------------------------|---|
| <b>Commercial<br/>Banks</b> | ICICI Bank Ltd.   | 1,053,714.01             | 3.40%   |
|                             | Union Bank of India   | 601,126.56               | 1.94%   |
|                             | HDFC Bank CD mat 13-Jun-2011                                    | 598,990.26               | 1.93%   |
|                             | Bank of Baroda  | 429,079.41               | 1.38%   |
|                             | Punjab National Bank  | 259,465.65               | 0.84%   |
|                             | State Bank of Mysore CD mat 09-Mar-2012                         | 246,952.94               | 0.80%   |
|                             | 9.65% Andhra Bank FD Mat 30-Dec-2011                            | 245,000.00               | 0.79%   |
|                             | United Bank of India Ltd  | 214,838.15               | 0.69%   |
|                             | Corporation Bank CD mat 13-Jun-2011                             | 200,020.01               | 0.65%   |
|                             | Punjab National Bank CD mat 07-Jun-2011                         | 196,414.37               | 0.63%   |
|                             | Bank of India CD mat 13-Dec-2011                                | 183,179.89               | 0.59%   |
|                             | Oriental Bank of Commerce CD Mat 17 Jun 2011                    | 179,624.75               | 0.58%   |
|                             | 9.75% State Bank of Patiala FD mat 29-Dec-2011                  | 160,000.00               | 0.52%   |
|                             | 9.70% Union Bank FD mat 30-Dec-2011                             | 150,000.00               | 0.48%   |
|                             | 9.95% State Bank of India NCD mat 16-Mar-2026                   | 146,953.07               | 0.47%   |
|                             | 9.77% Bank of India FD mat 30-Dec-2011                          | 135,000.00               | 0.44%   |
|                             | HDFC Bank Ltd.  | 102,030.40               | 0.33%   |
|                             | 9.65% Union Bank of India FD mat 03-Mar-2016                    | 100,000.00               | 0.32%   |
|                             | Allahabad Bank  | 99,317.02                | 0.32%   |
|                             | State Bank of Mysore CD mat 02-Jun-2011                         | 98,427.90                | 0.32%   |
|                             | State Bank of Patiala CD mat 21-Sep-2011                        | 75,099.74                | 0.24%   |
|                             | Bank of Baroda CD mat 19-Dec-2011                               | 70,342.13                | 0.23%   |
|                             | Bank of India CD mat 06-Jun-2011                                | 66,801.60                | 0.22%   |
|                             | 9.15% State Bank of Patiala Perp Bond Mat. 18.01.2020 (Call)    | 64,933.65                | 0.21%   |
|                             | 9.75% Syndicate Bank FD mat 30-Dec-2011                         | 60,000.00                | 0.19%   |
|                             | Indian Bank CD mat 07-Apr-2011                                  | 55,912.36                | 0.18%   |
|                             | Axis Bank CD mat 08-Apr-2011                                    | 55,899.21                | 0.18%   |
|                             | Central Bank of India CD mat 02-Mar-2012                        | 55,828.15                | 0.18%   |
|                             | State Bank of Patiala CD mat 14-Dec-2011                        | 50,616.02                | 0.16%   |
|                             | Axis Bank CD Mat 13.06.2011                                     | 49,010.76                | 0.16%   |
|                             | State Bank of Mysore CD mat 14-Dec-2011                         | 46,821.10                | 0.15%   |
|                             | Indian Overseas Bank CD mat 30-May-2011                         | 46,324.65                | 0.15%   |
|                             | State Bank of Travancore CD Mat 09.06.2011                      | 42,298.18                | 0.14%   |
|                             | 10.20% Canara Bank FD mat 09-Sep-2012                           | 40,000.00                | 0.13%   |
|                             | 10.25% Yes Bank FD mat 14-Mar-2012                              | 40,000.00                | 0.13%   |
|                             | Canara Bank CD mat 05-Apr-2011                                  | 39,960.49                | 0.13%   |
|                             | Punjab National Bank CD mat 06-Apr-2011                         | 39,947.03                | 0.13%   |
|                             | 9.05% SBI PERP NCD CALL DT - 27/01/2010<br>STEPUP OPTION (10 Y) | 39,751.51                | 0.13%   |
|                             | Andhra Bank   | 39,366.65                | 0.13%   |
|                             | State Bank of Patiala CD mat 09-Dec-2011                        | 37,620.87                | 0.12%   |
|                             | State Bank of Travancore CD mat 23-09-2011                      | 36,636.50                | 0.12%   |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Life - II (on or after 20.02.08)**

**MORE THAN 10%****2010 - 2011**

| Industry Name | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---------------|--|--------------------------|---|
|               | State Bank of Bikaner & Jaipur CD mat 15-Jun-2011    | 36,312.90                | 0.12%   |
|               | Bank of Baroda CD mat 03-Jun-2011                    | 29,494.96                | 0.10%   |
|               | Corporation Bank CD mat 09-Dec-2011                  | 28,217.82                | 0.09%   |
|               | 9.95% State Bank of Hyderabad Perp NCD Mat 28/03/18. | 26,013.91                | 0.08%   |
|               | Punjab National Bank CD mat 07-Mar-2012              | 22,855.25                | 0.07%   |
|               | Indian Overseas Bank.                                | 15,179.38                | 0.05%   |
|               | 10.25 % Corporation Bank FD mat 14-Mar-2012          | 10,000.00                | 0.03%   |
|               | Corporation Bank CD mat 01-Jun-2011                  | 9,852.58                 | 0.03%   |
|               | 10.10% State Bank of India NCD MD 12-Sep-2022        | 5,229.44                 | 0.02%   |
|               | 8.25% BOI FD Mat. 13.04.2011                         | 200.00                   | 0.00%   |
|               | <b>Total</b>   | <b>6,636,661.24</b>      | <b>21.41%</b>                                 |
|               | <b>Sub Total ( A )</b>                               | <b>6,636,661.24</b>      | <b>21.41%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Individual Life - II (on or after 20.02.08)

## OTHERS (LESS THAN 10%)

2010 - 2011

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Diversified Financial Services      | 2,820,379.80             | 9.10%   |
| Oil, Gas & Consumable Fuels         | 2,790,952.91             | 9.01%   |
| IT Services                         | 2,299,673.33             | 7.42%   |
| Electrical Equipment                | 1,510,012.67             | 4.87%   |
| Pharmaceuticals                     | 1,466,804.53             | 4.73%   |
| Food Products                       | 1,237,773.11             | 3.99%   |
| Central Government of India         | 1,085,316.96             | 3.50%   |
| Tobacco                             | 1,065,686.53             | 3.44%   |
| Thriffs & Mortgage Finance          | 1,064,322.34             | 3.43%   |
| Independent Power Producers         | 917,026.43               | 2.96%   |
| Metals & Mining                     | 822,472.29               | 2.65%   |
| Construction & Engineering          | 791,198.95               | 2.55%   |
| Automobiles                         | 682,026.13               | 2.20%   |
| Gas Utilities                       | 674,185.68               | 2.18%   |
| Media                               | 672,236.01               | 2.17%   |
| Chemicals                           | 655,229.02               | 2.11%   |
| Industrial Conglomerates            | 627,666.19               | 2.03%   |
| Wireless Telecommunication Ser      | 533,223.64               | 1.72%   |
| Construction Materials              | 489,926.75               | 1.58%   |
| Auto Components                     | 418,895.37               | 1.35%   |
| Electric Utilities                  | 383,887.19               | 1.24%   |
| Life Sciences Tools & Services      | 337,160.01               | 1.09%   |
| Building Products                   | 225,661.08               | 0.73%   |
| Road & Rail                         | 180,788.73               | 0.58%   |
| Transportation Infrastructure       | 167,474.82               | 0.54%   |
| Finance-Other Services              | 165,234.49               | 0.53%   |
| Personal Products                   | 139,159.40               | 0.45%   |
| Diversified operations              | 55,853.69                | 0.18%   |
| Consumer Finance                    | 33,530.29                | 0.11%   |
| Machinery                           | 32,219.94                | 0.10%   |
| Finance-Invest Bnkr                 | 9,777.26                 | 0.03%   |
| <b>Sub Total ( B )</b>              | <b>24,355,755.57</b>     | <b>78.59%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>30,992,416.81</b>     | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Individual Pension - II ( on or after 08.10.08 )

MORE THAN 10%

2010 - 2011

| Industry Name       | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---------------------|---|--------------------------|---|
| Commercial<br>Banks | ICICI Bank Ltd.   | 665,615.73               | 3.27%   |
|                     | HDFC Bank CD mat 13-Jun-2011                                    | 382,960.98               | 1.88%   |
|                     | Union Bank of India   | 381,310.02               | 1.87%   |
|                     | 9.65% Andhra Bank FD mat 30-Dec-2011                            | 240,000.00               | 1.18%   |
|                     | Bank of Baroda  | 234,128.57               | 1.15%   |
|                     | Punjab National Bank  | 200,893.46               | 0.99%   |
|                     | State Bank of Mysore CD mat 09-Mar-2012                         | 182,928.10               | 0.90%   |
|                     | Bank of India CD mat 13-Dec-2011                                | 147,956.26               | 0.73%   |
|                     | Punjab National Bank CD mat 07-Jun-2011                         | 147,310.78               | 0.72%   |
|                     | Oriental Bank of Commerce CD mat 17 Jun 2011                    | 143,311.04               | 0.70%   |
|                     | United Bank of India Ltd  | 133,186.57               | 0.65%   |
|                     | 9.95% State Bank of India NCD mat 16-Mar-2026                   | 120,711.45               | 0.59%   |
|                     | 9.77% Bank of India FD mat 30-Dec-2011                          | 110,000.00               | 0.54%   |
|                     | Corporation Bank CD mat 13-Jun-2011                             | 102,949.94               | 0.51%   |
|                     | 9.70% Union Bank FD mat 30-Dec-2011                             | 85,000.00                | 0.42%   |
|                     | State Bank of Mysore CD mat 02-Jun-2011                         | 78,742.38                | 0.39%   |
|                     | HDFC Bank Ltd.  | 60,956.91                | 0.30%   |
|                     | Bank of Baroda CD mat 19-Dec-2011                               | 60,028.98                | 0.29%   |
|                     | 9.75% State Bank of Patiala FD mat 29-Dec-2011                  | 60,000.00                | 0.29%   |
|                     | Punjab National Bank CD mat 06-Apr-2011                         | 53,928.02                | 0.26%   |
|                     | 9.15% State Bank of Patiala Perp Bond mat. 18.01.2020 (Call)    | 49,948.96                | 0.25%   |
|                     | State Bank of Patiala CD mat 21-Sep-2011                        | 45,809.06                | 0.22%   |
|                     | 9.75% Syndicate Bank FD mat 30-Dec-2011                         | 40,000.00                | 0.20%   |
|                     | 10.20% Canara Bank FD mat 09-Sep-2012                           | 40,000.00                | 0.20%   |
|                     | State Bank of Travancore CD mat 23-09-2011                      | 38,528.55                | 0.19%   |
|                     | State Bank of Mysore CD mat 14-Dec-2011                         | 37,456.88                | 0.18%   |
|                     | State Bank of Patiala CD mat 09-Dec-2011                        | 28,215.65                | 0.14%   |
|                     | State Bank of Patiala CD mat 14-Dec-2011                        | 28,125.41                | 0.14%   |
|                     | Bank of India CD mat 06-Jun-2011                                | 26,521.81                | 0.13%   |
|                     | Andhra Bank   | 26,101.77                | 0.13%   |
|                     | 10.25% Yes Bank FD mat 14-Mar-2012                              | 25,000.00                | 0.12%   |
|                     | 9.05% SBI PERP NCD CALL DT - 27/01/2010<br>STEPUP OPTION (10 Y) | 24,844.70                | 0.12%   |
|                     | Corporation Bank CD mat 09-Dec-2011                             | 23,514.85                | 0.12%   |
|                     | 9.95% State Bank of Hyderabad Perp NCD mat 28/03/18             | 20,811.12                | 0.10%   |
|                     | Indian Overseas Bank CD mat 30-May-2011                         | 16,761.46                | 0.08%   |
|                     | Punjab National Bank CD mat 07-Mar-2012                         | 16,455.78                | 0.08%   |
|                     | State Bank of Travancore CD mat 09.06.2011                      | 14,778.72                | 0.07%   |
|                     | State Bank of Bikaner & Jaipur CD mat 15-Jun-2011               | 14,723.69                | 0.07%   |
|                     | Indian Overseas Bank.   | 13,749.01                | 0.07%   |
|                     | Central Bank of India CD mat 02-Mar-2012                        | 13,724.09                | 0.07%   |
|                     | Canara Bank CD mat 05-Apr-2011                                  | 11,988.37                | 0.06%   |
|                     | Corporation Bank CD mat 01-Jun-2011                             | 8,867.30                 | 0.04%   |
|                     | Allahabad Bank  | 8,040.10                 | 0.04%   |
|                     | Axis Bank CD mat 08-Apr-2011                                    | 6,987.92                 | 0.03%   |
|                     | 10.25 % Corporation Bank FD mat 14-Mar-2012                     | 5,000.00                 | 0.02%   |
|                     | <b>Total</b>  | <b>4,177,874.39</b>      | <b>20.52%</b>                                 |
|                     | <b>Sub Total ( A )</b>  | <b>4,177,874.39</b>      | <b>20.52%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).



## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Individual Pension - II ( on or after 08.10.08 )

OTHERS (LESS THAN 10%)

2010 - 2011

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Diversified Financial Services      | 2,001,222.39             | 9.83%   |
| Oil, Gas & Consumable Fuels         | 1,864,616.55             | 9.16%   |
| IT Services                         | 1,386,761.36             | 6.81%   |
| Electrical Equipment                | 957,067.52               | 4.70%   |
| Pharmaceuticals                     | 837,746.68               | 4.11%   |
| Central Government of India         | 828,604.41               | 4.07%   |
| Food Products                       | 782,313.34               | 3.84%   |
| Tobacco                             | 690,274.63               | 3.39%   |
| Thriffs & Mortgage Finance          | 653,419.98               | 3.21%   |
| Independent Power Producers         | 625,214.51               | 3.07%   |
| Construction & Engineering          | 548,304.74               | 2.69%   |
| Metals & Mining                     | 537,523.86               | 2.64%   |
| Chemicals                           | 483,448.37               | 2.37%   |
| Automobiles                         | 448,588.62               | 2.20%   |
| Media                               | 436,440.72               | 2.14%   |
| Industrial Conglomerates            | 401,028.41               | 1.97%   |
| Gas Utilities                       | 388,845.02               | 1.91%   |
| Construction Materials              | 357,008.50               | 1.75%   |
| Wireless Telecommunication Ser      | 339,825.21               | 1.67%   |
| Auto Components                     | 268,039.62               | 1.32%   |
| Life Sciences Tools & Services      | 257,145.44               | 1.26%   |
| Electric Utilities                  | 249,693.10               | 1.23%   |
| Transportation Infrastructure       | 183,183.97               | 0.90%   |
| Building Products                   | 141,026.94               | 0.69%   |
| Road & Rail                         | 116,563.26               | 0.57%   |
| Personal Products                   | 104,868.39               | 0.52%   |
| Finance-Other Services              | 103,417.85               | 0.51%   |
| Finance-Invest Bnkr                 | 58,663.54                | 0.29%   |
| Diversified operations              | 55,853.69                | 0.27%   |
| Consumer Finance                    | 52,690.45                | 0.26%   |
| Machinery                           | 23,179.74                | 0.11%   |
| <b>Sub Total ( B )</b>              | <b>16,182,580.81</b>     | <b>79.48%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>20,360,455.20</b>     | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

## Niche Life Fund

MORE THAN 10%

2010 -2011

| Industry Name                              | Scrip Name                          | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|--|-------------------------------------|--------------------------|---|
| <b>Insurance</b>                           | Bond Opportunities Niche Life Fund. | 2,378,915.87             | 20.00%  |
|  | Large Cap Niche Life Fund           | 1,361,410.82             | 11.45%  |
|  | Mid Cap Niche Life Fund             | 1,321,033.29             | 11.11%  |
|  | Money Plus Niche Life Fund          | 248,051.95               | 2.09%   |
|  | <b>Total</b>                        | <b>5,309,411.93</b>      | <b>44.64%</b>                                 |
| <b>Central<br/>Government<br/>of India</b> | 7.17% GOI MD 14-June-2015           | 318,700.49               | 2.68%   |
|  | Repo Investments                    | 282,981.31               | 2.38%   |
|  | 7.40% GOI 03/05/2012                | 249,737.50               | 2.10%   |
|  | 7.02% GOI mat 17/08/2016            | 221,588.08               | 1.86%   |
|  | 7.32% GOI 2014 mat 20/10/2014       | 168,669.62               | 1.42%   |
|  | 6.07% GOI mat 15/05/2014            | 167,516.72               | 1.41%   |
|  | 7.61% Oil Bonds mat 07/03/2015      | 143,248.28               | 1.20%   |
|  | 7.56% GOI mat 03/11/2014            | 83,435.04                | 0.70%   |
|  | 8.20% GOI 15/02/2022                | 81,359.18                | 0.68%   |
|  | 7.47% Oil Bond mat. 07/03/2012      | 49,815.00                | 0.42%   |
|  | 7.99% GOI MD 09-July-2017           | 44,081.40                | 0.37%   |
|  | 7.27% GOI 03/09/2013                | 36,724.73                | 0.31%   |
|  | 7.59% GOI 2016                      | 36,134.78                | 0.30%   |
|  | 10.71% GOI 19/04/2016               | 32,350.75                | 0.27%   |
|  | 7.44% Oil Bonds mat. 23/03/2012     | 30,937.11                | 0.26%   |
|  | 4.81% GOI 10/09/2013 (Floater)      | 26,734.83                | 0.22%   |
|  | 9.39% GOI mat 02/07/2011            | 22,754.75                | 0.19%   |
|  | 7.38% GOI 03/09/2015                | 18,570.88                | 0.16%   |
|  | 7.49% GOI mat. 16 Apr 2017          | 16,589.99                | 0.14%   |
|  | 7.46% GOI 28/08/2017                | 14,621.12                | 0.12%   |
|  | 11.50% GOI 24/11/2011               | 478.15                   | 0.00%   |
|  | <b>Total</b>                        | <b>2,047,029.69</b>      | <b>17.21%</b>                                 |
|  | <b>Sub Total ( A )</b>              | <b>7,356,441.63</b>      | <b>61.85%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Niche Life Fund

**OTHERS (LESS THAN 10%)****2010 - 2011**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Commercial Banks                    | 831,436.91               | 6.99%   |
| Diversified Financial Services      | 447,926.44               | 3.77%   |
| Oil, Gas & Consumable Fuels         | 375,682.03               | 3.16%   |
| IT Services                         | 282,794.12               | 2.38%   |
| Pharmaceuticals                     | 261,863.41               | 2.20%   |
| Gas Utilities                       | 231,893.22               | 1.95%   |
| Food Products                       | 189,220.91               | 1.59%   |
| Chemicals                           | 184,359.85               | 1.55%   |
| Thriffs & Mortgage Finance          | 184,080.09               | 1.55%   |
| Metals & Mining                     | 172,031.28               | 1.45%   |
| Electrical Equipment                | 118,053.47               | 0.99%   |
| Independent Power Producers         | 115,884.14               | 0.97%   |
| Tobacco                             | 110,500.65               | 0.93%   |
| Building Products                   | 107,048.17               | 0.90%   |
| Automobiles                         | 104,168.03               | 0.88%   |
| Construction & Engineering          | 103,369.08               | 0.87%   |
| Finance-Other Services              | 95,082.70                | 0.80%   |
| Auto Components                     | 92,166.56                | 0.77%   |
| Construction Materials              | 85,009.44                | 0.71%   |
| Electric Utilities                  | 57,780.76                | 0.49%   |
| Industrial Conglomerates            | 48,237.49                | 0.41%   |
| Wireless Telecommunication Ser      | 48,147.50                | 0.40%   |
| Real Estate Management & Devel      | 44,895.23                | 0.38%   |
| Diversified operations              | 39,817.67                | 0.33%   |
| Machinery                           | 37,658.34                | 0.32%   |
| Media                               | 35,574.80                | 0.30%   |
| Personal Products                   | 33,410.60                | 0.28%   |
| Household Durables                  | 25,520.17                | 0.21%   |
| Paper & Forest Products             | 25,137.75                | 0.21%   |
| Road & Rail                         | 17,742.74                | 0.15%   |
| Transportation Infrastructure       | 15,298.65                | 0.13%   |
| Software                            | 9,381.18                 | 0.08%   |
| Air Freight & Logistics             | 6,726.64                 | 0.06%   |
| <b>Sub Total ( B )</b>              | <b>4,537,899.99</b>      | <b>38.15%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>11,894,341.62</b>     | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Wealth Builder Fund

MORE THAN 10%

2010 - 2011

| Industry Name           | Scrip Name                                    | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------|---|--------------------------|---|
| <b>Insurance</b>        | HDFC SL Income Wealth Builder Fund            | 734,061.58               | 8.53%   |
|                         | HDFC SL Blue Chip Wealth Builder Fund         | 385,191.23               | 4.48%   |
|                         | HDFC SL Opportunities Wealth Builder Fund     | 368,185.73               | 4.28%   |
|                         | <b>Total</b>                                  | <b>1,487,438.54</b>      | <b>17.29%</b>                                 |
| <b>Commercial Banks</b> | Union Bank of India                           | 178,826.11               | 2.08%   |
|                         | Indian Bank                                   | 148,978.62               | 1.73%   |
|                         | Andhra Bank                                   | 138,500.53               | 1.61%   |
|                         | Allahabad Bank.                               | 118,352.73               | 1.38%   |
|                         | ICICI Bank Ltd.                               | 97,908.60                | 1.14%   |
|                         | HDFC Bank Ltd.                                | 86,125.54                | 1.00%   |
|                         | Indian Overseas Bank.                         | 71,445.45                | 0.83%   |
|                         | 9.95% State Bank of India NCD mat 16-Mar-2026 | 52,483.24                | 0.61%   |
|                         | United Bank of India Ltd                      | 48,193.55                | 0.56%   |
|                         | Oriental Bank of Commerce                     | 47,522.46                | 0.55%   |
|                         | Bank of India CD mat 13-Dec-2011              | 42,261.63                | 0.49%   |
|                         | Corporation Bank Ltd                          | 30,726.55                | 0.36%   |
|                         | Oriental Bank of Commerce CD mat 17 Jun 2011  | 29,447.56                | 0.34%   |
|                         | Bank of Baroda                                | 23,333.93                | 0.27%   |
|                         | Punjab National Bank                          | 19,086.69                | 0.22%   |
|                         | Central Bank of India CD mat 02-Mar-2012      | 18,298.79                | 0.21%   |
|                         | State Bank of Mysore CD mat 09-Mar-2012       | 18,292.81                | 0.21%   |
|                         | <b>Total</b>                                  | <b>1,169,784.78</b>      | <b>13.60%</b>                                 |
|                         | <b>Sub Total ( A )</b>                        | <b>2,657,223.32</b>      | <b>30.89%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Wealth Builder Fund

**OTHERS (LESS THAN 10%)****2010 - 2011**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Central Government of India         | 731,426.69               | 8.50%   |
| Oil, Gas & Consumable Fuels         | 550,057.87               | 6.39%   |
| Pharmaceuticals                     | 414,301.76               | 4.82%   |
| Chemicals                           | 361,065.77               | 4.20%   |
| Food Products                       | 357,844.81               | 4.16%   |
| Diversified Financial Services      | 343,307.48               | 3.99%   |
| Construction Materials              | 342,900.88               | 3.99%   |
| IT Services                         | 306,869.15               | 3.57%   |
| Auto Components                     | 300,265.10               | 3.49%   |
| Electrical Equipment                | 218,740.18               | 2.54%   |
| Construction & Engineering          | 172,829.56               | 2.01%   |
| Machinery                           | 164,528.41               | 1.91%   |
| Building Products                   | 155,012.42               | 1.80%   |
| Media                               | 131,934.67               | 1.53%   |
| Life Sciences Tools & Services      | 123,265.34               | 1.43%   |
| Gas Utilities                       | 116,681.02               | 1.36%   |
| Metals & Mining                     | 114,912.89               | 1.34%   |
| Transportation Infrastructure       | 109,980.29               | 1.28%   |
| Textiles, Apparel & Luxury Goods    | 108,256.61               | 1.26%   |
| Tobacco                             | 91,642.37                | 1.07%   |
| Automobiles                         | 90,732.34                | 1.05%   |
| Personal Products                   | 83,405.62                | 0.97%   |
| Electric Utilities                  | 80,823.11                | 0.94%   |
| Thriffs & Mortgage Finance          | 66,204.14                | 0.77%   |
| Independent Power Producers         | 63,384.17                | 0.74%   |
| Consumer Finance                    | 53,495.09                | 0.62%   |
| Household Durables                  | 52,975.90                | 0.62%   |
| Industrial Conglomerates            | 51,569.62                | 0.60%   |
| Real Estate Management & Devel      | 48,161.30                | 0.56%   |
| Wireless Telecommunication Services | 47,010.97                | 0.55%   |
| Finance-Other Services              | 45,213.50                | 0.53%   |
| Diversified operations              | 25,591.45                | 0.30%   |
| Paper & Forest Products             | 21,181.05                | 0.25%   |
| <b>Sub Total ( B )</b>              | <b>5,945,571.51</b>      | <b>69.11%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>8,602,794.83</b>      | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International ) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

## Capital Guarantee Fund

MORE THAN 10%

2010 - 2011

| Industry Name                              | Scrip Name                                      | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|--|---|--------------------------|---|
| <b>Diversified<br/>Financial Services</b>  | 8.95% Power Finance Corp Ltd NCD Mat 30/03/2015 | 21,766.13                | 74.27%  |
|  | Rural Electrification Corporation Ltd           | 177.59                   | 0.61%   |
|  | Power Finance Corporation Ltd                   | 174.97                   | 0.60%   |
|  | <b>Total</b>                                    | <b>22,118.69</b>         | <b>75.48%</b>                                 |
| <b>Central<br/>Government<br/>of India</b> | Repo Investments                                | 3,781.41                 | 12.90%  |
|  | <b>Total</b>                                    | <b>3,781.41</b>          | <b>12.90%</b>                                 |
|  | <b>Sub Total ( A )</b>                          | <b>25,900.10</b>         | <b>88.38%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Capital Guarantee Fund**

OTHERS (LESS THAN 10%)

2010 - 2011

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Pharmaceuticals                     | 635.87                   | 2.17%   |
| Commercial Banks                    | 490.12                   | 1.67%   |
| IT Services                         | 486.20                   | 1.66%   |
| Oil, Gas & Consumable Fuels         | 419.64                   | 1.43%   |
| Tobacco                             | 364.20                   | 1.24%   |
| Chemicals                           | 252.58                   | 0.86%   |
| Construction & Engineering          | 247.79                   | 0.85%   |
| Wireless Telecommunication Services | 214.44                   | 0.73%   |
| Independent Power Producers         | 193.10                   | 0.66%   |
| Electric Utilities                  | 101.90                   | 0.35%   |
| <b>Sub Total ( B )</b>              | <b>3,405.83</b>          | <b>11.62%</b>                                 |
| <b>Total Market Value ( A + B )</b> | <b>29,305.92</b>         | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

## Group Liquid Fund

MORE THAN 10%

2010 - 2011

| Industry Name           | Scrip Name                          | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------|-------------------------------------|--------------------------|---|
| <b>Commercial Banks</b> | Corporation Bank CD mat 30-Nov-2011 | 63,977.05                | 98.64%  |
|                         | <b>Total</b>                        | <b>63,977.05</b>         | <b>98.64%</b>                                 |
|                         | <b>Sub Total ( A )</b>              | <b>63,977.05</b>         | <b>98.64%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International) and S & P (Standard & Poor's).



## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

## Group Liquid Fund

OTHERS (LESS THAN 10%)

2010 - 2011

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Central Government of India         | 881.88                   | 1.36%   |
| <b>Sub Total ( B )</b>              | <b>881.88</b>            | <b>1.36%</b>                                  |
| <b>Total Market Value ( A + B )</b> | <b>64,858.93</b>         | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI ( Morgan Stanley Capital International) and S & P (Standard & Poor's).

## ANNEXURE 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

## Pension Maximus Fund

MORE THAN 10%

2010 - 2011

| Industry Name               | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-----------------------------|--|--------------------------|---|
| Central Government of India | Repo Investments                                   | 317,418.54               | 47.36%  |
|                             | 12% GOI - mat - 21-Oct-2011                        | 51,190.00                | 7.64%   |
|                             | <b>Total</b>                                       | <b>368,608.54</b>        | <b>55.00%</b>                                 |
| Commercial Banks            | Central Bank of India CD mat 02-Mar-2012           | 37,506.64                | 5.60%   |
|                             | Corporation Bank CD mat 06-Mar-2012                | 36,580.03                | 5.46%   |
|                             | State Bank of Patiala CD mat 14-Dec-2011           | 22,493.82                | 3.36%   |
|                             | 9.75% Oriental Bank of Commerce FD mat 29-Dec-2011 | 10,000.00                | 1.49%   |
|                             | 9.80% Dena Bank FD mat 29-Dec-2011                 | 10,000.00                | 1.49%   |
|                             | Bank of India CD mat 13-Dec-2011                   | 9,340.38                 | 1.39%   |
|                             | State Bank of Mysore CD mat 14-Dec-2011            | 9,337.98                 | 1.39%   |
|                             | State Bank of Mysore CD mat 09-Mar-2012            | 9,146.41                 | 1.36%   |
|                             | <b>Total</b>                                       | <b>144,405.26</b>        | <b>21.55%</b>                                 |
|                             | <b>Sub Total (A)</b>                               | <b>513,013.80</b>        | <b>76.55%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## ANNEXURE 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Pension Maximus Fund

OTHERS (LESS THAN 10%)

2010 - 2011

| Industry Name                     | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-----------------------------------|--------------------------|---|
| Thriffs & Mortgage Finance        | 60,036.15                | 8.96%   |
| Diversified operations            | 50,005.02                | 7.46%   |
| Diversified Financial Services    | 29,315.85                | 4.37%   |
| Consumer Finance                  | 17,831.70                | 2.66%   |
| <b>Sub Total (B)</b>              | <b>157,188.71</b>        | <b>23.45%</b>                                 |
| <b>Total Market Value (A + B)</b> | <b>670,202.51</b>        | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## ANNEXURE 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

## Life Super - II

MORE THAN 10%

2010 - 2011

| Industry Name    | Scrip Name  | Market Value<br>(₹ *000) | % to Total Market Value<br>of Respective Fund |
|------------------|---|--------------------------|---|
| Commercial Banks | Axis Bank CD mat 06-Jun-2011                      | 343,786.71               | 3.80%   |
|                  | ICICI Bank Ltd.                                   | 247,402.38               | 2.74%   |
|                  | Bank of India CD mat 06-Jun-2011                  | 246,573.66               | 2.73%   |
|                  | State Bank of India CD mat 01-Jun-11              | 245,936.43               | 2.72%   |
|                  | State Bank of Bikaner & Jaipur CD mat 15-Jul-2011 | 243,352.54               | 2.69%   |
|                  | State Bank of Bikaner & Jaipur CD mat 15-Dec-2011 | 233,889.70               | 2.59%   |
|                  | Punjab National Bank MD 28-Nov-2011               | 231,570.38               | 2.56%   |
|                  | Axis Bank CD Mat 13.06.2011                       | 196,043.05               | 2.17%   |
|                  | State Bank of Patiala CD mat 14-Dec-2011          | 187,252.38               | 2.07%   |
|                  | Indian Bank CD mat 07-Apr-2011                    | 175,712.77               | 1.94%   |
|                  | HDFC Bank Ltd.                                    | 166,550.66               | 1.84%   |
|                  | State Bank of India                               | 134,285.73               | 1.49%   |
|                  | Canara Bank CD mat 05-Apr-2011                    | 100,187.68               | 1.11%   |
|                  | State Bank of Mysore CD mat 14-Dec-2011           | 88,905.32                | 0.98%   |
|                  | 8.25% BOI FD Mat. 13.04.2011                      | 87,000.00                | 0.96%   |
|                  | State Bank of Mysore CD mat 02-Jun-2011           | 68,899.86                | 0.76%   |
|                  | AXIS Bank Limited                                 | 68,711.44                | 0.76%   |
|                  | Axis Bank CD mat 08-Apr-2011                      | 54,890.80                | 0.61%   |
|                  | State Bank of Travancore CD mat 09.06.2011        | 52,021.81                | 0.58%   |
|                  | Canara Bank CD mat 14-Mar-2012                    | 45,601.91                | 0.50%   |
|                  | State Bank of Bikaner & Jaipur CD mat 15-Jun-2011 | 40,247.43                | 0.45%   |
|                  | Punjab National Bank                              | 33,634.23                | 0.37%   |
|                  | Central Bank of India CD mat 02-Mar-2012          | 27,450.40                | 0.30%   |
|                  | Corporation Bank CD mat 09-Dec-2011               | 18,829.80                | 0.21%   |
|                  | Indian Overseas Bank CD mat 30-May-2011           | 14,776.35                | 0.16%   |
|                  | 9.77% Bank of India FD mat 30-Dec-2011            | 10,000.00                | 0.11%   |
|                  | 9.70% Union Bank FD mat 30-Dec-2011               | 10,000.00                | 0.11%   |
|                  | Bank of Baroda                                    | 4,187.45                 | 0.05%   |
|                  | Union Bank of India                               | 3,574.94                 | 0.04%   |
|                  | Bank of Baroda CD mat 03-Jun-2011                 | 2,949.64                 | 0.03%   |
|                  | Andhra Bank                                       | 2,209.73                 | 0.02%   |
|                  | United Bank of India Ltd                          | 1,870.88                 | 0.02%   |
|                  | <b>Total</b>                                      | <b>3,388,306.06</b>      | <b>37.48%</b>                                 |
|                  | <b>Sub Total (A)</b>                              | <b>3,388,306.06</b>      | <b>37.48%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## ANNEXURE 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Life Super - II

OTHERS (LESS THAN 10%)

2010 - 2011

| Industry Name                     | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-----------------------------------|--------------------------|---|
| Diversified Financial Services    | 815,947.63               | 9.02%   |
| Oil, Gas & Consumable Fuels       | 605,793.91               | 6.70%   |
| IT Services                       | 503,704.24               | 5.57%   |
| Electric Utilities                | 498,537.02               | 5.51%   |
| Central Government of India       | 482,824.93               | 5.34%   |
| Independent Power Producers       | 370,656.20               | 4.10%   |
| Diversified operations            | 348,870.47               | 3.86%   |
| Thriffs & Mortgage Finance        | 320,906.95               | 3.55%   |
| Metals & Mining                   | 272,885.23               | 3.02%   |
| Finance-Other Services            | 249,076.73               | 2.75%   |
| Tobacco                           | 193,496.18               | 2.14%   |
| Construction & Engineering        | 173,981.41               | 1.92%   |
| Automobiles                       | 164,561.74               | 1.82%   |
| Pharmaceuticals                   | 127,874.10               | 1.41%   |
| Wireless Telecommunication Ser    | 104,097.40               | 1.15%   |
| Machinery                         | 77,772.21                | 0.86%   |
| Electrical Equipment              | 76,504.01                | 0.85%   |
| Household Products                | 56,007.47                | 0.62%   |
| Industrial Conglomerates          | 53,476.46                | 0.59%   |
| Construction Materials            | 45,436.76                | 0.50%   |
| Gas Utilities                     | 42,782.29                | 0.47%   |
| Real Estate Management & Devel    | 18,663.15                | 0.21%   |
| Food Products                     | 11,260.37                | 0.12%   |
| Consumer Finance                  | 9,580.08                 | 0.11%   |
| Media                             | 7,304.14                 | 0.08%   |
| Chemicals                         | 6,033.39                 | 0.07%   |
| Road & Rail                       | 4,674.19                 | 0.05%   |
| Auto Components                   | 3,872.43                 | 0.04%   |
| Personal Products                 | 2,115.85                 | 0.02%   |
| Transportation Infrastructure     | 1,885.77                 | 0.02%   |
| Life Sciences Tools & Services    | 1,754.87                 | 0.02%   |
| Building Products                 | 374.05                   | 0.00%   |
| <b>Sub Total (B)</b>              | <b>5,652,711.64</b>      | <b>62.52%</b>                                 |
| <b>Total Market Value (A + B)</b> | <b>9,041,017.70</b>      | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT  
CONSOLIDATED**

MORE THAN 10%

2009 - 2010

| Industry Name           | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------|---|--------------------------|---|
| <b>Commercial Banks</b> | ICICI Bank Ltd                                    | 4,366,426.69             | 2.79%   |
|                         | Union Bank Of India                               | 3,423,050.47             | 2.18%   |
|                         | Bank of Baroda                                    | 3,079,514.21             | 1.97%   |
|                         | State Bank of India                               | 2,813,309.22             | 1.80%   |
|                         | Punjab National Bank                              | 2,779,578.46             | 1.77%   |
|                         | Allahabad Bank.                                   | 628,180.02               | 0.40%   |
|                         | 8.80% Central Bank of India FD mat 21/09/10       | 550,000.00               | 0.35%   |
|                         | Bank of Baroda CD Mat 22/12/10                    | 479,237.10               | 0.31%   |
|                         | State Bank of Hyderabad CD mat 27/12/10           | 478,576.66               | 0.31%   |
|                         | State Bank of Patiala CD mat 28/04/10             | 439,051.10               | 0.28%   |
|                         | State Bank of Patiala CD mat 20/04/10             | 398,931.54               | 0.25%   |
|                         | United Bank of India Ltd                          | 360,986.17               | 0.23%   |
|                         | 8.25% Bank of India FD mat 13/04/11               | 250,000.00               | 0.16%   |
|                         | State Bank of Mysore CD mat 03/09/10              | 244,677.29               | 0.16%   |
|                         | State Bank of Travancore CD mat 17/09/10          | 244,011.74               | 0.16%   |
|                         | 8.25% ICICI Bank FD mat 24/09/10.                 | 200,000.00               | 0.13%   |
|                         | 11.85% IDBI FD mat 15/09/10                       | 199,998.58               | 0.13%   |
|                         | 11.95% Oriental Bank of Commerce FD mat 13/04/10. | 199,562.32               | 0.13%   |
|                         | 7.5% Andhra Bank FD mat 29/10/10                  | 191,094.18               | 0.12%   |
|                         | 12% Bank of India FD mat 13/04/10                 | 185,495.44               | 0.12%   |
|                         | 9.15% Yes Bank FD mat 19/04/10                    | 166,020.98               | 0.11%   |
|                         | 10.75% Bank of Baroda FD mat 05/05/10             | 150,000.00               | 0.10%   |
|                         | 8.75% Dena Bank FD mat 09/09/10                   | 149,587.12               | 0.10%   |
|                         | State Bank of Patiala CD mat 13/08/10             | 146,972.07               | 0.09%   |
|                         | 8.25% Oriental Bank of Commerce FD mat 28/09/10.  | 140,455.09               | 0.09%   |
|                         | 8.90% State Bank Of India NCD mat 19/12/23        | 100,489.42               | 0.06%   |
|                         | 11% Bank of India FD mat 29/04/10                 | 100,000.00               | 0.06%   |
|                         | 12% Axis Bank FD mat 02/04/10                     | 100,000.00               | 0.06%   |
|                         | 8.25% Central Bank of India FD mat 13/10/10       | 100,000.00               | 0.06%   |
|                         | 8.25% Dena Bank FD mat 05/10/10                   | 100,000.00               | 0.06%   |
|                         | 8.75% Dena Bank FD mat 15/09/10                   | 100,000.00               | 0.06%   |
|                         | 10.% Canara Bank FD mat 07/06/10                  | 99,998.51                | 0.06%   |
|                         | 10% Corporation Bank FD mat 21/06/10              | 99,993.83                | 0.06%   |
|                         | 8.5% Oriental Bank of Commerce FD mat 09/09/10.   | 99,403.33                | 0.06%   |
|                         | 8.00% Central Bank of India FD mat 19/11/10       | 99,000.00                | 0.06%   |
|                         | 7.25% State Bank of Patiala FD 01/02/11           | 95,000.00                | 0.06%   |
|                         | 10.10% State Bank of India NCD mat 12/09/22       | 80,794.51                | 0.05%   |

## Annexure 2A

INDUSTRY - WISE DISCLOSURE OF INVESTMENT  
CONSOLIDATED

MORE THAN 10%

2009 - 2010

| Industry Name | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---------------|--|--------------------------|---|
|               | 9.00% State Bank of Bikaner & Jaipur FD mat 09/03/11         | 79,200.00                | 0.05%   |
|               | 9.% Canara Bank FD mat 07/03/11                              | 63,849.11                | 0.04%   |
|               | 9.92% HDFC Ltd NCD mat 08/09/36                              | 55,836.94                | 0.04%   |
|               | 9.80% State Bank of Mysore (Perpetual Bond)<br>mat 30/11/17. | 53,071.32                | 0.03%   |
|               | 10% Corporation Bank FD mat 17/06/10                         | 50,000.00                | 0.03%   |
|               | 7.5% Andhra Bank FD mat 26/11/10                             | 49,832.91                | 0.03%   |
|               | 7.25% State Bank of Patiala FD mat 17/03/11                  | 49,500.00                | 0.03%   |
|               | 8.00% Central Bank of India FD mat 22/11/10                  | 47,762.88                | 0.03%   |
|               | Oriental Bank of Commerce                                    | 41,001.36                | 0.03%   |
|               | Andhra Bank  | 40,715.66                | 0.03%   |
|               | Corporation Bank Ltd   | 34,032.55                | 0.02%   |
|               | 8.00% State Bank of Patiala FD 14/12/10                      | 33,919.39                | 0.02%   |
|               | Federal Bank   | 31,096.03                | 0.02%   |
|               | 11.75% Indian Overseas Bank FD mat 20/04/10                  | 27,883.91                | 0.02%   |
|               | Karnataka Bank Ltd   | 27,647.28                | 0.02%   |
|               | 8.00% Central Bank of India FD mat 18/11/10                  | 24,600.00                | 0.02%   |
|               | 9.25% IDBI Bank FD mat 06/08/10                              | 20,000.00                | 0.01%   |
|               | 9.25% IDBI Bank FD mat 10/08/10                              | 20,000.00                | 0.01%   |
|               | 9.00% State Bank of Bikaner & Jaipur FD mat 09/03/11         | 19,800.00                | 0.01%   |
|               | 9.25% IDBI Bank FD mat 11/08/10.                             | 10,000.00                | 0.01%   |
|               | 9.25% IDBI Bank FD mat 12/08/10.                             | 10,000.00                | 0.01%   |
|               | 9.25% IDBI Bank FD mat 18/08/10                              | 10,000.00                | 0.01%   |
|               | 9.25% IDBI Bank FD mat 19/08/10                              | 10,000.00                | 0.01%   |
|               | 9.25% IDBI Bank FD mat 20/08/10                              | 10,000.00                | 0.01%   |
|               | 9.25% IDBI Bank FD mat 23/08/10                              | 10,000.00                | 0.01%   |
|               | 7.00% Canara Bank FD mat 25/03/11                            | 5,011.49                 | 0.00%   |
|               | 7.27% Yes Bank FD mat 25/03/11                               | 4,996.02                 | 0.00%   |
|               | 7.50% Central Bank of India FD mat 29/11/10                  | 2,675.09                 | 0.00%   |
|               | <b>Total</b>   | <b>24,281,827.97</b>     | <b>15.50%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

INDUSTRY - WISE DISCLOSURE OF INVESTMENT  
CONSOLIDATED

MORE THAN 10%

2009 - 2010

| Industry Name                                 | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---|--|--------------------------|---|
| <b>Diversified<br/>Financial<br/>Services</b> | Rural Electrification Corporation Ltd                                    | 2,714,468.32             | 1.73%   |
|   | Power Finance Corporation Ltd  | 1,823,210.31             | 1.16%   |
|   | 8.00% IDFC NCD mat 13/04/11  | 761,232.10               | 0.49%   |
|   | 6.55% National Housing Bank NCD Mat 20/11/12.                            | 743,652.79               | 0.47%   |
|   | 6.90% Power Finance Corporation Ltd NCD mat 11/05/12                     | 697,439.44               | 0.45%   |
|   | 0% IDFC Ltd DDB Mat 04/11/11   | 537,957.22               | 0.34%   |
|   | 8.55% Power Finance Corporation Ltd NCD mat 07/09/11                     | 510,503.00               | 0.33%   |
|   | 7.65% IDFC Ltd NCD mat 26/02/12  | 504,822.77               | 0.32%   |
|   | 0% IDFC Ltd DDB mat 15/04/11   | 466,999.78               | 0.30%   |
|   | 8.46% Indian Railway Finance Corporation Ltd NCD<br>mat 15/01/14         | 452,648.35               | 0.29%   |
|   | 10.00% IDFC Ltd NCD mat 16/12/13.  | 422,655.62               | 0.27%   |
|   | 10.95% Rural Electrification Corporation Ltd NCD mat 14/08/11            | 366,838.42               | 0.23%   |
|   | 10.60% Indian Railway Finance Corporation Ltd NCD<br>mat 11/09/18        | 335,635.90               | 0.21%   |
|   | 9.76% Indian Railway Finance Corporation NCD mat 03/07/12                | 264,169.42               | 0.17%   |
|   | Indian Railway Finance Corporation Ltd PTC Series - A7<br>mat 15/04/13.  | 260,465.54               | 0.17%   |
|   | 8.40% Sundaram Finance Ltd NCD mat 06/07/11                              | 253,346.66               | 0.16%   |
|   | 7.75% Rural Electrification Corporation Ltd NCD mat 17/11/12             | 250,353.20               | 0.16%   |
|   | 6.40% National Housing Bank NCD mat 27/01/13.                            | 249,839.58               | 0.16%   |
|   | 6.75% National Housing Bank NCD mat 21/12/12                             | 248,864.39               | 0.16%   |
|   | National Stock Exchange of India Ltd                                     | 247,609.18               | 0.16%   |
|   | 0% Sundaram Finance Ltd NCD mat 15/09/11                                 | 225,822.45               | 0.14%   |
|   | 10.90% Rural Electrification Corporation Ltd NCD<br>mat 14/08/13         | 218,452.90               | 0.14%   |
|   | Indian Railway Finance Corporation Ltd PTC Series - A12<br>mat 15/10/15. | 204,509.26               | 0.13%   |
|   | 8.60% IDFC NCD mat 24/11/11  | 204,022.99               | 0.13%   |
|   | 8.25% ICICI Securities Primary Dealership Limited NCD<br>mat 21/02/12    | 203,972.32               | 0.13%   |
|   | 8.90% Power Finance Corporation Ltd NCD mat 16/02/14                     | 202,158.03               | 0.13%   |
|   | 8.75% IDFC NCD mat 20/07/10  | 201,305.59               | 0.13%   |
|   | 7.65% Rural Electrification Corporation Ltd NCD<br>mat 19/02/13          | 199,895.27               | 0.13%   |
|   | 6.90% National Housing Bank NCD mat 30/10/12.                            | 199,363.50               | 0.13%   |
|   | 8.45% Rural Electrification Corporation Ltd NCD mat 19/02/15             | 199,160.00               | 0.13%   |
|   | 11.50% Rural Electrification Corporation Ltd NCD<br>mat 26/11/13         | 167,647.51               | 0.11%   |



## Annexure 2A

INDUSTRY - WISE DISCLOSURE OF INVESTMENT  
CONSOLIDATED

MORE THAN 10%

2009 - 2010

| Industry Name | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---------------|---|--------------------------|---|
|               | 11.35% Rural Electrification Corporation Ltd NCD<br>mat 24/10/13  | 166,572.05               | 0.11%   |
|               | 9.62% Larsen & Toubro Finance Ltd NCD mat 29/09/14                | 155,578.91               | 0.10%   |
|               | 7.45% Tata Capital Ltd NCD mat 21/01/11                           | 150,995.84               | 0.10%   |
|               | Sundaram Finance Ltd CP Mat 13/07/10                              | 121,922.83               | 0.08%   |
|               | 10.90% Power Finance Corporation Ltd NCD mat 11/08/13             | 109,207.29               | 0.07%   |
|               | 9.90% Power Finance Corporation Ltd NCD mat 30/03/17              | 105,912.99               | 0.07%   |
|               | 9.22% Power Finance Corporation Ltd NCD mat 28/12/12              | 103,671.03               | 0.07%   |
|               | 9.55% Power Finance Corporation Ltd NCD mat 09/06/11              | 102,962.39               | 0.07%   |
|               | 9.40% Sundaram Finance NCD mat 12/10/10                           | 101,354.76               | 0.06%   |
|               | 8.20% Indian Railway Finance Corporation Ltd NCD<br>mat 27/04/17  | 97,941.21                | 0.06%   |
|               | 10.27% Sundaram Finance Co Ltd NCD mat 03/09/10                   | 80,018.73                | 0.05%   |
|               | 10.90% Rural Electrification Corporation Ltd NCD mat 30/09/13     | 54,766.08                | 0.03%   |
|               | 10.70% Power Finance Corporation Ltd NCD mat 15/07/13             | 54,237.68                | 0.03%   |
|               | 9.80% Power Finance Corporation Ltd NCD mat 20/09/12              | 53,495.94                | 0.03%   |
|               | 11.15% Power Finance Corporation Ltd NCD mat 15/09/11             | 52,685.02                | 0.03%   |
|               | 9.40% Power Finance Corporation Ltd NCD mat 25/03/13              | 52,242.08                | 0.03%   |
|               | 8.20 % Indian Railway Finance Corporation Ltd NCD<br>mat 27/04/12 | 51,174.01                | 0.03%   |
|               | 8.49% Power Finance Corporation Ltd NCD mat 09/10/11              | 50,950.88                | 0.03%   |
|               | 8.95% Power Finance Corporation Ltd NCD mat 30/03/15              | 50,753.67                | 0.03%   |
|               | 9.90% Sundaram Finance Ltd NCD mat 06/08/10                       | 50,545.01                | 0.03%   |
|               | 8.40% Indian Railway Finance Corporation Ltd NCD<br>mat 26/12/13  | 50,434.42                | 0.03%   |
|               | 11.26% Sundaram Finance Co Ltd mat 28/05/10                       | 50,414.83                | 0.03%   |
|               | 7.20% Rural Electrification Corporation Ltd NCD mat 17/03/11      | 50,337.64                | 0.03%   |
|               | 9.35% IDFC NCD mat 09/05/10                                       | 50,165.14                | 0.03%   |
|               | 6.90% National Housing Bank NCD mat 01/09/12.                     | 49,853.35                | 0.03%   |
|               | 8.00% Indian Railway Finance Corporation Ltd NCD<br>mat 29/08/15  | 48,975.45                | 0.03%   |
|               | Bajaj Holdings & Investment Limited                               | 38,008.89                | 0.02%   |
|               | 9.85% Rural Electrification Corporation Ltd NCD mat 28/09/17      | 31,748.90                | 0.02%   |
|               | 9.96% Power Finance Corporation Ltd NCD mat 18/05/17              | 7,466.31                 | 0.00%   |
|               | <b>Total</b>  | <b>16,483,415.14</b>     | <b>10.52%</b>                                 |
|               | <b>Sub Total (A)</b>  | <b>40,765,243.11</b>     | <b>26.02%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

INDUSTRY - WISE DISCLOSURE OF INVESTMENT  
CONSOLIDATED

OTHERS (LESS THAN 10%)

2009 - 2010

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Funds |
|-------------------------------------|--------------------------|--|
| Oil, Gas & Consumable Fuels         | 12,849,144.15            | 8.20%  |
| Central Government of India         | 10,086,331.61            | 6.44%  |
| Electrical Equipment                | 9,832,515.78             | 6.28%  |
| IT Services                         | 7,341,869.16             | 4.69%  |
| Thriffs & Mortgage Finance          | 6,077,977.51             | 3.88%  |
| Chemicals                           | 5,668,254.23             | 3.62%  |
| Pharmaceuticals                     | 5,307,505.00             | 3.39%  |
| Food Products                       | 4,860,329.40             | 3.10%  |
| Construction & Engineering          | 4,202,221.56             | 2.68%  |
| Wireless Telecommunication Services | 3,740,478.38             | 2.39%  |
| Auto Components                     | 3,609,751.54             | 2.30%  |
| Personal Products                   | 3,580,403.76             | 2.29%  |
| Insurance                           | 3,554,756.62             | 2.27%  |
| Independent Power Producers         | 3,390,733.03             | 2.16%  |
| Metals & Mining                     | 3,212,772.72             | 2.05%  |
| Life Sciences Tools & Services      | 3,163,116.48             | 2.02%  |
| Industrial Conglomerates            | 3,085,770.47             | 1.97%  |
| Tobacco                             | 3,059,471.15             | 1.95%  |
| Mutual Funds                        | 2,718,530.74             | 1.73%  |
| Media                               | 2,629,527.60             | 1.68%  |
| Banks                               | 2,123,935.89             | 1.36%  |
| Building Products                   | 2,117,872.89             | 1.35%  |
| Automobiles                         | 2,093,961.71             | 1.34%  |
| Gas Utilities                       | 1,881,460.86             | 1.20%  |
| Electric Utilities                  | 1,732,001.71             | 1.11%  |
| Consumer Finance                    | 1,012,969.31             | 0.65%  |
| Special Purpose Banks               | 992,746.83               | 0.63%  |
| Construction Materials              | 785,291.07               | 0.50%  |
| Road & Rail                         | 471,535.02               | 0.30%  |
| Machinery                           | 281,362.14               | 0.18%  |
| Capital Markets                     | 205,023.84               | 0.13%  |
| Holding Companies - Diversified     | 151,261.25               | 0.10%  |
| Finance-Auto Loans                  | 50,464.28                | 0.03%  |
| Hotels, Restaurants & Leisure       | 30,403.49                | 0.02%  |
| Textiles, Apparel & Luxury Goods    | 19,363.11                | 0.01%  |
| Air Freight & Logistics             | 4,789.07                 | 0.00%  |
| <b>Sub Total (B)</b>                | <b>115,925,903.39</b>    | <b>73.98%</b>                                  |
| <b>Total Market Value (A + B)</b>   | <b>156,691,146.50</b>    | <b>100.00%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Life and Group Life (on or after 29.03.2006)**

MORE THAN 10%

2009 - 2010

| Industry Name    | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market<br>Value of Respective<br>Fund |
|------------------|---|--------------------------|--|
| Commercial Banks | ICICI Bank Ltd  | 2,222,888.30             | 2.98%  |
|                  | Union Bank of India   | 1,707,233.10             | 2.29%  |
|                  | Bank of Baroda  | 1,540,759.14             | 2.07%  |
|                  | State Bank of India   | 1,416,031.45             | 1.90%  |
|                  | Punjab National Bank  | 1,351,148.26             | 1.81%  |
|                  | 8.80% Central Bank of India FD mat 21/09/10                 | 356,160.88               | 0.48%  |
|                  | State Bank of Patiala CD mat 28/04/10                       | 348,698.74               | 0.47%  |
|                  | Allahabad Bank.   | 275,334.52               | 0.37%  |
|                  | State Bank of Travancore CD mat 17/09/10                    | 195,209.39               | 0.26%  |
|                  | 8.25% Bank of India FD mat 13/04/11                         | 190,753.54               | 0.26%  |
|                  | 8.25% ICICI Bank FD mat 24/09/10.                           | 186,845.63               | 0.25%  |
|                  | 12% Bank of India FD mat 13/04/10                           | 181,378.98               | 0.24%  |
|                  | Bank of Baroda CD mat 22/12/10                              | 153,355.87               | 0.21%  |
|                  | State Bank of Mysore CD mat 03/09/10                        | 146,806.38               | 0.20%  |
|                  | State Bank of Hyderabad CD mat 27/12/10                     | 124,901.26               | 0.17%  |
|                  | 7.5% Andhra Bank FD mat 29/10/10                            | 120,237.26               | 0.16%  |
|                  | United Bank of India Ltd                                    | 117,998.88               | 0.16%  |
|                  | 9.15% Yes Bank FD mat 19/04/10                              | 116,163.23               | 0.16%  |
|                  | State Bank of Patiala CD mat 13/08/10                       | 109,335.86               | 0.15%  |
|                  | 8.5% Oriental Bank of Commerce FD mat 09/09/10.             | 95,450.02                | 0.13%  |
|                  | 11.85% IDBI FD mat 15/09/10                                 | 93,146.33                | 0.12%  |
|                  | 8.25% Central Bank of India FD mat 13/10/10                 | 85,000.00                | 0.11%  |
|                  | 8.75% Dena Bank FD mat 15/09/10                             | 83,523.48                | 0.11%  |
|                  | 8.25% Oriental Bank of Commerce FD mat 28/09/10.            | 80,060.25                | 0.11%  |
|                  | 10.% Canara Bank FD mat 07/06/10                            | 76,792.53                | 0.10%  |
|                  | 10.75% Bank of Baroda FD mat 05/05/10                       | 71,375.98                | 0.10%  |
|                  | 9.% Canara Bank FD mat 07/03/11                             | 61,049.11                | 0.08%  |
|                  | 8.25% Dena Bank FD mat 05/10/10                             | 58,813.85                | 0.08%  |
|                  | 8.90% State Bank of India NCD mat 19/12/23                  | 56,274.08                | 0.08%  |
|                  | 8.00% Central Bank of India FD mat 19/11/10                 | 53,747.05                | 0.07%  |
|                  | 9.80% State Bank of Mysore (Perpetual Bond)<br>mat 30/11/17 | 53,071.32                | 0.07%  |
|                  | 9.92% HDFC Ltd NCD mat 08/09/36                             | 46,903.03                | 0.06%  |
|                  | 10% Corporation Bank FD mat 21/06/10                        | 38,843.93                | 0.05%  |
|                  | 9.00% State Bank of Bikaner & Jaipur FD mat 09/03/11        | 36,063.49                | 0.05%  |
|                  | 8.00% State Bank of Patiala FD 14/12/10                     | 32,429.15                | 0.04%  |
|                  | 7.25% State Bank of Patiala FD 01/02/11                     | 26,628.61                | 0.04%  |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Life and Group Life (on or after 29.03.2006)**

MORE THAN 10%

2009 - 2010

| Industry Name                         | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market<br>Value of Respective<br>Fund |
|---------------------------------------|--|--------------------------|--|
|                                       | 11.95% Oriental Bank of Commerce FD mat 13/04/10                     | 24,621.11                | 0.03%  |
|                                       | 8.75% Dena Bank FD mat 09/09/10                                      | 22,696.71                | 0.03%  |
|                                       | 7.25% State Bank of Patiala FD mat 17/03/11                          | 20,000.00                | 0.03%  |
|                                       | 9.00% State Bank of Bikaner & Jaipur FD mat 09/03/11                 | 19,800.00                | 0.03%  |
|                                       | 10.10% State Bank of India NCD mat 12/09/22                          | 17,236.16                | 0.02%  |
|                                       | 12% Axis Bank FD mat 02/04/10  | 16,764.23                | 0.02%  |
|                                       | 7.5% Andhra Bank FD mat 26/11/10                                     | 16,150.79                | 0.02%  |
|                                       | 8.00% Central Bank of India FD mat 18/11/10                          | 14,600.00                | 0.02%  |
|                                       | 11.75% Indian Overseas Bank FD mat 20/04/10                          | 11,190.44                | 0.02%  |
|                                       | 9.25% IDBI Bank FD mat 19/08/10                                      | 10,000.00                | 0.01%  |
|                                       | 10% Corporation Bank FD mat 17/06/10                                 | 7,800.00                 | 0.01%  |
|                                       | 9.25% IDBI Bank FD mat 18/08/10                                      | 6,400.00                 | 0.01%  |
|                                       | 11% Bank of India FD mat 29/04/10                                    | 4,864.62                 | 0.01%  |
|                                       | 9.25% IDBI Bank FD mat 11/08/10                                      | 2,719.98                 | 0.00%  |
|                                       | 8.00% Central Bank of India FD mat 22/11/10                          | 28.26                    | 0.00%  |
|                                       | <b>Total</b>   | <b>12,105,285.18</b>     | <b>16.23%</b>                                    |
| <b>Diversified Financial Services</b> | Rural Electrification Corporation Ltd                                | 1,375,395.25             | 1.84%  |
|                                       | Power Finance Corporation Ltd  | 820,969.65               | 1.10%  |
|                                       | 8.00% IDFC NCD mat 13/04/11  | 577,521.42               | 0.77%  |
|                                       | 6.90% Power Finance Corporation Ltd NCD mat 11/05/12                 | 425,438.06               | 0.57%  |
|                                       | 6.55% National Housing Bank NCD mat 20/11/12                         | 323,241.08               | 0.43%  |
|                                       | 7.65% IDFC Ltd NCD mat 26/02/12                                      | 312,990.12               | 0.42%  |
|                                       | 8.46% Indian Railway Finance Corporation Ltd NCD mat 15/01/14        | 306,794.99               | 0.41%  |
|                                       | 0% IDFC Ltd DDB mat 04/11/11   | 277,944.57               | 0.37%  |
|                                       | 0% IDFC Ltd DDB mat 15/04/11   | 261,519.88               | 0.35%  |
|                                       | 10.60% Indian Railway Finance Corporation Ltd NCD mat 11/09/18       | 228,232.41               | 0.31%  |
|                                       | 8.55% Power Finance Corporation Ltd NCD mat 07/09/11                 | 224,621.32               | 0.30%  |
|                                       | 10.00% IDFC Ltd NCD mat 16/12/13                                     | 219,780.92               | 0.29%  |
|                                       | Indian Railway Finance Corporation Ltd PTC Series - A12 mat 15/10/15 | 204,509.26               | 0.27%  |
|                                       | 7.75% Rural Electrification Corporation Ltd NCD mat 17/11/12         | 180,254.30               | 0.24%  |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Life and Group Life (on or after 29.03.2006)**

MORE THAN 10%

2009 - 2010

| Industry Name | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market<br>Value of Respective<br>Fund |
|---------------|---|--------------------------|--|
|               | 7.65% Rural Electrification Corporation Ltd NCD<br>mat 19/02/13         | 179,905.75               | 0.24%  |
|               | 6.40% National Housing Bank NCD mat 27/01/13                            | 172,888.99               | 0.23%  |
|               | 6.75% National Housing Bank NCD mat 21/12/12                            | 171,218.70               | 0.23%  |
|               | Indian Railway Finance Corporation Ltd PTC<br>Series - A7 mat 15/04/13. | 155,799.94               | 0.21%  |
|               | National Stock Exchange of India Ltd                                    | 153,378.34               | 0.21%  |
|               | 10.95% Rural Electrification Corporation Ltd NCD<br>mat 14/08/11        | 143,591.04               | 0.19%  |
|               | 11.50% Rural Electrification Corporation Ltd NCD<br>mat 26/11/13        | 126,294.46               | 0.17%  |
|               | 9.76% Indian Railway Finance Corporation NCD<br>mat 03/07/12            | 116,234.54               | 0.16%  |
|               | 8.45% Rural Electrification Corporation Ltd NCD mat 19/02/15            | 108,542.20               | 0.15%  |
|               | 9.55% Power Finance Corporation Ltd NCD mat 09/06/11                    | 102,962.39               | 0.14%  |
|               | 8.25% ICICI Securities Primary Dealership Limited<br>NCD mat 21/02/12   | 101,986.16               | 0.14%  |
|               | 8.40% Sundaram Finance Ltd NCD mat 06/07/11                             | 91,204.80                | 0.12%  |
|               | 10.90% Power Finance Corporation Ltd NCD mat 11/08/13                   | 90,642.05                | 0.12%  |
|               | 11.35% Rural Electrification Corporation Ltd NCD mat 24/10/13           | 84,396.51                | 0.11%  |
|               | 7.45% Tata Capital Ltd NCD mat 21/01/11                                 | 78,517.83                | 0.11%  |
|               | 8.60% IDFC NCD mat 24/11/11   | 76,508.62                | 0.10%  |
|               | 6.90% National Housing Bank NCD mat 30/10/12                            | 75,758.13                | 0.10%  |
|               | 8.90% Power Finance Corporation Ltd NCD mat 16/02/14                    | 74,798.47                | 0.10%  |
|               | 10.90% Rural Electrification Corporation Ltd NCD mat 14/08/13           | 66,628.13                | 0.09%  |
|               | 9.40% Sundaram Finance NCD mat 12/10/10                                 | 64,867.04                | 0.09%  |
|               | 8.20% Indian Railway Finance Corporation Ltd<br>NCD mat 27/04/17        | 64,641.20                | 0.09%  |
|               | 9.80% Power Finance Corporation Ltd NCD mat 20/09/12                    | 52,447.00                | 0.07%  |
|               | 9.62% Larsen & Toubro Finance Ltd NCD mat 29/09/14                      | 51,859.64                | 0.07%  |
|               | 8.40% Indian Railway Finance Corporation Ltd<br>NCD mat 26/12/13        | 50,434.42                | 0.07%  |
|               | 8.00% Indian Railway Finance Corporation Ltd<br>NCD mat 29/08/15        | 48,975.45                | 0.07%  |
|               | 11.26% Sundaram Finance Co Ltd mat 28/05/10                             | 43,356.75                | 0.06%  |
|               | 8.75% IDFC NCD mat 20/07/10   | 41,267.65                | 0.06%  |
|               | 10.27% Sundaram Finance Co Ltd NCD mat 03/09/10                         | 32,412.65                | 0.04%  |
|               | 11.15% Power Finance Corporation Ltd NCD mat 15/09/11                   | 31,611.01                | 0.04%  |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Life and Group Life (on or after 29.03.2006)**

MORE THAN 10%

2009 - 2010

| Industry Name | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market<br>Value of Respective<br>Fund |
|---------------|---|--------------------------|--|
|               | 9.85% Rural Electrification Corporation Ltd NCD mat 28/09/17      | 30,690.60                | 0.04%  |
|               | 9.35% IDFC NCD mat 09/05/10                                       | 27,089.17                | 0.04%  |
|               | 8.95% Power Finance Corporation Ltd NCD mat 30/03/15              | 25,376.84                | 0.03%  |
|               | 9.40% Power Finance Corporation Ltd NCD mat 25/03/13              | 21,941.67                | 0.03%  |
|               | 8.20 % Indian Railway Finance Corporation Ltd<br>NCD mat 27/04/12 | 20,469.60                | 0.03%  |
|               | 9.90% Sundaram Finance Ltd NCD mat 06/08/10                       | 18,196.21                | 0.02%  |
|               | 10.70% Power Finance Corporation Ltd NCD mat 15/07/13             | 8,678.03                 | 0.01%  |
|               | 8.49% Power Finance Corporation Ltd NCD mat 09/10/11              | 2,038.04                 | 0.00%  |
|               | 6.90% National Housing Bank NCD mat 01/09/12                      | 1,994.13                 | 0.00%  |
|               | <b>Total</b>  | <b>8,548,817.39</b>      | <b>11.46%</b>                                    |
|               | <b>Sub Total (A)</b>  | <b>20,654,102.57</b>     | <b>27.70%</b>                                    |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Individual Life and Group Life (on or after 29.03.2006)

**OTHERS (LESS THAN 10%)****2009 - 2010**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Oil, Gas & Consumable Fuels         | 6,527,462.18             | 8.75%   |
| Electrical Equipment                | 4,788,737.48             | 6.42%   |
| IT Services                         | 3,761,784.53             | 5.04%   |
| Central Government of India         | 3,605,190.31             | 4.83%   |
| Chemicals                           | 2,715,691.92             | 3.64%   |
| Thriffs & Mortgage Finance          | 2,710,957.79             | 3.64%   |
| Pharmaceuticals                     | 2,585,559.67             | 3.47%   |
| Food Products                       | 2,463,401.53             | 3.30%   |
| Construction & Engineering          | 2,100,642.68             | 2.82%   |
| Wireless Telecommunication Services | 1,939,772.19             | 2.60%   |
| Auto Components                     | 1,781,308.18             | 2.39%   |
| Personal Products                   | 1,771,464.97             | 2.38%   |
| Independent Power Producers         | 1,713,890.89             | 2.30%   |
| Life Sciences Tools & Services      | 1,620,891.70             | 2.17%   |
| Tobacco                             | 1,612,666.69             | 2.16%   |
| Metals & Mining                     | 1,601,128.05             | 2.15%   |
| Industrial Conglomerates            | 1,598,031.22             | 2.14%   |
| Media                               | 1,356,002.14             | 1.82%   |
| Mutual Funds                        | 1,099,886.59             | 1.47%   |
| Building Products                   | 1,049,395.14             | 1.41%   |
| Banks                               | 1,044,691.87             | 1.40%   |
| Automobiles                         | 989,557.48               | 1.33%   |
| Electric Utilities                  | 900,774.19               | 1.21%   |
| Gas Utilities                       | 797,574.20               | 1.07%   |
| Consumer Finance                    | 542,528.71               | 0.73%   |
| Special Purpose Banks               | 373,895.48               | 0.50%   |
| Construction Materials              | 354,859.67               | 0.48%   |
| Road & Rail                         | 259,053.50               | 0.35%   |
| Capital Markets                     | 117,023.51               | 0.16%   |
| Machinery                           | 56,435.52                | 0.08%   |
| Holding Companies - Diversified     | 53,445.64                | 0.07%   |
| Hotels, Restaurants & Leisure       | 19,255.55                | 0.03%   |
| Finance-Auto Loans                  | 5,046.43                 | 0.01%   |
| <b>Sub Total (B)</b>                | <b>53,918,007.58</b>     | <b>72.30%</b>                                 |
| <b>Total Market Value (A + B)</b>   | <b>74,572,110.15</b>     | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)

MORE THAN 10%

2009 - 2010

| Industry Name    | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|------------------|--|--------------------------|---|
| Commercial Banks | ICICI Bank Ltd                                       | 1,388,353.52             | 3.01%   |
|                  | Union Bank of India                                  | 1,117,389.24             | 2.42%   |
|                  | Bank of Baroda                                       | 962,115.98               | 2.08%   |
|                  | State Bank of India                                  | 894,586.13               | 1.94%   |
|                  | Punjab National Bank                                 | 766,550.48               | 1.66%   |
|                  | State Bank of Patiala CD mat 20/04/10                | 299,193.31               | 0.65%   |
|                  | State Bank of Hyderabad CD mat 27/12/10              | 289,270.03               | 0.63%   |
|                  | Allahabad Bank                                       | 175,202.81               | 0.38%   |
|                  | 8.80% Central Bank of India FD mat 21/09/10          | 143,976.53               | 0.31%   |
|                  | Bank of Baroda CD mat 22/12/10                       | 105,432.16               | 0.23%   |
|                  | State Bank of Mysore CD mat 03/09/10                 | 97,870.92                | 0.21%   |
|                  | 11.95% Oriental Bank of Commerce FD mat 13/04/10     | 94,140.51                | 0.20%   |
|                  | 11% Bank of India FD mat 29/04/10                    | 86,237.46                | 0.19%   |
|                  | 10.75% Bank of Baroda FD mat 05/05/10                | 77,235.00                | 0.17%   |
|                  | United Bank of India Ltd                             | 71,793.42                | 0.16%   |
|                  | 12% Axis Bank FD mat 02/04/10                        | 70,335.32                | 0.15%   |
|                  | 11.85% IDBI FD mat 15/09/10                          | 64,911.91                | 0.14%   |
|                  | 8.25% Bank of India FD mat 13/04/11                  | 49,954.20                | 0.11%   |
|                  | State Bank of Patiala CD mat 28/04/10                | 49,814.11                | 0.11%   |
|                  | State Bank of Travancore CD mat 17/09/10             | 48,802.35                | 0.11%   |
|                  | 8.75% Dena Bank FD mat 09/09/10                      | 47,370.24                | 0.10%   |
|                  | 10.10% State Bank of India NCD mat 12/09/22          | 44,167.67                | 0.10%   |
|                  | 8.25% Dena Bank FD mat 05/10/10                      | 37,362.27                | 0.08%   |
|                  | 9.00% State Bank of Bikaner & Jaipur FD mat 09/03/11 | 36,956.61                | 0.08%   |
|                  | State Bank of Patiala CD mat 13/08/10                | 36,166.64                | 0.08%   |
|                  | 7.25% State Bank of Patiala FD mat 17/03/11          | 29,500.00                | 0.06%   |
|                  | 8.90% State Bank of India NCD mat 19/12/23           | 27,132.14                | 0.06%   |
|                  | 10.0% Canara Bank FD mat 07/06/10                    | 23,136.47                | 0.05%   |
|                  | 8.25% Oriental Bank of Commerce FD mat 28/09/10      | 21,136.76                | 0.05%   |
|                  | 9.25% IDBI Bank FD mat 06/08/10                      | 20,000.00                | 0.04%   |
|                  | 8.75% Dena Bank FD mat 15/09/10                      | 15,333.12                | 0.03%   |
|                  | 7.5% Andhra Bank FD mat 26/11/10                     | 14,975.48                | 0.03%   |
|                  | 11.75% Indian Overseas Bank FD mat 20/04/10          | 14,512.02                | 0.03%   |
|                  | 9.15% Yes Bank FD mat 19/04/10                       | 12,653.10                | 0.03%   |
|                  | 7.5% Andhra Bank FD mat 29/10/10                     | 11,065.52                | 0.02%   |
|                  | 9.25% IDBI Bank FD mat 23/08/10                      | 10,000.00                | 0.02%   |
|                  | 9.25% IDBI Bank FD mat 20/08/10                      | 8,956.80                 | 0.02%   |
|                  | 10% Corporation Bank FD mat 21/06/10                 | 8,333.40                 | 0.02%   |



## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)

MORE THAN 10%

2009 - 2010

| Industry Name | Scrip Name                                     | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---------------|--|--------------------------|---|
|               | 8.00% Central Bank of India FD mat 22/11/10    | 6,664.82                 | 0.01%   |
|               | 9.25% IDBI Bank FD mat 12/08/10                | 5,900.00                 | 0.01%   |
|               | 9.25% IDBI Bank FD mat 10/08/10                | 4,657.80                 | 0.01%   |
|               | 8.25% ICICI Bank FD mat 24/09/10               | 4,582.98                 | 0.01%   |
|               | 9.25% IDBI Bank FD mat 18/08/10                | 3,052.44                 | 0.01%   |
|               | 9.25% IDBI Bank FD mat 11/08/10                | 2,633.33                 | 0.01%   |
|               | 8.5% Oriental Bank of Commerce FD mat 09/09/10 | 2,564.72                 | 0.01%   |
|               | 8.00% Central Bank of India FD mat 19/11/10    | 1,390.60                 | 0.00%   |
|               | <b>Total</b>                                   | <b>7,303,370.30</b>      | <b>15.81%</b>                                 |
|               | <b>Sub Total (A)</b>                           | <b>7,303,370.30</b>      | <b>15.81%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Individual Pension, Group Pension and Group DB Pension (on or after 29.03.2006)

**OTHERS (LESS THAN 10%)****2009 - 2010**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Diversified Financial Services      | 3,972,255.65             | 8.60%   |
| Oil, Gas & Consumable Fuels         | 3,889,304.05             | 8.42%   |
| Electrical Equipment                | 3,426,867.85             | 7.42%   |
| Central Government of India         | 2,678,039.16             | 5.80%   |
| IT Services                         | 2,257,585.78             | 4.89%   |
| Chemicals                           | 1,868,052.82             | 4.05%   |
| Thriffs & Mortgage Finance          | 1,864,444.31             | 4.04%   |
| Pharmaceuticals                     | 1,662,260.83             | 3.60%   |
| Food Products                       | 1,575,456.14             | 3.41%   |
| Construction & Engineering          | 1,333,104.87             | 2.89%   |
| Wireless Telecommunication Services | 1,221,424.15             | 2.64%   |
| Auto Components                     | 1,111,191.32             | 2.41%   |
| Independent Power Producers         | 1,106,345.93             | 2.40%   |
| Personal Products                   | 1,081,907.06             | 2.34%   |
| Life Sciences Tools & Services      | 1,037,218.42             | 2.25%   |
| Metals & Mining                     | 1,023,719.39             | 2.22%   |
| Industrial Conglomerates            | 1,020,775.65             | 2.21%   |
| Tobacco                             | 1,002,662.69             | 2.17%   |
| Media                               | 790,168.73               | 1.71%   |
| Mutual Funds                        | 751,358.59               | 1.63%   |
| Building Products                   | 700,711.25               | 1.52%   |
| Banks                               | 686,796.26               | 1.49%   |
| Automobiles                         | 618,449.07               | 1.34%   |
| Electric Utilities                  | 531,684.51               | 1.15%   |
| Gas Utilities                       | 512,810.43               | 1.11%   |
| Special Purpose Banks               | 304,803.79               | 0.66%   |
| Consumer Finance                    | 299,678.84               | 0.65%   |
| Construction Materials              | 217,032.15               | 0.47%   |
| Road & Rail                         | 144,018.05               | 0.31%   |
| Holding Companies - Diversified     | 64,538.13                | 0.14%   |
| Capital Markets                     | 57,160.65                | 0.12%   |
| Machinery                           | 37,310.76                | 0.08%   |
| Finance-Auto Loans                  | 28,260.00                | 0.06%   |
| <b>Sub Total (B)</b>                | <b>38,877,397.29</b>     | <b>84.19%</b>                                 |
| <b>Total Market Value (A + B)</b>   | <b>46,180,767.59</b>     | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Group Life (Upto 28.03.2006)**

MORE THAN 10%

2009 - 2010

| Industry Name                                 | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---|---|--------------------------|---|
| <b>Diversified<br/>Financial<br/>Services</b> | 0% IDFC Ltd DDB mat 15/04/11  | 171,855.92               | 8.20%   |
|   | 6.55% National Housing Bank NCD mat 20/11/12                          | 108,077.54               | 5.15%   |
|   | 7.65% IDFC Ltd NCD mat 26/02/12                                       | 50,482.28                | 2.41%   |
|   | 10.90% Rural Electrification Corporation Ltd NCD mat 14/08/13         | 42,598.32                | 2.03%   |
|   | 8.60% IDFC NCD mat 24/11/11   | 40,804.60                | 1.95%   |
|   | 10.90% Rural Electrification Corporation Ltd NCD mat 30/09/13         | 32,859.65                | 1.57%   |
|   | 10.95% Rural Electrification Corporation Ltd NCD mat 14/08/11         | 31,443.29                | 1.50%   |
|   | 0% IDFC Ltd DDB mat 04/11/11  | 31,380.84                | 1.50%   |
|   | 6.90% Power Finance Corporation Ltd NCD mat 11/05/12                  | 25,904.89                | 1.24%   |
|   | 8.00% IDFC NCD mat 13/04/11   | 25,374.40                | 1.21%   |
|   | 7.75% Rural Electrification Corporation Ltd NCD mat 17/11/12          | 25,035.32                | 1.19%   |
|   | 11.35% Rural Electrification Corporation Ltd NCD mat 24/10/13         | 22,209.61                | 1.06%   |
|   | 8.25% ICICI Securities Primary Dealership Limited<br>NCD mat 21/02/12 | 20,397.23                | 0.97%   |
|   | Sundaram Finance Ltd CP mat 13/07/10                                  | 19,645.07                | 0.94%   |
|   | 7.45% Tata Capital Ltd NCD mat 21/01/11                               | 18,119.50                | 0.86%   |
|   | 6.90% National Housing Bank NCD mat 30/10/12                          | 13,955.45                | 0.67%   |
|   | 10.00% IDFC Ltd NCD mat 16/12/13                                      | 13,736.31                | 0.66%   |
|   | Rural Electrification Corporation Ltd                                 | 11,601.34                | 0.55%   |
|   | 10.60% Indian Railway Finance Corporation Ltd<br>NCD mat 11/09/18     | 11,187.86                | 0.53%   |
|   | Power Finance Corporation Ltd   | 9,487.90                 | 0.45%   |
|   | 10.90% Power Finance Corporation Ltd NCD mat 11/08/13                 | 8,736.58                 | 0.42%   |
|   | 8.90% Power Finance Corporation Ltd NCD mat 16/02/14                  | 8,086.32                 | 0.39%   |
|   | 9.40% Sundaram Finance NCD mat 12/10/10                               | 5,067.74                 | 0.24%   |
|   | 10.27% Sundaram Finance Co Ltd NCD mat 03/09/10                       | 5,064.48                 | 0.24%   |
|   | 8.75% IDFC NCD mat 20/07/10   | 1,006.53                 | 0.05%   |
|   | 8.46% Indian Railway Finance Corporation Ltd<br>NCD mat 15/01/14      | 1,005.89                 | 0.05%   |
|   | <b>Total</b>  | <b>755,124.84</b>        | <b>36.02%</b>                                 |
| <b>Central<br/>Government<br/>of India</b>    | Reverse Repo Investments  | 79,742.50                | 3.80%   |
|   | 8.20% GOI mat 15/02/22  | 41,067.01                | 1.96%   |
|   | 7.56% GOI mat 03/11/14  | 37,312.03                | 1.78%   |
|   | 7.27% GOI mat 03/09/13  | 34,346.66                | 1.64%   |
|   | 7.61% Oil Bonds mat 07/03/15  | 20,965.63                | 1.00%   |
|   | 6.07% GOI mat 15/05/14  | 20,041.74                | 0.96%   |
|   | 7.85% GOI mat 10/09/13 (Floater)                                      | 19,695.82                | 0.94%   |
|   | 10.71% GOI mat 19/04/16   | 12,116.98                | 0.58%   |
|   | 7.02% GOI mat 17/08/16  | 8,741.03                 | 0.42%   |
|   | 7.59% GOI mat 12/04/16  | 7,762.35                 | 0.37%   |
|   | 7.32% GOI mat 20/10/14  | 7,702.30                 | 0.37%   |
|   | 7.44% Oil Bonds mat 23/03/12  | 2,436.12                 | 0.12%   |
|   | 11.03% GOI mat 18/07/12   | 1,866.04                 | 0.09%   |
|   | 9.39% GOI mat 02/07/11  | 965.13                   | 0.05%   |
|   | 11.50% GOI mat 24/11/11   | 254.80                   | 0.01%   |
|   | <b>Total</b>  | <b>295,016.15</b>        | <b>14.07%</b>                                 |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Group Life (Upto 28.03.2006)**

MORE THAN 10%

2009 - 2010

| Industry Name                                 | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Funds |
|---|--|--------------------------|--|
| <b>Thriffs &amp;<br/>Mortgage<br/>Finance</b> | 7.76% LIC Housing Finance Ltd mat 06/11/12           | 58,092.67                | 2.77%  |
|   | 6.75% LIC Housing Finance Ltd mat 13/05/11           | 56,026.63                | 2.67%  |
|   | 6.84% HDFC Ltd NCD mat 22/04/11                      | 54,168.86                | 2.58%  |
|   | 9.75% LIC Housing Finance Ltd mat 24/03/18           | 31,618.87                | 1.51%  |
|   | 10.10% HDFC Ltd NCD mat 13/09/17                     | 12,864.11                | 0.61%  |
|   | 9.08% HDFC Ltd NCD mat 18/01/13                      | 10,341.15                | 0.49%  |
|   | 0% HDFC Ltd DDB mat 09/03/12                         | 10,112.71                | 0.48%  |
|   | <b>Total</b>   | <b>233,225.00</b>        | <b>11.12%</b>                                  |
| <b>Commercial<br/>Banks</b>                   | State Bank of Patiala CD mat 28/04/10                | 40,538.25                | 1.93%  |
|   | 11.95% Oriental Bank of Commerce FD mat 13/04/10     | 33,000.29                | 1.57%  |
|   | State Bank of Hyderabad CD mat 27/12/10              | 19,139.53                | 0.91%  |
|   | 9.15% Yes Bank FD mat 19/04/10                       | 18,376.00                | 0.88%  |
|   | Punjab National Bank                                 | 13,481.73                | 0.64%  |
|   | 7.5% Andhra Bank FD mat 29/10/10                     | 13,192.39                | 0.63%  |
|   | Union Bank of India                                  | 11,153.29                | 0.53%  |
|   | State Bank of India                                  | 10,906.39                | 0.52%  |
|   | Bank of Baroda                                       | 10,776.30                | 0.51%  |
|   | 8.75% Dena Bank FD mat 09/09/10                      | 9,232.07                 | 0.44%  |
|   | 10.10% State Bank of India NCD mat 12/09/22          | 8,618.08                 | 0.41%  |
|   | ICICI Bank Ltd                                       | 7,907.66                 | 0.38%  |
|   | 8.90% State Bank of India NCD mat 19/12/23           | 6,029.37                 | 0.29%  |
|   | 9.00% State Bank of Bikaner & Jaipur FD mat 09/03/11 | 4,843.39                 | 0.23%  |
|   | 8.80% Central Bank of India FD mat 21/09/10          | 4,404.62                 | 0.21%  |
|   | United Bank of India Ltd                             | 3,757.37                 | 0.18%  |
|   | Allahabad Bank                                       | 3,244.12                 | 0.15%  |
|   | 10.75% Bank of Baroda FD mat 05/05/10                | 853.08                   | 0.04%  |
|   | 8.25% Oriental Bank of Commerce FD mat 28/09/10      | 751.27                   | 0.04%  |
|   | 8.25% ICICI Bank FD mat 24/09/10                     | 671.39                   | 0.03%  |
|   | 7.5% Andhra Bank FD mat 26/11/10                     | 508.72                   | 0.02%  |
|   | 10% Corporation Bank FD mat 21/06/10                 | 149.26                   | 0.01%  |
|   | 9.25% IDBI Bank FD mat 11/08/10                      | 114.98                   | 0.01%  |
|   | 10.% Canara Bank FD mat 07/06/10                     | 69.52                    | 0.00%  |
|   | <b>Total</b>   | <b>221,719.07</b>        | <b>10.57%</b>                                  |
|   | <b>Sub Total (A)</b>                                 | <b>1,505,085.06</b>      | <b>71.78%</b>                                  |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Group Life (Upto 28.03.2006)

**OTHERS (LESS THAN 10%)****2009 - 2010**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Consumer Finance                    | 95,381.96                | 4.55%   |
| Oil, Gas & Consumable Fuels         | 63,484.95                | 3.03%   |
| Banks                               | 59,366.97                | 2.83%   |
| Construction & Engineering          | 40,004.04                | 1.91%   |
| Electric Utilities                  | 36,766.57                | 1.75%   |
| Electrical Equipment                | 33,205.13                | 1.58%   |
| Capital Markets                     | 30,753.58                | 1.47%   |
| IT Services                         | 23,509.54                | 1.12%   |
| Life Sciences Tools & Services      | 19,434.70                | 0.93%   |
| Pharmaceuticals                     | 18,566.35                | 0.89%   |
| Chemicals                           | 17,622.35                | 0.84%   |
| Auto Components                     | 15,823.59                | 0.75%   |
| Special Purpose Banks               | 15,603.45                | 0.74%   |
| Wireless Telecommunication Services | 14,979.27                | 0.71%   |
| Food Products                       | 13,460.96                | 0.64%   |
| Metals & Mining                     | 13,138.37                | 0.63%   |
| Tobacco                             | 13,047.54                | 0.62%   |
| Hotels, Restaurants & Leisure       | 11,147.95                | 0.53%   |
| Media                               | 10,165.87                | 0.48%   |
| Personal Products                   | 9,948.12                 | 0.47%   |
| Independent Power Producers         | 9,916.91                 | 0.47%   |
| Building Products                   | 7,734.36                 | 0.37%   |
| Automobiles                         | 6,796.11                 | 0.32%   |
| Gas Utilities                       | 5,737.03                 | 0.27%   |
| Industrial Conglomerates            | 3,849.52                 | 0.18%   |
| Machinery                           | 2,139.77                 | 0.10%   |
| <b>Sub Total (B)</b>                | <b>591,584.95</b>        | <b>28.22%</b>                                 |
| <b>Total Market Value (A + B)</b>   | <b>2,096,670.01</b>      | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Group DB Pension (Upto 28.03.2006)

MORE THAN 10%

2009 - 2010

| Industry Name                                 | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---|---|--------------------------|---|
| <b>Diversified<br/>Financial<br/>Services</b> | 6.90% Power Finance Corporation Ltd NCD mat 11/05/12          | 34,871.97                | 5.88%   |
|   | 6.55% National Housing Bank NCD mat 20/11/12                  | 22,805.35                | 3.84%   |
|   | 10.90% Rural Electrification Corporation Ltd NCD mat 14/08/13 | 17,476.23                | 2.95%   |
|   | 10.70% Power Finance Corporation Ltd NCD mat 15/07/13         | 15,186.55                | 2.56%   |
|   | 8.00% IDFC NCD mat 13/04/11                                   | 9,134.79                 | 1.54%   |
|   | 0% IDFC Ltd DDB mat 04/11/11                                  | 8,965.95                 | 1.51%   |
|   | 11.50% Rural Electrification Corporation Ltd NCD mat 26/11/13 | 6,705.90                 | 1.13%   |
|   | 9.76% Indian Railway Finance Corporation NCD mat 03/07/12     | 5,283.39                 | 0.89%   |
|   | 8.60% IDFC NCD mat 24/11/11                                   | 5,100.57                 | 0.86%   |
|   | Rural Electrification Corporation Ltd                         | 3,298.30                 | 0.56%   |
|   | 10.27% Sundaram Finance Co Ltd NCD mat 03/09/10               | 3,038.69                 | 0.51%   |
|   | Power Finance Corporation Ltd                                 | 2,966.12                 | 0.50%   |
|   | 11.15% Power Finance Corporation Ltd NCD mat 15/09/11         | 2,107.40                 | 0.36%   |
|   | 6.90% National Housing Bank NCD mat 30/10/12                  | 996.82                   | 0.17%   |
|   | <b>Total</b>  | <b>137,938.03</b>        | <b>23.25%</b>                                 |
| <b>Central<br/>Government<br/>of India</b>    | 7.44% Oil Bonds mat 23/03/12                                  | 31,080.42                | 5.24%   |
|   | 7.02% GOI mat 17/08/16  | 26,514.05                | 4.47%   |
|   | 7.56% GOI mat 03/11/14  | 21,045.26                | 3.55%   |
|   | Reverse Repo Investments                                      | 18,716.76                | 3.15%   |
|   | 7.61% Oil Bonds mat 07/03/15                                  | 14,212.15                | 2.40%   |
|   | 7.59% GOI mat 12/04/16  | 7,276.97                 | 1.23%   |
|   | 6.07% GOI mat 15/05/14  | 6,383.29                 | 1.08%   |
|   | 11.03% GOI mat 18/07/12                                       | 5,828.01                 | 0.98%   |
|   | 7.27% GOI mat 03/09/13  | 2,544.93                 | 0.43%   |
|   | 9.39% GOI mat 02/07/11  | 2,179.80                 | 0.37%   |
|   | 10.71% GOI mat 19/04/16                                       | 6.74                     | 0.00%   |
|   | <b>Total</b>  | <b>135,788.39</b>        | <b>22.89%</b>                                 |
| <b>Thriffs &amp;<br/>Mortgage<br/>Finance</b> | 0% HDFC Ltd DDB mat 24/08/11                                  | 62,600.28                | 10.55%  |
|   | 7.76% LIC Housing Finance Ltd mat 06/11/12                    | 14,022.37                | 2.36%   |
|   | 0% HDFC Ltd DDB mat 09/03/12                                  | 5,056.35                 | 0.85%   |
|   | <b>Total</b>  | <b>81,679.00</b>         | <b>13.77%</b>                                 |
|   | <b>Sub Total (A)</b>  | <b>355,405.43</b>        | <b>59.90%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Group DB Pension (Upto 28.03.2006)**

**OTHERS (LESS THAN 10%)****2009 - 2010**

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Commercial Banks                    | 41,308.95                | 6.96%   |
| Electric Utilities                  | 37,156.32                | 6.26%   |
| Oil, Gas & Consumable Fuels         | 22,211.16                | 3.74%   |
| Consumer Finance                    | 13,207.62                | 2.23%   |
| Banks                               | 12,350.83                | 2.08%   |
| Electrical Equipment                | 11,106.92                | 1.87%   |
| Metals & Mining                     | 11,056.32                | 1.86%   |
| IT Services                         | 9,540.37                 | 1.61%   |
| Holding Companies - Diversified     | 8,067.27                 | 1.36%   |
| Construction Materials              | 7,582.24                 | 1.28%   |
| Chemicals                           | 7,477.68                 | 1.26%   |
| Construction & Engineering          | 6,276.13                 | 1.06%   |
| Wireless Telecommunication Services | 6,091.91                 | 1.03%   |
| Food Products                       | 5,747.01                 | 0.97%   |
| Tobacco                             | 4,282.98                 | 0.72%   |
| Independent Power Producers         | 4,216.09                 | 0.71%   |
| Personal Products                   | 4,130.22                 | 0.70%   |
| Pharmaceuticals                     | 4,096.11                 | 0.69%   |
| Media                               | 3,872.19                 | 0.65%   |
| Auto Components                     | 3,310.95                 | 0.56%   |
| Automobiles                         | 3,059.71                 | 0.52%   |
| Building Products                   | 2,563.54                 | 0.43%   |
| Industrial Conglomerates            | 2,321.85                 | 0.39%   |
| Gas Utilities                       | 2,276.24                 | 0.38%   |
| Special Purpose Banks               | 2,080.46                 | 0.35%   |
| Life Sciences Tools & Services      | 2,051.03                 | 0.35%   |
| Machinery                           | 408.37                   | 0.07%   |
| Capital Markets                     | 86.11                    | 0.01%   |
| <b>Sub Total (B)</b>                | <b>237,936.59</b>        | <b>40.10%</b>                                 |
| <b>Total Market Value (A + B)</b>   | <b>593,342.01</b>        | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Life - II (on or after 20.02.08)**

MORE THAN 10%

2009 - 2010

| Industry Name               | Scrip Name                                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-----------------------------|--|--------------------------|---|
| <b>Commercial<br/>Banks</b> | ICICI Bank Ltd                                   | 458,837.35               | 2.85%   |
|                             | Punjab National Bank                             | 355,405.37               | 2.21%   |
|                             | Bank of Baroda                                   | 347,907.13               | 2.16%   |
|                             | Union Bank of India                              | 343,629.63               | 2.13%   |
|                             | State Bank of India                              | 292,446.38               | 1.82%   |
|                             | Bank of Baroda CD mat 22/12/10                   | 201,279.58               | 1.25%   |
|                             | United Bank of India Ltd                         | 109,008.72               | 0.68%   |
|                             | State Bank of Patiala CD mat 20/04/10            | 99,738.23                | 0.62%   |
|                             | 7.25% State Bank of Patiala FD 01/02/11          | 68,371.39                | 0.42%   |
|                             | Allahabad Bank                                   | 58,621.93                | 0.36%   |
|                             | State Bank of Hyderabad CD mat 27/12/10          | 45,265.85                | 0.28%   |
|                             | 10% Corporation Bank FD mat 17/06/10             | 42,200.00                | 0.26%   |
|                             | 11.85% IDBI FD mat 15/09/10                      | 30,143.30                | 0.19%   |
|                             | 7.5% Andhra Bank FD mat 29/10/10                 | 27,628.23                | 0.17%   |
|                             | 8.00% Central Bank of India FD mat 19/11/10      | 26,863.97                | 0.17%   |
|                             | 11.95% Oriental Bank of Commerce FD mat 13/04/10 | 25,463.25                | 0.16%   |
|                             | 8.25% Oriental Bank of Commerce FD mat 28/09/10  | 18,607.76                | 0.12%   |
|                             | 7.5% Andhra Bank FD mat 26/11/10                 | 17,900.06                | 0.11%   |
|                             | 8.80% Central Bank of India FD mat 21/09/10      | 17,653.85                | 0.11%   |
|                             | 8.75% Dena Bank FD mat 09/09/10                  | 15,208.15                | 0.09%   |
|                             | 8.25% Central Bank of India FD mat 13/10/10      | 15,000.00                | 0.09%   |
|                             | 12% Axis Bank FD mat 02/04/10                    | 12,900.46                | 0.08%   |
|                             | 9.15% Yes Bank FD mat 19/04/10                   | 10,755.95                | 0.07%   |
|                             | 10% Corporation Bank FD mat 21/06/10             | 7,308.58                 | 0.05%   |
|                             | 10.10% State Bank of India NCD mat 12/09/22      | 5,386.30                 | 0.03%   |
|                             | 7.00% Canara Bank FD mat 25/03/11                | 5,011.49                 | 0.03%   |
|                             | 12% Bank of India FD mat 13/04/10                | 4,116.46                 | 0.03%   |
|                             | 8.90% State Bank of India NCD mat 19/12/23       | 4,019.58                 | 0.02%   |
|                             | 8.25% Dena Bank FD mat 05/10/10                  | 2,677.31                 | 0.02%   |
|                             | 9.25% IDBI Bank FD mat 12/08/10                  | 2,600.00                 | 0.02%   |
|                             | 7.50% Central Bank of India FD mat 29/11/10      | 2,067.03                 | 0.01%   |
|                             | 9.25% IDBI Bank FD mat 11/08/10                  | 1,747.72                 | 0.01%   |
|                             | 11% Bank of India FD mat 29/04/10                | 1,571.86                 | 0.01%   |
|                             | 8.00% State Bank of Patiala FD 14/12/10          | 1,490.24                 | 0.01%   |



## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Individual Life - II (on or after 20.02.08)

MORE THAN 10%

2009 - 2010

| Industry Name | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---------------|--|--------------------------|---|
|               | State Bank of Patiala CD mat 13/08/10                | 1,469.56                 | 0.01%   |
|               | 8.00% Central Bank of India FD mat 22/11/10          | 1,393.81                 | 0.01%   |
|               | 8.5% Oriental Bank of Commerce FD mat 09/09/10       | 1,388.59                 | 0.01%   |
|               | 9.00% State Bank of Bikaner & Jaipur FD mat 09/03/11 | 1,336.51                 | 0.01%   |
|               | 9.25% IDBI Bank FD mat 20/08/10                      | 1,043.20                 | 0.01%   |
|               | 11.75% Indian Overseas Bank FD mat 20/04/10          | 837.07                   | 0.01%   |
|               | 9.25% IDBI Bank FD mat 18/08/10                      | 547.56                   | 0.00%   |
|               | 10.75% Bank of Baroda FD mat 05/05/10                | 535.95                   | 0.00%   |
|               | <b>Total</b>   | <b>2,687,385.33</b>      | <b>16.69%</b>                                 |
|               | <b>Sub Total (A)</b>                                 | <b>2,687,385.33</b>      | <b>16.69%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Individual Life - II (on or after 20.02.08)

OTHERS (LESS THAN 10%)

2009 - 2010

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Diversified Financial Services      | 1,497,651.70             | 9.30%   |
| Oil, Gas & Consumable Fuels         | 1,395,132.80             | 8.66%   |
| Central Government of India         | 1,299,952.84             | 8.07%   |
| Electrical Equipment                | 981,291.88               | 6.09%   |
| IT Services                         | 713,445.43               | 4.43%   |
| Mutual Funds                        | 656,836.27               | 4.08%   |
| Thriffs & Mortgage Finance          | 651,924.83               | 4.05%   |
| Chemicals                           | 589,630.40               | 3.66%   |
| Food Products                       | 491,965.75               | 3.05%   |
| Pharmaceuticals                     | 471,297.98               | 2.93%   |
| Personal Products                   | 409,061.71               | 2.54%   |
| Construction & Engineering          | 387,971.76               | 2.41%   |
| Auto Components                     | 379,126.21               | 2.35%   |
| Wireless Telecommunication Services | 338,626.36               | 2.10%   |
| Metals & Mining                     | 309,992.72               | 1.92%   |
| Life Sciences Tools & Services      | 301,915.90               | 1.87%   |
| Independent Power Producers         | 300,720.58               | 1.87%   |
| Gas Utilities                       | 295,996.18               | 1.84%   |
| Industrial Conglomerates            | 273,667.50               | 1.70%   |
| Media                               | 268,724.27               | 1.67%   |
| Automobiles                         | 265,476.96               | 1.65%   |
| Tobacco                             | 222,374.84               | 1.38%   |
| Building Products                   | 214,380.42               | 1.33%   |
| Banks                               | 192,139.01               | 1.19%   |
| Special Purpose Banks               | 153,382.98               | 0.95%   |
| Electric Utilities                  | 125,452.98               | 0.78%   |
| Construction Materials              | 118,080.69               | 0.73%   |
| Road & Rail                         | 46,325.50                | 0.29%   |
| Consumer Finance                    | 26,826.26                | 0.17%   |
| Machinery                           | 24,149.44                | 0.15%   |
| Holding Companies - Diversified     | 14,117.72                | 0.09%   |
| <b>Sub Total (B)</b>                | <b>13,417,639.85</b>     | <b>83.31%</b>                                 |
| <b>Total Market Value (A + B)</b>   | <b>16,105,025.18</b>     | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Niche Life Fund

MORE THAN 10%

2009 - 2010

| Industry Name                              | Scrip Name                         | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|--|------------------------------------|--------------------------|---|
| <b>Insurance</b>                           | Mid Cap Niche Life Fund            | 1,038,932.18             | 15.42%  |
|  | Bond Opportunities Niche Life Fund | 1,016,354.20             | 15.09%  |
|  | Large Cap Niche Life Fund          | 811,441.53               | 12.05%  |
|  | Money Plus Niche Life Fund         | 137,242.86               | 2.04%   |
|  | <b>Total</b>                       | <b>3,003,970.76</b>      | <b>44.59%</b>                                 |
| <b>Central<br/>Government<br/>of India</b> | 7.02% GOI mat 17/08/16             | 278,331.43               | 4.13%   |
|  | Reverse Repo Investments           | 129,440.24               | 1.92%   |
|  | 6.07% GOI mat 15/05/14             | 114,823.45               | 1.70%   |
|  | 7.61% Oil Bonds mat 07/03/15       | 85,006.74                | 1.26%   |
|  | 7.40% GOI mat 03/05/12             | 76,800.00                | 1.14%   |
|  | 9.39% GOI mat 02/07/11             | 62,343.03                | 0.93%   |
|  | 7.56% GOI mat 03/11/14             | 45,302.19                | 0.67%   |
|  | 7.59% GOI mat 12/04/16             | 36,901.56                | 0.55%   |
|  | 7.44% Oil Bonds mat 23/03/12       | 36,391.24                | 0.54%   |
|  | 7.32% GOI mat 20/10/14             | 31,492.12                | 0.47%   |
|  | 7.27% GOI mat 03/09/13             | 30,651.02                | 0.46%   |
|  | 11.03% GOI mat 18/07/12            | 12,694.04                | 0.19%   |
|  | 10.71% GOI mat 19/04/16            | 4,495.01                 | 0.07%   |
|  | <b>Total</b>                       | <b>944,672.08</b>        | <b>14.02%</b>                                 |
|  | <b>Sub Total (A)</b>               | <b>3,948,642.84</b>      | <b>58.62%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

## Niche Life Fund

## OTHERS (LESS THAN 10%)

2009 - 2010

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Commercial Banks                    | 572,135.81               | 8.49%   |
| Diversified Financial Services      | 328,754.80               | 4.88%   |
| Pharmaceuticals                     | 223,194.91               | 3.31%   |
| Oil, Gas & Consumable Fuels         | 155,975.83               | 2.32%   |
| Machinery                           | 126,862.55               | 1.88%   |
| Chemicals                           | 124,417.17               | 1.85%   |
| IT Services                         | 113,650.49               | 1.69%   |
| Construction & Engineering          | 109,673.59               | 1.63%   |
| Gas Utilities                       | 97,386.53                | 1.45%   |
| Auto Components                     | 96,617.76                | 1.43%   |
| Automobiles                         | 88,997.42                | 1.32%   |
| Independent Power Producers         | 84,015.99                | 1.25%   |
| Electrical Equipment                | 83,367.91                | 1.24%   |
| Food Products                       | 77,903.66                | 1.16%   |
| Personal Products                   | 72,411.15                | 1.07%   |
| Metals & Mining                     | 71,958.76                | 1.07%   |
| Construction Materials              | 45,136.72                | 0.67%   |
| Banks                               | 40,625.49                | 0.60%   |
| Tobacco                             | 37,713.74                | 0.56%   |
| Wireless Telecommunication Services | 34,441.13                | 0.51%   |
| Industrial Conglomerates            | 32,841.20                | 0.49%   |
| Electric Utilities                  | 27,735.35                | 0.41%   |
| Media                               | 26,623.28                | 0.40%   |
| Building Products                   | 25,766.62                | 0.38%   |
| Thriffs & Mortgage Finance          | 22,362.60                | 0.33%   |
| Life Sciences Tools & Services      | 19,929.07                | 0.30%   |
| Textiles, Apparel & Luxury Goods    | 18,372.87                | 0.27%   |
| Consumer Finance                    | 13,737.72                | 0.20%   |
| Finance-Auto Loans                  | 10,092.86                | 0.15%   |
| Air Freight & Logistics             | 4,789.07                 | 0.07%   |
| <b>Sub Total (B)</b>                | <b>2,787,492.04</b>      | <b>41.38%</b>                                 |
| <b>Total Market Value (A + B)</b>   | <b>6,736,134.88</b>      | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Pension - II (on or after 08.10.08)**

MORE THAN 10%

2009 - 2010

| Industry Name               | Scrip Name                                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-----------------------------|--|--------------------------|---|
| <b>Commercial<br/>Banks</b> | ICICI Bank Ltd                                   | 245,772.62               | 2.67%   |
|                             | Punjab National Bank                             | 226,990.70               | 2.46%   |
|                             | Union Bank of India                              | 192,012.16               | 2.08%   |
|                             | Bank of Baroda                                   | 178,075.12               | 1.93%   |
|                             | State Bank of India                              | 153,957.21               | 1.67%   |
|                             | United Bank of India Ltd                         | 57,022.06                | 0.62%   |
|                             | Allahabad Bank                                   | 35,019.96                | 0.38%   |
|                             | Bank of Baroda CD mat 22/12/10                   | 19,169.48                | 0.21%   |
|                             | 11.95% Oriental Bank of Commerce FD mat 13/04/10 | 17,366.88                | 0.19%   |
|                             | 8.00% Central Bank of India FD mat 22/11/10      | 15,876.00                | 0.17%   |
|                             | 7.5% Andhra Bank FD mat 29/10/10                 | 15,722.98                | 0.17%   |
|                             | 10% Corporation Bank FD mat 21/06/10             | 14,940.56                | 0.16%   |
|                             | 8.25% Oriental Bank of Commerce FD mat 28/09/10  | 11,434.10                | 0.12%   |
|                             | 8.00% Central Bank of India FD mat 19/11/10      | 11,345.36                | 0.12%   |
|                             | 8.00% Central Bank of India FD mat 18/11/10      | 10,000.00                | 0.11%   |
|                             | 8.75% Dena Bank FD mat 09/09/10                  | 9,789.95                 | 0.11%   |
|                             | 11.85% IDBI FD mat 15/09/10                      | 9,304.03                 | 0.10%   |
|                             | 8.25% Bank of India FD mat 13/04/11              | 9,292.26                 | 0.10%   |
|                             | 9.92% HDFC Ltd NCD mat 08/09/36                  | 8,933.91                 | 0.10%   |
|                             | 9.15% Yes Bank FD mat 19/04/10                   | 8,072.70                 | 0.09%   |
|                             | 11% Bank of India FD mat 29/04/10                | 7,326.05                 | 0.08%   |
|                             | 8.90% State Bank of India NCD mat 19/12/23       | 7,034.26                 | 0.08%   |
|                             | 7.27% Yes Bank FD mat 25/03/11                   | 4,996.02                 | 0.05%   |
|                             | 8.80% Central Bank of India FD mat 21/09/10      | 4,352.77                 | 0.05%   |
|                             | 8.25% ICICI Bank FD mat 24/09/10                 | 2,900.00                 | 0.03%   |
|                             | 9.25% IDBI Bank FD mat 11/08/10                  | 1,668.10                 | 0.02%   |
|                             | 9.25% IDBI Bank FD mat 12/08/10                  | 1,500.00                 | 0.02%   |
|                             | 11.75% Indian Overseas Bank FD mat 20/04/10      | 1,344.38                 | 0.01%   |
|                             | 8.25% Dena Bank FD mat 05/10/10                  | 1,146.57                 | 0.01%   |
|                             | 8.75% Dena Bank FD mat 15/09/10                  | 1,143.40                 | 0.01%   |
|                             | 7.5% Andhra Bank FD mat 26/11/10                 | 297.86                   | 0.00%   |
|                             | <b>Total</b>                                     | <b>1,283,807.44</b>      | <b>13.94%</b>                                 |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Pension - II (on or after 08.10.08)**

**MORE THAN 10%****2009 - 2010**

| Industry Name                                 | Scrip Name  | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---|---|--------------------------|---|
| <b>Diversified<br/>Financial<br/>Services</b> | Power Finance Corporation Ltd                                     | 192,835.80               | 2.09%   |
|   | Rural Electrification Corporation Ltd                             | 145,652.21               | 1.58%   |
|   | 6.90% Power Finance Corporation Ltd NCD mat 11/05/12              | 99,634.21                | 1.08%   |
|   | 8.40% Sundaram Finance Ltd NCD mat 06/07/11                       | 78,030.77                | 0.85%   |
|   | 6.75% National Housing Bank NCD mat 21/12/12                      | 77,645.69                | 0.84%   |
|   | 9.22% Power Finance Corporation Ltd NCD mat 28/12/12              | 72,569.72                | 0.79%   |
|   | 0% Sundaram Finance Ltd NCD mat 15/09/11                          | 49,680.94                | 0.54%   |
|   | 8.49% Power Finance Corporation Ltd NCD mat 09/10/11              | 48,912.85                | 0.53%   |
|   | 8.46% Indian Railway Finance Corporation Ltd NCD<br>mat 15/01/14  | 32,188.33                | 0.35%   |
|   | 8.90% Power Finance Corporation Ltd NCD mat 16/02/14              | 28,302.12                | 0.31%   |
|   | 10.60% Indian Railway Finance Corporation Ltd NCD<br>mat 11/09/18 | 27,969.66                | 0.30%   |
|   | 6.55% National Housing Bank NCD mat 20/11/12                      | 27,763.04                | 0.30%   |
|   | 0% IDFC Ltd DDB Mat 04/11/11                                      | 26,897.86                | 0.29%   |
|   | 7.20% Rural Electrification Corporation Ltd NCD<br>mat 17/03/11   | 25,168.82                | 0.27%   |
|   | 10.90% Rural Electrification Corporation Ltd NCD<br>mat 30/09/13  | 21,906.43                | 0.24%   |
|   | 8.20 % Indian Railway Finance Corporation Ltd NCD<br>mat 27/04/12 | 20,469.60                | 0.22%   |
|   | 8.00% IDFC NCD mat 13/04/11                                       | 18,269.57                | 0.20%   |
|   | 10.27% Sundaram Finance Co Ltd NCD Mat 03/09/10                   | 17,219.22                | 0.19%   |
|   | 7.45% Tata Capital Ltd NCD mat 21/01/11                           | 14,092.94                | 0.15%   |
|   | 10.90% Rural Electrification Corporation Ltd NCD<br>mat 14/08/13  | 10,922.65                | 0.12%   |
|   | 7.65% IDFC Ltd NCD mat 26/02/12                                   | 10,096.46                | 0.11%   |
|   | 8.45% Rural Electrification Corporation Ltd NCD<br>mat 19/02/15   | 9,958.00                 | 0.11%   |
|   | 8.75% IDFC NCD mat 20/07/10                                       | 9,058.75                 | 0.10%   |
|   | 6.90% National Housing Bank NCD mat 30/10/12                      | 6,977.72                 | 0.08%   |
|   | 10.00% IDFC Ltd NCD mat 16/12/13                                  | 5,283.20                 | 0.06%   |
|   | 10.70% Power Finance Corporation Ltd NCD mat 15/07/13             | 4,339.01                 | 0.05%   |
|   | 8.20% Indian Railway Finance Corporation Ltd NCD<br>mat 27/04/17  | 3,917.65                 | 0.04%   |

## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
**Individual Pension - II (on or after 08.10.08)**

**MORE THAN 10%****2009 - 2010**

| Industry Name                              | Scrip Name   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|--|--|--------------------------|---|
|  | 9.40% Sundaram Finance NCD mat 12/10/10                          | 3,040.64                 | 0.03%   |
|  | 11.50% Rural Electrification Corporation Ltd NCD<br>mat 26/11/13 | 1,117.65                 | 0.01%   |
|  | <b>Total</b>   | <b>1,089,921.51</b>      | <b>11.83%</b>                                 |
| <b>Central<br/>Government<br/>of India</b> | Reverse Repo Investments   | 793,730.23               | 8.62%   |
|  | 7.44% Oil Bonds mat 23/03/12                                     | 50,545.46                | 0.55%   |
|  | 6.07% GOI mat 15/05/14   | 32,100.50                | 0.35%   |
|  | 7.55 % GOI mat 14/05/10  | 30,114.00                | 0.33%   |
|  | 7.40% GOI mat 03/05/12   | 25,600.00                | 0.28%   |
|  | 7.56% GOI mat 03/11/14   | 23,436.93                | 0.25%   |
|  | 7.02% GOI mat 17/08/16   | 19,023.19                | 0.21%   |
|  | 7.32% GOI mat 20/10/14   | 17,194.04                | 0.19%   |
|  | 7.27% GOI mat 03/09/13   | 13,867.64                | 0.15%   |
|  | 7.61 % Oil Bonds mat 07/03/15                                    | 7,663.96                 | 0.08%   |
|  | 7.59% GOI mat 12/04/16   | 6,156.25                 | 0.07%   |
|  | 9.39% GOI mat 02/07/11   | 4,907.10                 | 0.05%   |
|  | 8.20% GOI mat 15/02/22   | 2,588.27                 | 0.03%   |
|  | <b>Total</b>   | <b>1,026,927.57</b>      | <b>11.15%</b>                                 |
|  | <b>Sub Total (A)</b>   | <b>3,400,656.52</b>      | <b>36.93%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

Individual Pension - II (on or after 08.10.08)

OTHERS (LESS THAN 10%)

2009 - 2010

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Oil, Gas & Consumable Fuels         | 769,703.64               | 8.36%   |
| Electrical Equipment                | 490,754.37               | 5.33%   |
| Thriffs & Mortgage Finance          | 488,094.05               | 5.30%   |
| IT Services                         | 444,159.53               | 4.82%   |
| Chemicals                           | 330,134.86               | 3.58%   |
| Pharmaceuticals                     | 315,611.48               | 3.43%   |
| Personal Products                   | 218,580.69               | 2.37%   |
| Food Products                       | 216,388.49               | 2.35%   |
| Construction & Engineering          | 215,247.74               | 2.34%   |
| Mutual Funds                        | 210,449.29               | 2.29%   |
| Auto Components                     | 198,234.50               | 2.15%   |
| Wireless Telecommunication Services | 177,315.55               | 1.93%   |
| Media                               | 173,971.12               | 1.89%   |
| Metals & Mining                     | 169,036.45               | 1.84%   |
| Independent Power Producers         | 168,047.83               | 1.82%   |
| Tobacco                             | 161,525.06               | 1.75%   |
| Life Sciences Tools & Services      | 158,504.76               | 1.72%   |
| Gas Utilities                       | 151,337.36               | 1.64%   |
| Industrial Conglomerates            | 148,050.72               | 1.61%   |
| Special Purpose Banks               | 141,940.44               | 1.54%   |
| Building Products                   | 113,300.94               | 1.23%   |
| Automobiles                         | 104,451.32               | 1.13%   |
| Banks                               | 80,020.38                | 0.87%   |
| Electric Utilities                  | 67,500.86                | 0.73%   |
| Construction Materials              | 32,013.79                | 0.35%   |
| Road & Rail                         | 22,137.97                | 0.24%   |
| Machinery                           | 12,716.52                | 0.14%   |
| Consumer Finance                    | 11,286.39                | 0.12%   |
| Holding Companies - Diversified     | 11,092.49                | 0.12%   |
| Finance-Auto Loans                  | 7,065.00                 | 0.08%   |
| <b>Sub Total (B)</b>                | <b>5,808,673.64</b>      | <b>63.07%</b>                                 |
| <b>Total Market Value (A + B)</b>   | <b>9,209,330.15</b>      | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).



## Annexure 2A

**INDUSTRY - WISE DISCLOSURE OF INVESTMENT**  
Wealth Builder Fund

MORE THAN 10%

2009 - 2010

| Industry Name                                 | Scrip Name                                   | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|---|--|--------------------------|---|
| <b>Insurance</b>                              | HDFC SL Income Wealth Builder Fund           | 213,817.45               | 17.85%  |
|   | HDFC SL Opportunities Wealth Builder Fund    | 194,150.26               | 16.21%  |
|   | HDFC SL Blue Chip Wealth Builder Fund        | 142,818.15               | 11.92%  |
|   | <b>Total</b>                                 | <b>550,785.86</b>        | <b>45.98%</b>                                 |
| <b>Diversified<br/>Financial<br/>Services</b> | 6.55% National Housing Bank NCD mat 20/11/12 | 42,636.09                | 3.56%   |
|   | 7.65% IDFC Ltd NCD mat 26/02/12              | 40,385.82                | 3.37%   |
|   | 0% Sundaram Finance Ltd NCD mat 15/09/11     | 27,098.69                | 2.26%   |
|   | 6.90% National Housing Bank NCD mat 01/09/12 | 14,956.00                | 1.25%   |
|   | 8.00% IDFC NCD mat 13/04/11                  | 10,149.76                | 0.85%   |
|   | 0% IDFC Ltd DDB mat 15/04/11                 | 7,472.00                 | 0.62%   |
|   | 8.75% IDFC NCD mat 20/07/10                  | 5,032.64                 | 0.42%   |
|   | Rural Electrification Corporation Ltd        | 2,149.07                 | 0.18%   |
|   | Power Finance Corporation Ltd                | 2,067.83                 | 0.17%   |
|   | 9.35% IDFC NCD mat 09/05/10                  | 1,003.30                 | 0.08%   |
|   | <b>Total</b>                                 | <b>152,951.22</b>        | <b>12.77%</b>                                 |
|   | <b>Sub Total (A)</b>                         | <b>703,737.08</b>        | <b>58.75%</b>                                 |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

## Annexure 2A

## INDUSTRY - WISE DISCLOSURE OF INVESTMENT

## Wealth Builder Fund

OTHERS (LESS THAN 10%)

2009 - 2010

| Industry Name                       | Market Value<br>(₹ '000) | % to Total Market Value<br>of Respective Fund |
|-------------------------------------|--------------------------|---|
| Central Government of India         | 100,745.11               | 8.41%   |
| Commercial Banks                    | 66,815.89                | 5.58%   |
| Pharmaceuticals                     | 26,917.67                | 2.25%   |
| Oil, Gas & Consumable Fuels         | 25,869.54                | 2.16%   |
| Thriffs & Mortgage Finance          | 25,289.91                | 2.11%   |
| Auto Components                     | 24,139.03                | 2.02%   |
| Machinery                           | 21,339.21                | 1.78%   |
| Gas Utilities                       | 18,342.90                | 1.53%   |
| IT Services                         | 18,193.48                | 1.52%   |
| Electrical Equipment                | 17,184.24                | 1.43%   |
| Automobiles                         | 17,173.64                | 1.43%   |
| Food Products                       | 16,005.86                | 1.34%   |
| Chemicals                           | 15,227.03                | 1.27%   |
| Personal Products                   | 12,899.85                | 1.08%   |
| Metals & Mining                     | 12,742.65                | 1.06%   |
| Construction Materials              | 10,585.81                | 0.88%   |
| Consumer Finance                    | 10,321.80                | 0.86%   |
| Construction & Engineering          | 9,300.75                 | 0.78%   |
| Banks                               | 7,945.08                 | 0.66%   |
| Wireless Telecommunication Services | 7,827.81                 | 0.65%   |
| Industrial Conglomerates            | 6,232.80                 | 0.52%   |
| Tobacco                             | 5,197.60                 | 0.43%   |
| Electric Utilities                  | 4,930.94                 | 0.41%   |
| Building Products                   | 4,020.61                 | 0.34%   |
| Independent Power Producers         | 3,578.81                 | 0.30%   |
| Life Sciences Tools & Services      | 3,170.92                 | 0.26%   |
| Special Purpose Banks               | 1,040.23                 | 0.09%   |
| Textiles, Apparel & Luxury Goods    | 990.24                   | 0.08%   |
| <b>Sub Total (B)</b>                | <b>494,029.44</b>        | <b>41.25%</b>                                 |
| <b>Total Market Value (A + B)</b>   | <b>1,197,766.51</b>      | <b>100.00%</b>                                |

Industry Classification for the Current Year has been done as per GICS (Global Industry Classification Standard) provided by MSCI (Morgan Stanley Capital International) and S & P (Standard & Poor's).

**Annexure A**Name of the Insurer: **HDFC Standard Life Insurance Company Ltd**

Registration No. and Date of Registration with IRDA: 101 23rd October 2000

**SEGMENTAL BALANCE SHEET AS AT 31st MARCH 2011**

| Particulars   | Participating | Non Participating Life | Non Participating Pension | Annuity  | Participating Pension | Health   | Unit linked Individual | Unit linked Pension - Individual | Unit linked Life-Group | Unit linked Pension-Group | Unallocated | Total Policy-holders | Shareholders | Total       |
|---|---------------|------------------------|---------------------------|----------|-----------------------|----------|------------------------|----------------------------------|------------------------|---------------------------|-------------|----------------------|--------------|-------------|
|   |               |                        |                           |          |                       |          |                        |                                  |                        |                           |             |                      |              | (₹ '000)    |
| <b>SOURCES OF FUNDS</b>   |               |                        |                           |          |                       |          |                        |                                  |                        |                           |             |                      |              |             |
| SHAREHOLDERS' FUNDS:  |               |                        |                           |          |                       |          |                        |                                  |                        |                           |             |                      |              |             |
| SHARE CAPITAL   | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | 19,948,801   | 19,948,801  |
| SHARE APPLICATION MONEY   | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | —            | —           |
| RECEIVED PENDING ALLOTMENT OF SHARES  | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | —            | —           |
| RESERVE AND SURPLUS   | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | 2,206,790    | 2,206,790   |
| CREDIT / [DEBIT] FAIR VALUE CHANGE ACCOUNT  | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | (350)        | (350)       |
| <b>Sub-Total</b>  | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | 22,155,241   | 22,155,241  |
| <b>BORROWINGS</b>   | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | —            | —           |
| <b>POLICYHOLDERS' FUNDS:</b>  |               |                        |                           |          |                       |          |                        |                                  |                        |                           |             |                      |              |             |
| CREDIT/[DEBIT] FAIR VALUE CHANGE ACCOUNT  | (18,702)      | —                      | —                         | —        | (260)                 | —        | 2,703                  | 804                              | 3                      | 5                         | —           | (15,447)             | —            | (15,447)    |
| POLICY LIABILITIES  | 33,733,021    | 3,565,039              | 277,131                   | 354,861  | 7,599,015             | 20,211   | 4,083,163              | 1,426,460                        | 151,144                | 23,280                    | —           | 51,233,325           | —            | 51,233,325  |
| INSURANCE RESERVES  | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | —            | —           |
| Linked liabilities  | —             | —                      | —                         | —        | —                     | —        | 106,772,712            | 55,763,612                       | 15,506,183             | 5,460,414                 | —           | 183,502,921          | —            | 183,502,921 |
| Add: Fair value change  | —             | —                      | —                         | —        | —                     | —        | 13,718,243             | 7,918,142                        | 71,813                 | 20,217                    | —           | 21,728,415           | —            | 21,728,415  |
| TOTAL LINKED LIABILITIES  | —             | —                      | —                         | —        | —                     | —        | 120,490,955            | 63,681,754                       | 15,577,996             | 5,480,631                 | —           | 205,231,336          | —            | 205,231,336 |
| <b>Sub-Total</b>  | 33,714,319    | 3,565,039              | 277,131                   | 354,861  | 7,598,755             | 20,211   | 124,576,821            | 65,109,018                       | 15,729,143             | 5,503,916                 | —           | 256,449,214          | —            | 256,449,214 |
| Funds for future appropriations   | 1,726,262     | —                      | —                         | —        | 190,886               | —        | —                      | —                                | —                      | —                         | —           | 1,917,148            | —            | 1,917,148   |
| Funds for future appropriation - Provision for lapsed policies unlikely to be revived | —             | —                      | —                         | —        | —                     | —        | 1,693,927              | 861,179                          | —                      | —                         | —           | 2,555,106            | —            | 2,555,106   |
| Surplus Allocated to Shareholders   | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | —            | —           |
| <b>TOTAL</b>  | 35,440,581    | 3,565,039              | 277,131                   | 354,861  | 7,789,641             | 20,211   | 126,270,748            | 65,970,197                       | 15,729,143             | 5,503,916                 | —           | 260,921,468          | 22,155,241   | 283,076,709 |
| <b>APPLICATION OF FUNDS</b>   |               |                        |                           |          |                       |          |                        |                                  |                        |                           |             |                      |              |             |
| <b>INVESTMENTS</b>  |               |                        |                           |          |                       |          |                        |                                  |                        |                           |             |                      |              |             |
| Shareholders'   | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | 6,999,708    | 6,999,708   |
| Policyholders'  | 34,658,237    | 3,173,901              | 273,858                   | 398,319  | 7,475,747             | 34,872   | 4,759,416              | 2,430,639                        | 122,917                | 21,934                    | —           | 53,349,840           | —            | 53,349,840  |
| ASSET HELD TO COVER LINKED LIABILITIES  | —             | —                      | —                         | —        | —                     | —        | 120,490,955            | 63,681,754                       | 15,577,996             | 5,480,631                 | —           | 205,231,336          | —            | 205,231,336 |
| LOANS   | 43,170        | —                      | —                         | —        | —                     | —        | 1,119,495              | 943,887                          | —                      | —                         | —           | 43,170               | 288,069      | 331,239     |
| FIXED ASSETS  | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | 2,063,382            | 332,347      | 2,395,729   |
| <b>CURRENT ASSETS</b>   |               |                        |                           |          |                       |          |                        |                                  |                        |                           |             |                      |              |             |
| Cash and bank balances  | 288,780       | 1,269,228              | 2                         | 3,949    | 53,900                | 1,665    | 1,525,283              | 415,546                          | 45,817                 | 31,251                    | —           | 3,635,421            | 201,891      | 3,837,312   |
| Advances and other assets   | 1,092,749     | 20,906                 | 4,004                     | 7,220    | 218,138               | 27,482   | 1,981,103              | 1,061,921                        | 697,889                | 570,371                   | 836,198     | 6,517,981            | 252,302      | 6,770,283   |
| Inter fund assets   | 266,098       | 443,478                | 7,341                     | 4,406    | 21,069                | 135,940  | 1,404,593              | —                                | 35,571                 | 14,926                    | —           | 2,333,322            | (1,994,903)  | 338,419     |
| <b>Sub-total (A)</b>  | 1,647,627     | 1,733,612              | 11,347                    | 15,575   | 293,107               | 164,987  | 4,910,979              | 1,477,467                        | 779,277                | 616,548                   | 836,198     | 12,486,724           | (1,540,710)  | 10,946,014  |
| <b>CURRENT LIABILITIES</b>  |               |                        |                           |          |                       |          |                        |                                  |                        |                           |             |                      |              |             |
| Current liabilities and provisions  | 1,167,697     | 1,639,412              | 8,074                     | 68,352   | 193                   | 179,648  | 6,402,092              | 2,356,781                        | 729,075                | 610,874                   | —           | 13,162,198           | 25,454       | 13,187,652  |
| Inter fund liabilities  | 219,910       | —                      | —                         | —        | 20,556                | —        | 303,854                | 207,709                          | 25,472                 | 7,212                     | —           | 784,713              | (446,294)    | 338,419     |
| <b>Sub-Total (B)</b>  | 1,387,607     | 1,639,412              | 8,074                     | 68,352   | 20,749                | 179,648  | 6,705,946              | 2,564,490                        | 754,547                | 618,086                   | —           | 13,946,911           | (420,840)    | 13,526,071  |
| <b>NET CURRENT (LIABILITIES) / ASSETS (C) = (A - B)</b>                               | 260,020       | 94,200                 | 3,273                     | (52,777) | 272,358               | (14,661) | (1,794,967)            | (1,087,023)                      | 24,730                 | (1,538)                   | 836,198     | (1,460,187)          | (1,119,870)  | (2,580,057) |
| MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)                 | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | —            | —           |
| DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT (Shareholders' account)                      | —             | —                      | —                         | —        | —                     | —        | —                      | —                                | —                      | —                         | —           | —                    | 15,654,987   | 15,654,987  |
| Deficit in the Revenue Account (Policyholders Account)                                | —             | —                      | —                         | —        | —                     | —        | 1,693,927              | —                                | —                      | —                         | —           | 1,693,927            | —            | 1,693,927   |
| <b>TOTAL</b>  | 34,961,427    | 3,268,101              | 277,131                   | 345,542  | 7,748,105             | 20,211   | 126,268,826            | 65,969,257                       | 15,725,643             | 5,501,027                 | 836,198     | 260,921,468          | 22,155,241   | 283,076,709 |

Note : Unallocated column in the segmental balance sheet above includes income tax deposited with tax authorities which is contested by the company and TDS on investment income. As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.

Name of the Insurer: **HDFC Standard Life Insurance Company Ltd**  
Registration No. and Date of Registration with IRDA: 101 23rd October 2000  
**SEGMENTAL BALANCE SHEET AS AT 31st MARCH 2010**

| Particulars   | Participating | Non Participating Fund | Annuity Fund | Participating Pension | Health   | Unit linked life-Individual | Unit linked Pension-Individual | Unit linked life-Group | Unit linked Pension-Group | Unallocated | Total Policyholders | Shareholders | Total       |
|---|---------------|------------------------|--------------|-----------------------|----------|-----------------------------|--------------------------------|------------------------|---------------------------|-------------|---------------------|--------------|-------------|
|   |               |                        |              |                       |          |                             |                                |                        |                           |             |                     |              | (₹ '000)    |
| <b>SOURCES OF FUNDS</b>   |               |                        |              |                       |          |                             |                                |                        |                           |             |                     |              |             |
| SHAREHOLDERS' FUNDS:  |               |                        |              |                       |          |                             |                                |                        |                           |             |                     |              |             |
| SHARE CAPITAL   | —             | —                      | —            | —                     | —        | —                           | —                              | —                      | —                         | —           | —                   | 19,680,000   | 19,680,000  |
| RESERVE AND SURPLUS   | —             | —                      | —            | —                     | —        | —                           | —                              | —                      | —                         | —           | —                   | 552,892      | 552,892     |
| CREDIT / [DEBIT] FAIR VALUE CHANGE ACCOUNT  | —             | —                      | —            | —                     | —        | —                           | —                              | —                      | —                         | —           | —                   | 184,435      | 184,435     |
| <b>Sub-Total</b>  | —             | —                      | —            | —                     | —        | —                           | —                              | —                      | —                         | —           | —                   | 20,417,327   | 20,417,327  |
| <b>BORROWINGS</b>   |               |                        |              |                       |          |                             |                                |                        |                           |             |                     |              |             |
| POLYHOLDERS' FUNDS:   |               |                        |              |                       |          |                             |                                |                        |                           |             |                     |              |             |
| CREDIT/[DEBIT] FAIR VALUE CHANGE ACCOUNT  | 150,574       | 1,809                  | —            | 51,630                | 14       | 633                         | 383                            | 39                     | 5                         | —           | 205,087             | —            | 205,087     |
| POLICY LIABILITIES  | 23,630,838    | 2,415,398              | 280,599      | 6,249,187             | 24,074   | 3,210,428                   | 1,579,997                      | 231,158                | 45,229                    | —           | 37,666,908          | —            | 37,666,908  |
| INSURANCE RESERVES  | —             | —                      | —            | —                     | —        | —                           | —                              | —                      | —                         | —           | —                   | —            | —           |
| Linked liabilities  | —             | —                      | —            | —                     | —        | 68,262,752                  | 42,247,996                     | 12,882,069             | 4,308,819                 | —           | 127,701,636         | —            | 127,701,636 |
| Add: Fair value change  | —             | —                      | —            | —                     | —        | 16,971,450                  | 9,951,678                      | 418,809                | 174,227                   | —           | 27,516,164          | —            | 27,516,164  |
| <b>TOTAL LINKED LIABILITIES</b>   | —             | —                      | —            | —                     | —        | 85,234,202                  | 52,199,674                     | 13,300,878             | 4,483,046                 | —           | 155,217,800         | —            | 155,217,800 |
| <b>Sub-Total</b>  | 23,781,412    | 2,417,207              | 280,599      | 6,300,817             | 24,088   | 88,445,263                  | 53,780,054                     | 13,532,075             | 4,528,280                 | —           | 193,089,795         | —            | 193,089,795 |
| Funds for future appropriations   | 1,261,664     | —                      | —            | 228,349               | —        | —                           | —                              | —                      | —                         | —           | 1,490,013           | —            | 1,490,013   |
| Funds for future appropriation - Provision for lapsed policies unlikely to be revived | —             | —                      | —            | —                     | —        | 665,686                     | 399,145                        | —                      | —                         | —           | 1,064,831           | —            | 1,064,831   |
| Surplus Allocated to Shareholders   | —             | —                      | —            | —                     | —        | —                           | —                              | —                      | —                         | —           | —                   | —            | —           |
| <b>TOTAL APPLICATION OF FUNDS</b>   | 25,043,076    | 2,417,207              | 280,599      | 6,529,166             | 24,088   | 89,110,949                  | 54,179,199                     | 13,532,075             | 4,528,280                 | —           | 195,644,639         | 20,417,327   | 216,061,966 |
| <b>INVESTMENTS</b>  |               |                        |              |                       |          |                             |                                |                        |                           |             |                     |              |             |
| Shareholders' Policyholders'  | 25,796,921    | 3,834,552              | 324,022      | 6,226,189             | 34,559   | 4,303,227                   | 2,679,047                      | 177,921                | 38,944                    | —           | 43,415,382          | 6,304,757    | 63,047,577  |
| ASSET HELD TO COVER LINKED LIABILITIES  | —             | —                      | —            | —                     | —        | 85,234,202                  | 52,199,674                     | 13,300,878             | 4,483,046                 | —           | 155,217,800         | —            | 43,415,382  |
| LOANS   | 39,343        | —                      | —            | —                     | —        | —                           | —                              | —                      | —                         | —           | 39,343              | 1,023        | 155,217,800 |
| FIXED ASSETS  | 182,135       | 19,904                 | 710          | 11,573                | 4,701    | 636,342                     | 278,830                        | 6,778                  | 2,804                     | —           | 1,143,777           | —            | 40,366      |
| <b>CURRENT ASSETS</b>   |               |                        |              |                       |          |                             |                                |                        |                           |             |                     |              |             |
| Cash and bank balances  | 108,543       | 4,425                  | (138)        | 24,306                | 306      | 1,549,914                   | 1,057,272                      | 296,376                | (13,181)                  | —           | 3,027,823           | 2,353        | 3,030,176   |
| Advances and other assets   | 866,524       | 237,340                | 14,247       | 317,710               | 8,347    | 1,436,730                   | 646,379                        | 486,131                | 295,583                   | 437,247     | 4,746,188           | 171,570      | 4,917,758   |
| Inter fund assets   | 148,447       | 20,614                 | 14,103       | 8,835                 | 8,974    | 1,177,693                   | 208,678                        | —                      | 9,662                     | —           | 1,597,006           | 710,739      | 2,307,745   |
| <b>Sub-total (A)</b>  | 1,123,514     | 262,379                | 28,212       | 350,851               | 17,627   | 4,164,337                   | 1,912,279                      | 782,507                | 297,064                   | 437,247     | 9,371,017           | 884,662      | 10,255,679  |
| <b>CURRENT LIABILITIES</b>  |               |                        |              |                       |          |                             |                                |                        |                           |             |                     |              |             |
| Current liabilities and provisions  | 1,832,080     | 1,539,709              | 79,594       | 214,268               | 32,799   | 5,114,616                   | 2,833,608                      | 716,974                | 287,815                   | —           | 12,651,463          | 21,553       | 12,673,016  |
| Inter fund liabilities  | 371,841       | 289,930                | —            | 32,169                | —        | 114,139                     | 57,754                         | 22,886                 | 2,498                     | —           | 891,217             | 1,416,528    | 2,307,745   |
| <b>Sub-Total (B)</b>  | 2,203,921     | 1,829,639              | 79,594       | 246,437               | 32,799   | 5,228,755                   | 2,891,362                      | 739,860                | 290,313                   | —           | 13,542,680          | 1,438,081    | 14,980,761  |
| <b>NET CURRENT (LIABILITIES) / ASSETS (C) = (A - B)</b>                               | (1,080,407)   | (1,567,260)            | (51,382)     | 104,414               | (15,172) | (1,064,418)                 | (979,083)                      | 42,647                 | 1,751                     | 437,247     | (4,171,663)         | (553,419)    | (4,725,082) |
| MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)                 | —             | —                      | —            | —                     | —        | —                           | —                              | —                      | —                         | —           | —                   | —            | —           |
| DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT (Shareholders' account)                      | —             | —                      | —            | —                     | —        | —                           | —                              | —                      | —                         | —           | —                   | —            | —           |
| <b>TOTAL</b>  | 24,937,992    | 2,287,196              | 273,350      | 6,342,176             | 24,088   | 89,109,353                  | 54,178,468                     | 13,528,224             | 4,526,545                 | 437,247     | 195,644,639         | 20,417,327   | 216,061,966 |

Note : Unallocated column in the segmental balance sheet above includes income tax deposited with tax authorities which is contested by the company and TDS on investment income. As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.

**Name of the Insurer: HDFC Standard Life Insurance Company Ltd**  
 Registration No. and Date of Registration with IRDA: 101 23rd October 2000  
**SEGMENTAL REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011**  
**Policyholders' Account (Technical Account)**

| Policyholders' Account (Technical Account)   |               |                        |                           |         |                       |         |                        |                        |                                |                           |                         |                      |
|--|---------------|------------------------|---------------------------|---------|-----------------------|---------|------------------------|------------------------|--------------------------------|---------------------------|-------------------------|----------------------|
| Particulars  | Participating | Non Participating Life | Non Participating Pension | Annuity | Participating Pension | Health  | Unit linked Individual | Unit linked life-Group | Unit linked Pension-Individual | Unit linked Pension-Group | Untlinked Pension-Group | Total Policy-holders |
|  |               |                        |                           |         |                       |         |                        |                        |                                |                           |                         | ₹ '000               |
| Premiums earned - net  |               |                        |                           |         |                       |         |                        |                        |                                |                           |                         |                      |
| (a) First Year Premium   | 3,505,451     | 169,348                | —                         | —       | 326,434               | 16,101  | 19,091,358             | 2,989,391              | 5,998,655                      | 1,293,764                 | 33,390,502              |                      |
| (b) Renewal Premium  | 9,341,148     | 319,025                | —                         | —       | 786,450               | 17,117  | 27,426,347             | —                      | 11,354,713                     | 203,665                   | 49,448,465              |                      |
| (c) Single Premium   | 50,436        | 1,223,788              | 277,000                   | 65,625  | 23,678                | —       | 4,104,426              | —                      | 1,457,805                      | —                         | 7,202,758               |                      |
| Sub Total  | 12,897,035    | 1,712,161              | 277,000                   | 65,625  | 1,136,562             | 33,218  | 50,622,131             | 2,989,391              | 18,811,173                     | 1,497,429                 | 90,041,725              |                      |
| (d) Reinsurance ceded  | (34,649)      | (192,870)              | —                         | —       | —                     | (5,118) | (261,919)              | —                      | —                              | —                         | (494,556)               |                      |
| (e) Reinsurance accepted   | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| Sub Total  | 12,862,386    | 1,519,291              | 277,000                   | 65,625  | 1,136,562             | 28,100  | 50,360,212             | 2,989,391              | 18,811,173                     | 1,497,429                 | 89,547,169              |                      |
| Income from Investments  |               |                        |                           |         |                       |         |                        |                        |                                |                           |                         |                      |
| (a) Interest, Dividends & Rent - Gross   | 2,287,825     | 277,087                | 122                       | 31,543  | 554,288               | 2,767   | 3,010,446              | 915,939                | 1,784,795                      | 339,258                   | 9,204,070               |                      |
| (b) Profit on sale / redemption of investments   | 375,336       | 29,710                 | —                         | 5,595   | 117,587               | 44      | 10,865,423             | 356,140                | 6,810,932                      | 154,223                   | 18,714,990              |                      |
| (c) (Loss on sale / redemption of investments)   | (50,372)      | (11,408)               | —                         | (50)    | (5,900)               | (5)     | (652,671)              | (148,867)              | (443,805)                      | (64,899)                  | (1,377,977)             |                      |
| (d) Transfer / gain on revaluation / change in fair value                                | 3,225         | 775                    | —                         | —       | —                     | —       | (3,459,224)            | (132,700)              | (2,128,165)                    | (55,063)                  | (5,771,152)             |                      |
| (e) Appropriation/Expropriation Adjustment Account                                       | —             | —                      | —                         | —       | —                     | —       | (89,001)               | (16,827)               | (188,480)                      | (7,806)                   | (302,114)               |                      |
| (f) Amortisation of premium/discount on investments                                      | 68,669        | 331                    | —                         | (537)   | (3,520)               | 5       | 11,942                 | (783)                  | 14,518                         | (161)                     | 90,464                  |                      |
| Sub Total  | 2,684,683     | 296,495                | 122                       | 36,551  | 662,455               | 2,811   | 9,686,915              | 972,902                | 5,849,795                      | 365,552                   | 20,558,281              |                      |
| Other Income - Transfer from Shareholders' Account                                       | —             | 400,214                | 6,994                     | 2,328   | —                     | 135,471 | 1,410,184              | 35,550                 | —                              | 14,915                    | 2,005,656               |                      |
| Other Income   | 80,957        | 1,866                  | —                         | 11      | 3,395                 | 23      | 74,974                 | 14                     | 11,726                         | 69                        | 173,035                 |                      |
| TOTAL (A)  | 15,628,026    | 2,217,866              | 284,116                   | 104,515 | 1,802,412             | 166,405 | 61,532,285             | 3,997,857              | 24,672,694                     | 1,877,965                 | 112,284,141             |                      |
| Commission   |               |                        |                           |         |                       |         |                        |                        |                                |                           |                         |                      |
| First Year Commission  | 1,080,120     | 32,817                 | —                         | —       | 16,611                | (2,078) | 2,179,223              | 532                    | 373,053                        | 2,525                     | 3,682,803               |                      |
| Renewal Commission   | 335,981       | 13,811                 | —                         | —       | 11,177                | 861     | 456,239                | —                      | 154,465                        | —                         | 972,534                 |                      |
| Single Commission  | 1,013         | 3,545                  | —                         | 404     | 521                   | —       | 79,154                 | —                      | 28,141                         | —                         | 112,778                 |                      |
| Sub Total  | 1,417,114     | 50,173                 | —                         | 404     | 28,309                | (1,217) | 2,714,616              | 532                    | 555,659                        | 2,525                     | 4,768,115               |                      |
| Operating Expenses related to Insurance Business   | 2,542,207     | 877,444                | 6,985                     | 9,248   | 241,086               | 173,164 | 8,563,613              | 91,994                 | 2,399,182                      | 47,143                    | 14,952,066              |                      |
| Provisions for doubtful debts  | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| Bad debts written off  | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| Provisions for tax   | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| Fringe Benefit Tax   | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| Provisions (other than taxation)   | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| (a) For diminution in the value of investments (Net)                                     | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| (b) Others (to be specified)   | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| TOTAL (B)  | 3,959,321     | 927,617                | 6,985                     | 9,652   | 269,395               | 171,947 | 11,278,229             | 92,526                 | 2,954,841                      | 49,668                    | 19,720,181              |                      |
| Benefits Paid (Net)  | 881,099       | 140,609                | —                         | 20,601  | 197,516               | (1,679) | 14,790,255             | 1,708,225              | 9,719,786                      | 852,662                   | 28,309,074              |                      |
| Interim Bonuses Paid   | 1,182         | —                      | —                         | —       | 506                   | —       | —                      | —                      | —                              | —                         | 1,688                   |                      |
| Terminal Bonuses Paid  | 1,577         | —                      | —                         | —       | 1,858                 | —       | —                      | —                      | —                              | —                         | 3,435                   |                      |
| Change in valuation of liability against life policies in force                          | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| (a) Gross  | 10,117,025    | 1,447,163              | 277,131                   | 74,262  | 1,349,828             | (3,729) | 36,141,541             | 2,197,106              | 11,328,544                     | 975,635                   | 63,904,506              |                      |
| (b) Amount ceded in Reinsurance  | (14,841)      | (297,523)              | —                         | —       | —                     | (134)   | (12,054)               | —                      | —                              | —                         | (324,552)               |                      |
| (c) Amount accepted in Reinsurance   | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| TOTAL (C)  | 10,986,042    | 1,290,249              | 277,131                   | 94,863  | 1,549,708             | (5,542) | 50,919,742             | 3,905,331              | 21,048,330                     | 1,828,297                 | 91,894,151              |                      |
| SURPLUS / (DEFICIT) (D) = (A)-(B)-(C)  | 682,663       | —                      | —                         | —       | (16,691)              | —       | (665,686)              | —                      | 669,523                        | —                         | 669,809                 |                      |
| APPROPRIATIONS   |               |                        |                           |         |                       |         |                        |                        |                                |                           |                         |                      |
| Transfer to Shareholders' Account  | 218,065       | —                      | —                         | —       | 20,772                | —       | —                      | —                      | 207,489                        | —                         | 446,326                 |                      |
| Transfer to Other Reserves   | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| Funds for future appropriation - Provision for lapsed policies unlikely to be revived    | —             | —                      | —                         | —       | —                     | —       | —                      | —                      | —                              | —                         | —                       |                      |
| Balance being Funds For Future Appropriations  | 464,598       | —                      | —                         | —       | (37,463)              | —       | 1,028,241              | —                      | 462,034                        | —                         | 1,490,275               |                      |
| Transfer to Balance Sheet being "Deficit in the Revenue Account (Policyholders Account)" | —             | —                      | —                         | —       | —                     | —       | (1,693,927)            | —                      | —                              | —                         | (1,693,927)             |                      |
| TOTAL (D)  | 682,663       | —                      | —                         | —       | (16,691)              | —       | (665,686)              | —                      | 669,523                        | —                         | 669,809                 |                      |

**Name of the Insurer: HDFC Standard Life Insurance Company Ltd**  
**Registration No. and Date of Registration with IRDA: 101 23rd October 2000**  
**SEGMENTAL REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**  
**Policyholders' Account (Technical Account)**

| Particulars   | Participating     | Non Participating | Annuity        | Participating Pension | Health        | Unit linked life-Individual | Unit linked Pension-Individual | Unit linked life-Group | Unit linked Pension-Group | Total Policyholders |
|---|-------------------|-------------------|----------------|-----------------------|---------------|-----------------------------|--------------------------------|------------------------|---------------------------|---------------------|
|   |                   |                   |                |                       |               |                             |                                |                        |                           | (₹ '000)            |
| <b>Premiums earned - net</b>                                    |                   |                   |                |                       |               |                             |                                |                        |                           |                     |
| (a) First Year Premium  | 4,777,386         | 150,637           | —              | 107,193               | 39,302        | 14,649,189                  | 5,136,846                      | 4,387,744              | 1,657,124                 | 30,905,421          |
| (b) Renewal Premium   | 5,677,648         | 219,426           | —              | 751,980               | 15,021        | 20,699,035                  | 8,906,675                      | —                      | 139,676                   | 36,409,461          |
| (c) Single Premium  | 34,467            | 367,153           | 138,251        | 36,250                | —             | 319,983                     | 1,840,058                      | —                      | —                         | 2,736,162           |
| <b>Sub Total</b>  | <b>10,489,501</b> | <b>737,216</b>    | <b>138,251</b> | <b>895,423</b>        | <b>54,323</b> | <b>35,668,207</b>           | <b>15,883,579</b>              | <b>4,387,744</b>       | <b>1,796,800</b>          | <b>70,051,044</b>   |
| (d) Reinsurance ceded   | (34,657)          | (159,747)         | —              | —                     | (6,832)       | (293,484)                   | —                              | —                      | —                         | (494,720)           |
| (e) Reinsurance accepted  | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| <b>Sub Total</b>  | <b>10,454,844</b> | <b>577,469</b>    | <b>138,251</b> | <b>895,423</b>        | <b>47,491</b> | <b>35,374,723</b>           | <b>15,883,579</b>              | <b>4,387,744</b>       | <b>1,796,800</b>          | <b>69,556,324</b>   |
| <b>Income from Investments</b>                                  |                   |                   |                |                       |               |                             |                                |                        |                           |                     |
| (a) Interest, Dividends & Rent - Gross                          | 1,545,224         | 276,553           | 22,060         | 460,107               | 2,536         | 1,729,085                   | 1,170,282                      | 757,805                | 250,565                   | 6,214,217           |
| (b) Profit on sale / redemption of investments                  | 533,776           | 29,616            | 201            | 161,113               | 53            | 4,872,760                   | 3,209,621                      | 455,523                | 192,495                   | 9,455,158           |
| (c) (Loss on sale / redemption of investments)                  | (2,420)           | (13)              | (9)            | (694)                 | —             | (877,404)                   | (641,999)                      | (84,998)               | (34,333)                  | (1,641,870)         |
| (d) Transfer / gain on revaluation / change in fair value       | (3,225)           | (775)             | —              | —                     | —             | 25,279,692                  | 16,676,308                     | 626,224                | 254,575                   | 42,832,799          |
| (e) Appropriation/Expropriation Adjustment Account              | —                 | —                 | —              | —                     | —             | 241,594                     | 146,729                        | 18,762                 | 6,564                     | 413,649             |
| (f) Amortisation of premium/discount on investments             | (17,846)          | (3,297)           | (2,158)        | (13,211)              | 10            | (5,414)                     | (1,612)                        | (1,904)                | (332)                     | (45,764)            |
| <b>Sub Total</b>  | <b>2,055,509</b>  | <b>302,084</b>    | <b>20,094</b>  | <b>607,315</b>        | <b>2,599</b>  | <b>31,240,313</b>           | <b>20,559,329</b>              | <b>1,771,412</b>       | <b>669,534</b>            | <b>57,228,189</b>   |
| Other Income - Transfer from Shareholders' Account              | —                 | —                 | 28,698         | —                     | 22,644        | 2,747,495                   | 744,310                        | —                      | 16,301                    | 3,559,448           |
| Other Income  | 62,128            | 64,359            | 14             | 3,797                 | 5,726         | 45,368                      | 7,545                          | 67                     | 38                        | 189,042             |
| <b>TOTAL (A)</b>  | <b>12,572,481</b> | <b>943,912</b>    | <b>187,057</b> | <b>1,506,535</b>      | <b>78,460</b> | <b>69,407,899</b>           | <b>37,194,763</b>              | <b>6,159,223</b>       | <b>2,482,673</b>          | <b>130,533,003</b>  |
| <b>Commission</b>   |                   |                   |                |                       |               |                             |                                |                        |                           |                     |
| First Year Commission   | 1,598,279         | 29,015            | —              | 5,592                 | 4,679         | 2,463,660                   | 349,001                        | 1,606                  | 1,623                     | 4,453,455           |
| Renewal Commission  | 210,628           | 9,997             | —              | 15,046                | 559           | 374,119                     | 139,009                        | —                      | —                         | 749,358             |
| Single Commission   | 659               | 5,777             | 802            | 644                   | —             | 43,587                      | 691                            | —                      | —                         | 52,160              |
| <b>Sub Total</b>  | <b>1,809,566</b>  | <b>44,789</b>     | <b>802</b>     | <b>21,282</b>         | <b>5,238</b>  | <b>2,881,366</b>            | <b>488,701</b>                 | <b>1,606</b>           | <b>1,623</b>              | <b>5,254,973</b>    |
| Operating Expenses related to Insurance Business                | 2,192,367         | 286,817           | 8,558          | 139,254               | 60,604        | 8,487,658                   | 3,673,543                      | 90,767                 | 37,020                    | 14,976,588          |
| Provisions for doubtful debts                                   | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| Bad debts written off   | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| Fringe Benefit Tax  | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| Provisions (other than taxation)                                | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| (a) For diminution in the value of investments (Net)            | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| (b) Others (to be specified)                                    | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| <b>TOTAL (B)</b>  | <b>4,001,933</b>  | <b>331,606</b>    | <b>9,360</b>   | <b>160,536</b>        | <b>65,842</b> | <b>11,369,024</b>           | <b>4,162,244</b>               | <b>92,373</b>          | <b>38,643</b>             | <b>20,231,561</b>   |
| Benefits Paid (Net)   | 708,628           | 115,324           | 14,820         | 154,003               | 2,782         | 6,010,937                   | 4,928,976                      | 872,839                | 570,634                   | 13,378,943          |
| Interim Bonuses Paid  | 378               | —                 | —              | 635                   | —             | —                           | —                              | —                      | —                         | 1,013               |
| Terminal Bonuses Paid   | —                 | —                 | —              | 2,725                 | —             | —                           | —                              | —                      | —                         | 2,725               |
| Change in valuation of liability against life policies in force | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| (a) Gross   | 6,792,674         | 448,640           | 162,877        | 1,188,149             | 23,107        | 51,705,353                  | 27,901,121                     | 5,168,637              | 1,873,396                 | 95,263,954          |
| (b) Amount ceded in Reinsurance                                 | (10,514)          | (222,963)         | —              | —                     | (13,271)      | (7,853)                     | —                              | —                      | —                         | (254,601)           |
| (c) Amount accepted in Reinsurance                              | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| <b>TOTAL (C)</b>  | <b>7,491,166</b>  | <b>341,001</b>    | <b>177,697</b> | <b>1,345,512</b>      | <b>12,618</b> | <b>57,708,437</b>           | <b>32,830,097</b>              | <b>6,041,476</b>       | <b>2,444,030</b>          | <b>108,392,034</b>  |
| <b>SURPLUS / (DEFICIT) (D) = (A)-(B)-(C)</b>                    | <b>1,079,382</b>  | <b>271,305</b>    | <b>—</b>       | <b>487</b>            | <b>—</b>      | <b>330,438</b>              | <b>202,423</b>                 | <b>25,374</b>          | <b>—</b>                  | <b>1,909,409</b>    |
| <b>APPROPRIATIONS</b>   |                   |                   |                |                       |               |                             |                                |                        |                           |                     |
| Transfer to Shareholders' Account                               | 157,485           | 271,305           | —              | 18,766                | —             | —                           | —                              | 25,374                 | —                         | 472,930             |
| Transfer to Other Reserves                                      | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| Funds for future appropriation -                                | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | —                   |
| Provision for lapsed policies unlikely to be revived            | 921,897           | —                 | —              | (18,279)              | —             | 330,438                     | 202,423                        | —                      | —                         | 532,861             |
| Balance being Funds For Future Appropriations                   | —                 | —                 | —              | —                     | —             | —                           | —                              | —                      | —                         | 903,618             |
| <b>TOTAL (D)</b>  | <b>1,079,382</b>  | <b>271,305</b>    | <b>—</b>       | <b>487</b>            | <b>—</b>      | <b>330,438</b>              | <b>202,423</b>                 | <b>25,374</b>          | <b>—</b>                  | <b>1,909,409</b>    |

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No. U99999MH2000PLCI28245

State Code 111

Balance Sheet Date 31 3 2011

**II. Capital raised during the year : (Amount in ₹ Thousands)**

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

268801

**III. Position of Mobilisation and deployment of Funds : (Amount in ₹ Thousands)**

Total Liabilities

283076709

Total Assets

283076709

**SOURCES OF FUNDS**

Paid-up Capital

19948801

Reserves and Surplus

2206790

Secured Loans

NIL

Unsecured Loans

NIL

**APPLICATION OF FUNDS**

Net Fixed Assets

2395729

Investments

265912123

Net Current Assets

-2580057

Misc. Expenditure

NIL

Accumulated Losses

17348914

**IV. Performance of Company (Amount in ₹ Thousands)**

Total Income

110857206

Total Expenditure

111847227

Profit/(Loss) before tax

-990021

Profit/(Loss) after tax

-990021

Earnings per Share (in ₹)

-0.50

Dividend Rate %

NIL

**V. Generic Names of three Principal Products/Services of Company: (as per monetary terms)**

Item Code No. (ITC Code) NIL

Product Description LIFE INSURANCE

# HDFC Asset Management Company Limited

A Subsidiary of Housing Development Finance Corporation Limited





## Board of Directors

Mr. Deepak S. Parekh  
**Chairman**

### Directors

Mr. Norman Keith Skeoch  
Mr. James Aird  
Mr. Hoshang Billimoria  
Mr. P. M. Thampi  
Dr. Deepak B. Phatak  
Mr. Humayun Dhanrajgir  
Ms. Renu Sud Karnad  
Mr. Rajeshwar R. Bajaaj  
Mr. Keki M. Mistry  
Mr. Vijay Merchant

Mr. Milind Barve  
**Managing Director**

### Auditors

Haribhakti & Co.  
Chartered Accountants

### Bankers

HDFC Bank Ltd.

### Registered Office

Ramon House,  
H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Tel. No. : 022-6631 6333  
Fax No. : 022-2204 4304

## Directors' Report

### TO THE MEMBERS

Your directors have the pleasure in presenting the Twelfth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2011.

### Financial Results

|  | For the<br>year ended<br>March 31, 2011<br>(₹ in crores) | For the<br>year ended<br>March 31, 2010<br>(₹ in crores) |
|--|--|--|
| Profit before Tax  | 355.78   | 316.29   |
| Provision for Tax (Net Deferred Tax)                     | 113.60   | 107.93   |
| Provision for Fringe Benefit Tax                         | —  | —  |
| Profit after Tax   | 242.18   | 208.36   |
| Balance brought forward from<br>previous year            | 281.33   | 158.57   |
| Profit available for appropriation                       | 523.51   | 366.93   |
| Short provision of Income<br>Tax for earlier years (net) | 0.07   | —  |
| General Reserve  | 24.23  | 20.84  |
| Capital Redemption Reserve                               | 0.49   | —  |
| Buy-back of Equity Shares                                | 9.45   | —  |
| Interim Equity Dividend Paid                             | 72.99  | 55.35  |
| Tax on Interim Equity Dividend Paid                      | 12.12  | 9.41   |
| Proposed Equity Dividend                                 | —  | —  |
| Tax on Proposed Equity Dividend                          | —  | —  |
| Balance carried to Balance Sheet                         | 404.16   | 281.33   |

For the year ended March 31, 2011, the Company posted a net profit of ₹ 242.18 crores as against ₹ 208.36 crores in the previous year. Appropriations from the net profit have been effected as per the table given above.

### Dividend

Your directors paid interim dividend of ₹ 29/- per equity share in the month of March 2011 and the same is confirmed as Final Dividend for the financial year ended March 31, 2011.

### Allotment of equity shares

During the financial year ended March 31, 2011, the Company allotted 5,00,850 equity shares having a face value of

₹10/- each pursuant to the Employee Stock Options Schemes of the Company.

### Buy Back of equity shares

During the financial year, the shareholders of the Company at their meetings held on October 18, 2010 and January 14, 2011 approved the buy back of equity shares of the Company from the shareholders of the Company through Tender offer. Both the buy-back offers were completed within the time limits as prescribed under the Companies Act, 1956 and 4,92,850 equity shares of the Company were bought by the Company under both the buy-back offers. The present paid up capital post both the buy-back offers is ₹ 2,51,690,000/-.

## Review of Operations

Your Directors are pleased to report that: –

The Average Asset under Management (AAuM) during the financial year 2010-11 was ₹ 89,482.52 crore as against AAuM of ₹ 88,053.79 crore in financial year 2009-2010, which is an increase of 1.62% over previous financial year. This compares favourably with that of the industry which fell by 2.80% over the corresponding period. Notably, the closing Assets under Management (AuM) of equity, balanced and ELSS schemes grew by 30.06% as against industry degrowth of 0.74%. HDFC Mutual Fund (HDFCMF) continues to retain its position as 2<sup>nd</sup> largest mutual fund in India and its overall market share has improved from 12.17% as on March 31, 2010 to 12.72% as on March 31, 2011. During the year, we continued our thrust on promoting retail business especially Systematic Investment Plan (SIP), which grew by over 90% (in terms of both value & count). Now, over one million customers invest in our schemes through SIP. Our focus on opening new branches to penetrate the market has resulted into an increase in retail share of our business to – 66% as on March 31, 2011 as against – 53% as on March 31, 2010. During the year, the AuM of HDFC Top 200 Fund and HDFCMF Monthly Income Plan – Long Term Plan crossed ₹ 10,000 crore, which is a significant milestone.

During the year, the total number of accounts managed by HDFCMF rose by around 19% to 46.55 lac as at March 31, 2011 from 39.02 lac as at March 31, 2010. The number of Investor Service Centres (ISCs) of the AMC as on March 31, 2011 was at 115. ISCs of Computer Age Management Services Pvt. Ltd. (CAMS), the Registrar and Transfer Agent of HDFCMF are Official Points of Acceptance for transactions of HDFCMF Schemes. These offices (229 as on March 31, 2011 as against 206 on March 31,

2010) supplement the investor-servicing network of your company. With these offices, your company services investors in over 200 cities pan India.

During the financial year, the Company provided investment management / advisory services under Portfolio Management Services. Discretionary Portfolio Management services are provided to High Networth Individuals and Corporate(s) on a segregated basis while advisory services are provided to Institutional Investors and Corporate(s).

## New Scheme launched under HDFC Mutual Fund

Your Company to commemorate its 10th anniversary year launched HDFC Debt Fund for Cancer Cure (HDFCC), a 3 year close ended capital protection oriented income scheme in association with Indian Cancer Society, a Public Charitable Trust and India's oldest anti-cancer NGO established in 1951, to fight cancer. HDFCC was structured to provide an opportunity to the investors to support this cause through donation of dividends, fully or partly, earned on their investments. In support of this social objective, your Company shall not levy any investment and advisory fees to manage HDFCC. This unique initiative was well received and the New Fund Offer (NFO) collected over ₹ 75 crore.

## Awards

Your Directors are pleased to inform that HDFC Mutual Fund received the following awards as Fund House during the year under review: –

### 1) ICRA Mutual Fund Awards 2011#

❖ HDFC Mutual Fund was awarded as the 'Star Fund House of the Year' in the 'Equity' Category (from amongst 13 fund houses) for the one year period ending December 31, 2010.

### 2) CNBC TV18 - CRISIL Mutual Fund Awards 2011#

❖ HDFC Mutual Fund won the "Debt Mutual Fund House of the Year" Award for the calendar year ended December 31, 2010 (from amongst 41 fund houses).

❖ HDFC Mutual Fund won the "Equity Mutual Fund House of the Year" Award for the calendar year ended December 31, 2010 (from amongst 41 fund houses).

❖ HDFC Mutual Fund won the "Mutual Fund House of the Year" Award for the calendar year ended December 31, 2010 (from amongst 41 fund houses).

### 3) Morningstar India Fund Awards 2011#

❖ HDFC Asset Management Company Limited won the "Best Equity Fund House" by Morningstar India. The award recognizes sustained outperformance over three years, based on the Morningstar Risk-Adjusted Return across its equity fund line-ups for the period ending December 31, 2010.

❖ HDFC Asset Management Company Limited won the "Best Multi-Asset Fund House" by Morningstar India. The award recognizes sustained outperformance over three years, based on the Morningstar Risk-Adjusted Return across its equity, debt and allocation fund line-ups for the period ending December 31, 2010. 16 fund houses were considered for this award.

### 4) Bloomberg UTV Financial Leadership Awards 2011#

❖ HDFC Mutual Fund won the Best Mutual Fund - Equity of the Year. All Mutual Funds operating in the country were evaluated and 6 fund houses including HDFC Mutual Fund were shortlisted to make presentations to the jury based on the performance of their schemes.

## 5) Business World - Value Research Survey Disclaimer#

❖ The Company was awarded the Best Asset Management Company. The AMCs were ranked based on funds rated either 4-star or 5-star by Value Research as a percentage of the total number of rated funds.

During the year under review, the following schemes of HDFC Mutual Fund also received awards:

### 1) ICRA Mutual Fund Awards 2011 - HDFC Mutual Fund#

❖ HDFC Prudence Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Balanced for one year period ending December 31, 2010 (from amongst 28 schemes).

❖ HDFC Capital Builder Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Diversified Equity - Aggressive for one year period ending December 31, 2010 (from amongst 83 schemes).

❖ HDFC Equity Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Diversified Equity - Defensive for one year period ending December 31, 2010 (from amongst 118 schemes).

❖ HDFC TaxSaver - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Equity Linked Savings Schemes (ELSS) for one year period ending December 31, 2010 (from amongst 34 schemes).

❖ HDFC MF Monthly Income Plan - Long Term Plan - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Marginal Equity for one year

period ending December 31, 2010 (from amongst 46 schemes).

❖ HDFC Prudence Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Balanced for three year period ending December 31, 2010 (from amongst 27 schemes).

❖ HDFC Short Term Plan - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Debt - Short Term for three year period ending December 31, 2010 (from amongst 18 schemes).

❖ HDFC Equity Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Diversified Equity - Defensive for three year period ending December 31, 2010 (from amongst 95 schemes).

❖ HDFC Children's Gift Fund - Investment Plan - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Balanced for one year period ending December 31, 2010 (from amongst 28 schemes).

❖ HDFC Balanced Fund - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Balanced for one year period ending December 31, 2010 (from amongst 28 schemes).

❖ HDFC Growth Fund - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Diversified Equity - Defensive for one year period ending December 31, 2010 (from amongst 118 schemes).

❖ HDFC Long Term Advantage Fund - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Equity Linked Savings Schemes (ELSS) for one year

period ending December 31, 2010 (from amongst 34 schemes).

❖ HDFC Cash Management Fund-Treasury Advantage Plan - Retail Option - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Liquid for one year period ending December 31, 2010 (from amongst 54 schemes).

❖ HDFC Children's Gift Fund - Savings Plan - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Marginal Equity for one year period ending December 31, 2010 (from amongst 46 schemes).

❖ HDFC Multiple Yield Fund - Plan 2005 - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Marginal Equity for one year period ending December 31, 2010 (from amongst 46 schemes).

❖ HDFC Balanced Fund - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Balanced for three year period ending December 31, 2010 (from amongst 27 schemes).

❖ HDFC Multiple Yield Fund - Plan 2005 - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Marginal Equity for three year period ending December 31, 2010 (from amongst 45 schemes).

❖ HDFC TaxSaver - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Equity Linked Savings Schemes (ELSS) for three year period ending December 31, 2010 (from amongst 23 schemes).

### 2) CNBC TV18 - CRISIL Mutual Fund Awards 2011#

❖ Equity Fund Manager of the Year - Mr. Prashant Jain won the "Equity Fund

Manager of the Year" Award at the CNBC TV18 - CRISIL Mutual Fund Awards 2011 for the calendar year 2010 (from amongst 17 fund managers).

❖ HDFC Prudence Fund won the "Best Performing Mutual Fund of the Year - Balanced Fund" Award for the calendar year 2010 (from amongst 18 schemes) at the CNBC TV18 - CRISIL Mutual Fund Awards 2011.

❖ HDFC MF Monthly Income Plan - Long Term Plan won the "Best Performing Mutual Fund of the Year - Monthly Income Plans" Award for the calendar year 2010 (from amongst 30 schemes).

❖ HDFC Cash Management Fund - Treasury Advantage Plan won the "Best Performing Mutual Fund of the Year - Ultra Short Term Funds - Retail" Award for the calendar year 2010 (from amongst 31 schemes).

❖ HDFC Cash Management Fund - Savings Plan won the "Best Performing Mutual Fund of the Year - Liquid Funds - Retail" Award during the calendar year 2010 (from amongst 19 schemes).

### 3) Morningstar India Fund Awards 2011#

❖ HDFC Balanced Fund - Growth won the "Best Moderate Allocation Fund" by Morningstar India for its one and three-year performance ending December 31, 2010.

❖ HDFC Multiple Yield Fund – Plan 2005 – Growth won the "Best Conservative Allocation Fund" by Morningstar India for its one and three-year performance ending December 31, 2010.

# Please refer [www.hdfcfund.com](http://www.hdfcfund.com) for further information on the Ranking Methodology/Disclaimers, etc for the above mentioned Awards.

### Review of the subsidiary company

#### HDFC ASSET MANAGEMENT COMPANY (SINGAPORE) PTE. LTD.

The AMC has incorporated a wholly owned subsidiary Company in Singapore on April 10, 2008 for providing fund management and advisory services to financial institutions like pension funds, insurance companies, sovereign wealth funds, venture capital funds, etc. The Company had made an application to the Monetary Authority of India (MAS) for Capital Markets Services License for providing full fund management and advisory services. The approval is awaited from MAS and pursuant to receipt of the same, the subsidiary Company shall commence its business.

#### Directors

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. Keki Mistry, Mr. Vijay Merchant, and Mr. Norman Keith Skeoch, Directors, retire by rotation at the ensuing Annual General Meeting. They are eligible for re-appointment.

Necessary resolutions for the appointment / re-appointment of the aforesaid Directors have been included in the notice convening the Annual General Meeting.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 274 of the Companies Act, 1956.

#### Board Meetings

The meetings of the Board of Directors are held at the Company's registered office in Mumbai.

Eight Board meetings were held during the financial year under review – on April 26, 2010, June 30, 2010, July 15, 2010, September 21, 2010, October 18, 2010, December 14, 2010, January 14, 2011 and March 25, 2011.

The attendance of each Director at the meetings of the Board of Directors is as under:

| Directors                                  | Number of Board Meetings Attended |
|--|-----------------------------------|
| (i) Mr. Deepak S. Parekh (Chairman)        | 8                                 |
| (ii) Mr. Norman Keith Skeoch               | 2                                 |
| (iii) Mr. James Aird                       | 6                                 |
| (iv) Mr. Humayun Dhanrajgir                | 6                                 |
| (v) Mr. Hoshang Billimoria                 | 7                                 |
| (vi) Mr. P. M. Thampi                      | 8                                 |
| (vii) Dr. Deepak B. Phatak                 | 5                                 |
| (viii) Ms. Renu Sud Karnad                 | 7                                 |
| (ix) Mr. Rajeshwar R. Bajaj                | 8                                 |
| (x) Mr. Keki Mistry                        | 8                                 |
| (xi) Mr. Vijay Merchant                    | 8                                 |
| (xii) Mr. Milind Barve (Managing Director) | 8                                 |

#### Board Committees

To enable better and more focused attention on the affairs of the Company, the Board has constituted Committees of the Board such as Audit Committee, Remuneration Committee, Risk Management Committee and Customer Services Committee to which specific matters have been delegated from time to time. These Committees prepare the groundwork for decision-making and report at the subsequent Board meeting.

#### Audit Committee

The members of the Audit Committee are Mr. Hoshang Billimoria (Chairman), Mr. P. M. Thampi, Mr. Keki Mistry, Mr. Humayun Dhanrajgir and Mr. James Aird. The Audit Committee has been constituted and functions in accordance with the provisions of Section 292A of

the Companies Act, 1956. The Company Secretary acts as the secretary to the Committee. The Committee met 6 times during the financial year under review. The Audit Committee met prior to the finalization of the accounts for the year ended March 31, 2011.

### Public Deposits

During the year under review, the Company has not accepted any deposits from the public.

### Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Expenditure

(a) Since the Company does not carry out any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

(b) Foreign Exchange, earnings and expenditure during the year –

- Foreign exchange (earnings): ₹ 1,23,36,183 (previous year: ₹ 3,17,83,259).
- Foreign exchange (expenditure): ₹ 30,61,42,954 (previous year: ₹ 23,11,25,825) (including Equity Dividend).

### Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are

set out in the annexure to the Directors' Report.

In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to the shareholders of the Company excluding the annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

### Auditors

M/s. Haribhakti & Co., Chartered Accountants, Statutory Auditors of your Company holds office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### Directors' Responsibility Statement

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

- (i) In the preparation of accounts, the applicable accounting standards have been followed.
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2011 and of the profit of the Company for year ended on that date.

(iii) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

(iv) The annual accounts of the Company have been prepared on a going concern basis.

### Acknowledgements

The Directors acknowledge the valuable assistance, support and guidance given by the Securities and Exchange Board of India, Association of Mutual Funds of India, Reserve Bank of India, bankers, distributors, key partners and other service providers. The Directors would like to convey their gratitude to Housing Development Finance Corporation Limited and Standard Life Investments Limited and look forward to their continued support.

The Directors wish to place on record their appreciation to employees at all levels for their dedication and commitment.

The Directors also acknowledge the faith reposed in HDFC Mutual Fund by its investors and look forward to their continued support.

On behalf of the Board of Directors

MUMBAI  
April 28, 2011

DEEPAK S. PAREKH  
Chairman



## Auditors' Report

### TO THE MEMBERS OF HDFC ASSET MANAGEMENT COMPANY LIMITED

We have audited the attached Balance Sheet of HDFC ASSET MANAGEMENT COMPANY LIMITED as at March 31, 2011, the related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

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

(I) As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956,

on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent they are applicable to the Company.

(II) Further to our comments in the Annexure referred to in paragraph I above, we report as under:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;

(c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company;

(e) On the basis of the written representations received from the directors of the Company as on March 31, 2011 and taken on record by the

Board of Directors of the Company, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Profit and Loss Account and Cash Flow Statement read together with Notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in so far it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2011,

(ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and

(iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For HARIBHAKTI & CO.,  
Chartered Accountants,  
Firm Registration No. 103523W

RAKESH RATHI  
Partner  
MUMBAI  
April 28, 2011  
Membership No: 45228

## Annexure to the Auditors' Report

ANNEXURE REFERRED TO IN PARAGRAPH I OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF HDFC ASSET MANAGEMENT COMPANY LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

2. The Company has physically verified the fixed assets in accordance with a programme of verification, which in our opinion provides for physical verification of all fixed assets at reasonable intervals. It was explained to us that there were no material discrepancies noticed on physical verification.

3. During the year, the Company has not disposed off a major part of the fixed assets.

4. As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

5. As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

7. According to the information and

explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

8. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

9. The Company has not accepted any deposits from the public.

10. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.

11. We are informed that no cost records are required to be maintained by the Company under Section 209(1)(d) of the Companies Act, 1956.

12. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, wealth tax, service tax and any other statutory dues applicable to it.

13. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax and service tax were outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.

14. According to the information and explanations given to us by the Company, there is a disputed amount payable in

## Annexure to the Auditors' Report (Continued)

respect of income tax as at March 31, 2011. The details of disputed dues is as under:

| Name of the Statute   | Nature of the Dues | Amount ₹    | Period to which the amount relates | Forum where dispute is pending  |
|-----------------------|--------------------|-------------|------------------------------------|---|
| Income Tax Act, 1961. | Income Tax         | 7,27,035/-  | A.Y. 2006-2007                     | The Company has filed an appeal against Additional CIT with the Commissioner of Income Tax (Appeals). |
| Income Tax Act, 1961. | Income Tax         | 43,63,990/- | A.Y. 2008-2009                     | The Company has filed an appeal against Additional CIT with the Commissioner of Income Tax (Appeals). |

15. The Company has neither accumulated losses as at March 31, 2011 nor has it incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

16. The Company has not taken any loan from Financial Institution, Bank and the Company has not issued any Debentures.

17. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

18. The Company has not dealt or traded in shares, securities, debentures and other investments during the year.

19. The Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.

20. During the year, the Company has not taken any term loans.

21. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has not used funds raised on short-term basis for long-term investment.

22. The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

23. The Company has not issued any Debentures during the year.

24. The Company has not raised any money by public issue during the year.

25. No fraud on or by the Company has been noticed or reported during the year which involves misstatement in financial reporting, however attention is invited to note 13 of Schedule 17 of the financial statements explaining a matter of front running.

26. The clause (ii) and (xiii) of para 4 are not reported upon as these are not applicable to the Company.

For HARIBHAKTI & CO.,  
Chartered Accountants,  
Firm Registration No. 103523W

RAKESH RATHI  
Partner  
MUMBAI  
April 28, 2011  
Membership No: 45228



## Balance Sheet as at March 31, 2011

|   | Schedule | Rupees               | Rupees       | March 31, 2010<br>Rupees |
|---|----------|----------------------|--------------|--------------------------|
| <b>FUNDS EMPLOYED</b>                                 |          |                      |              |                          |
| <b>SHAREHOLDER'S FUNDS</b>                            |          |                      |              |                          |
| Share Capital   | 1        | 25,16,90,000         |              | 25,16,10,000             |
| Employee Stock Options Outstanding                    |          | 10,85,08,985         |              | 14,06,76,946             |
| Reserves and Surplus                                  | 2        | 478,86,63,434        |              | 394,87,11,032            |
| <b>TOTAL</b>  |          | <b>514,88,62,419</b> |              | <b>434,09,97,978</b>     |
| <b>APPLICATION OF FUNDS</b>                           |          |                      |              |                          |
| <b>FIXED ASSETS</b>                                   | 3        |                      |              |                          |
| Gross Block   |          | 138,92,23,422        |              | 128,00,16,900            |
| Less: Depreciation                                    |          | 99,66,03,944         |              | 83,26,22,596             |
| Net Block   |          | 39,26,19,478         |              | 44,73,94,304             |
| Capital Advances                                      |          | 8,23,472             |              | 2,27,67,120              |
|   |          |                      | 39,34,42,950 | 47,01,61,424             |
| <b>INVESTMENTS</b>                                    | 4        | 425,61,05,033        |              | 315,07,95,619            |
| DEFERRED TAX ASSET (Net) (see note 9)                 | 5        | 13,28,16,451         |              | 18,48,06,201             |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>             |          |                      |              |                          |
| Sundry Debtors  | 6        | 14,88,83,871         |              | 14,05,60,697             |
| Cash and Bank Balances                                | 7        | 1,98,70,917          |              | 1,73,89,988              |
| Other Current Assets                                  | 8        | 15,628               |              | 9,74,629                 |
| Loans and Advances                                    | 9        | 563,57,12,154        |              | 506,16,79,629            |
|   |          | 580,44,82,570        |              | 522,06,04,943            |
| Less:   |          |                      |              |                          |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>             |          |                      |              |                          |
| Current Liabilities                                   | 10       | 96,58,95,012         |              | 111,69,98,034            |
| Provisions  | 11       | 447,20,89,573        |              | 356,83,72,175            |
|   |          | 543,79,84,585        |              | 468,53,70,209            |
| <b>NET CURRENT ASSETS</b>                             |          |                      | 36,64,97,985 | 53,52,34,734             |
| <b>TOTAL</b>  |          | <b>514,88,62,419</b> |              | <b>434,09,97,978</b>     |
| Significant Accounting Policies and Notes to Accounts | 17       |                      |              |                          |

As per our report attached  
**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Rakesh Rathi**  
Partner

For and on behalf of the Board  
**Deepak S. Parekh**  
Chairman

**Milind Barve**  
Managing Director

**Rahul Bhandari**  
Chief Financial Officer

Directors  
**Keki M. Mistry**  
**Hoshang S. Billimoria**  
**Deepak B. Phatak**  
**Vijay Merchant**  
**Renu Sud Karnad**  
**P. M. Thampi**  
**Rajeshwar Raj Bajaan**  
**Humayun Dhanrajgir**  
**N Keith Skeoch**  
**James Aird**

**Sylvia Furtado**  
Company Secretary

MUMBAI, April 28, 2011

## Profit & Loss Account for the year ended March 31, 2011

|  | Schedule                       | Rupees                  | Previous Year<br>Rupees      |
|--|--------------------------------|-------------------------|------------------------------|
| <b>INCOME</b>  |                                |                         |                              |
| Management Fee   | 12                             | 644,95,23,176           | 556,88,72,844                |
| Interest   | 13                             | 3,43,29,804             | 36,85,93,370                 |
| Dividend   |                                | 18,77,61,727            | 8,67,65,739                  |
| Utilisation / Reversal of Provision for Contingencies      |                                | 6,10,46,545             | —                            |
| Other Income   | 14                             | 7,50,03,709             | 22,52,56,738                 |
| <b>Total</b>   |                                | <b>680,76,64,961</b>    | <b>624,94,88,691</b>         |
| <b>EXPENDITURE</b>   |                                |                         |                              |
| Staff Expenses   | 15                             | 85,88,31,920            | 88,05,73,559                 |
| Administrative and Other Expenses                          | 16                             | 221,52,20,179           | 142,34,60,471                |
| Interest   |                                | —                       | 10,41,05,206                 |
| Depreciation   | 3                              | 17,57,77,923            | 37,83,90,991                 |
| Provision for Contingencies                                |                                | —                       | 30,00,00,000                 |
| <b>Total</b>   |                                | <b>324,98,30,022</b>    | <b>308,65,30,227</b>         |
| <b>PROFIT/(LOSS) BEFORE TAX</b>                            |                                | <b>355,78,34,939</b>    | <b>316,29,58,464</b>         |
| Less: Provision for Tax (Net of Deferred Tax) (see note 9) |                                | 113,60,43,135           | 107,92,76,938                |
| <b>PROFIT/(LOSS) AFTER TAX</b>                             |                                | <b>242,17,91,804</b>    | <b>208,36,81,526</b>         |
| Balance brought forward from Previous Year                 |                                | 281,32,46,977           | 158,55,50,067                |
| <b>Profit Available for Appropriation</b>                  |                                | <b>523,50,38,781</b>    | <b>366,92,31,593</b>         |
| Appropriations:  |                                |                         |                              |
| Short Provision of Income Tax for Earlier Years            |                                | 7,13,070                | —                            |
| General Reserve  |                                | 24,21,79,180            | 20,83,68,153                 |
| Capital Redemption Reserve                                 |                                | 49,28,500               | —                            |
| Buy Back of Equity Shares (see note 11)                    |                                | 9,45,33,845             | —                            |
| Interim Equity Dividend Paid                               |                                | 72,99,01,000            | 55,35,42,000                 |
| Tax on Interim Equity Dividend Paid                        |                                | 12,12,27,432            | 9,40,74,463                  |
| <b>Balance carried forward to the Balance Sheet</b>        |                                | <b>404,15,55,754</b>    | <b>281,32,46,977</b>         |
| <b>Earnings Per Share (see note 8)</b>                     |                                |                         |                              |
| — Basic  |                                | 96.05                   | 82.81                        |
| — Diluted  |                                | 93.14                   | 81.14                        |
| Significant Accounting Policies and Notes to Accounts      | 17                             |                         |                              |
| As per our report attached                                 | For and on behalf of the Board |                         | Directors                    |
| <b>For Haribhakti &amp; Co.</b>                            | <b>Deepak S. Parekh</b>        |                         | <b>Keki M. Mistry</b>        |
| Chartered Accountants                                      | Chairman                       |                         | <b>Hoshang S. Billimoria</b> |
| Firm Registration No. 103523W                              |                                |                         | <b>Deepak B. Phatak</b>      |
|  |                                |                         | <b>Vijay Merchant</b>        |
|  |                                |                         | <b>Renu Sud Karnad</b>       |
|  |                                |                         | <b>P. M. Thampi</b>          |
|  |                                |                         | <b>Rajeshwar Raj Bajaaj</b>  |
|  |                                |                         | <b>Humayun Dhanrajgir</b>    |
|  |                                |                         | <b>N Keith Skeoch</b>        |
|  |                                |                         | <b>James Aird</b>            |
| <b>Rakesh Rathi</b>  |                                |                         |                              |
| Partner  |                                |                         |                              |
|  | <b>Milind Barve</b>            | <b>Rahul Bhandari</b>   | <b>Sylvia Furtado</b>        |
|  | Managing Director              | Chief Financial Officer | Company Secretary            |
| MUMBAI, April 28, 2011                                     |                                |                         |                              |

## Cash Flow Statement for the year ended March 31, 2011

|   | Rupees          | Previous Year<br>Rupees |
|---|-----------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                 |                         |
| Profit before taxation and extraordinary items  | 355,78,34,939   | 316,29,58,464           |
| <b>Add / (Less) : Adjustment for</b>  |                 |                         |
| Depreciation  | 17,57,77,923    | 37,83,90,991            |
| Employee Stock Option Expenses  | 2,81,32,039     | 5,85,79,263             |
| Reversal of Diminution in the Value of Investments<br>(Utilisation / Reversal of) / Provision for Contingencies | (98,58,767)     | (17,44,88,295)          |
| Profit on Sale of Investments (net)   | (6,10,46,545)   | 30,00,00,000            |
| Profit on Sale of Fixed Assets (net)  | (2,22,54,167)   | (1,50,45,723)           |
| Investment Income   | (6,53,395)      | (12,26,086)             |
| Interest Expense  | (22,20,72,823)  | (45,53,40,203)          |
| Provision for Wealth Tax  | –               | 10,41,05,206            |
|   | 89,200          | 91,710                  |
| <b>Operating Profit before working capital changes</b>  | 344,59,48,404   | 335,80,25,327           |
| (Increase) / Decrease in Loans and Advances   | (10,24,50,801)  | (29,41,89,663)          |
| (Increase) / Decrease in Other Current Assets   | 98              | (3,282)                 |
| (Increase) / Decrease in Sundry Debtors   | (83,23,174)     | 54,73,962               |
| Increase / (Decrease) in Current Liabilities  | (27,11,03,022)  | 55,79,59,468            |
| <b>Cash generated from / (used in) Operations</b>   | 306,40,71,505   | 362,72,65,812           |
| Income Tax Paid   | (107,61,24,469) | (125,09,51,481)         |
| <b>Net cash from / (used in) operating activities</b>   | 198,79,47,036   | 237,63,14,331           |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                 |                         |
| Purchase of Fixed Assets  | (9,91,64,026)   | (6,69,83,132)           |
| Proceeds from Sale of Fixed Assets  | 7,57,972        | 14,07,764               |
| Purchase of Investments   | (730,17,00,000) | (910,47,78,500)         |
| Proceeds from Sale of Investments   | 699,18,94,780   | 1099,49,11,667          |
| Dividend Received   | 2,88,21,500     | –                       |
| Interest Received   | 3,52,69,999     | 50,85,97,252            |
| <b>Net cash from / (used in) investing activities</b>   | (34,41,19,775)  | 233,31,55,051           |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                 |                         |
| Proceeds from Issuance of Share Capital   | 22,15,70,450    | –                       |
| Buy Back of Equity Shares   | (101,17,88,350) | –                       |
| Repayment of Short Term Loan (net)  | –               | (383,00,00,000)         |
| Interest Paid on Short Term Loan  | –               | (22,49,43,562)          |
| Dividend Paid   | (72,99,01,000)  | (55,35,42,000)          |
| Tax Paid on Dividend  | (12,12,27,432)  | (9,40,74,463)           |
| <b>Net cash from / (used in) financing activities</b>   | (164,13,46,332) | (470,25,60,025)         |
| <b>Net Increase / (Decrease) in cash and cash equivalents</b>   | 24,80,929       | 69,09,357               |
| Cash and cash equivalents at the beginning of the Year  | 1,73,89,988     | 1,04,80,631             |
| Cash and cash equivalents at the end of the Year  | 1,98,70,917     | 1,73,89,988             |
|   | 24,80,929       | 69,09,357               |

As per our report attached  
**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Rakesh Rathi**  
Partner

For and on behalf of the Board  
**Deepak S. Parekh**  
Chairman

**Milind Barve**  
Managing Director

**Rahul Bhandari**  
Chief Financial Officer

Directors  
**Keki M. Mistry**  
**Hoshang S. Billimoria**  
**Deepak B. Phatak**  
**Vijay Merchant**  
**Renu Sud Karnad**  
**P. M. Thampi**  
**Rajeshwar Raj Bajaj**  
**Humayun Dhanrajgir**  
**N Keith Skeoch**  
**James Aird**  
**Sylvia Furtado**  
Company Secretary

MUMBAI, April 28, 2011

## Schedules

Forming part of the accounts as at March 31, 2011

### Schedule 1

#### SHARE CAPITAL

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| AUTHORISED  |                                   |                                   |
| 3,00,00,000 (Previous Year 3,00,00,000) Equity Shares of ₹ 10 each  | 30,00,00,000                      | 30,00,00,000                      |
| 5,00,00,000 (Previous Year 5,00,00,000) Redeemable,<br>Cumulative Non-Convertible Preference Shares of ₹ 10 each  | 50,00,00,000                      | 50,00,00,000                      |
| <b>Total</b>  | <b>80,00,00,000</b>               | <b>80,00,00,000</b>               |
| ISSUED, SUBSCRIBED AND PAID-UP  |                                   |                                   |
| 2,51,69,000 (Previous Year 2,51,61,000) Equity Shares of ₹ 10 each, fully paid up<br>(Of the above 1,50,96,600 (Previous Year 1,50,96,600) Equity Shares are held<br>by Housing Development Finance Corporation Limited, the Holding Company<br>and its nominees) | 25,16,90,000                      | 25,16,10,000                      |
| <b>Total</b>  | <b>25,16,90,000</b>               | <b>25,16,10,000</b>               |

### Schedule 2

#### RESERVES AND SURPLUS

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| General Reserve   |                                   |                                   |
| Opening Balance   | 63,54,64,055                      | 42,70,95,902                      |
| Add : Transfer from Profit and Loss Account               | 24,21,79,180                      | 20,83,68,153                      |
| Less : Utilised during the Year (see note 11)             | 63,54,64,055                      | —                                 |
|   | <b>24,21,79,180</b>               | <b>63,54,64,055</b>               |
| Capital Redemption Reserve                                |                                   |                                   |
| Opening Balance   | 50,00,00,000                      | 50,00,00,000                      |
| Add : Transfer from Profit and Loss Account (see note 11) | 49,28,500                         | —                                 |
|   | <b>50,49,28,500</b>               | <b>50,00,00,000</b>               |
| Securities Premium  |                                   |                                   |
| Opening Balance   | —                                 | —                                 |
| Add : Additions during the Year                           | 27,68,61,950                      | —                                 |
| Less : Utilised during the Year (see note 11)             | 27,68,61,950                      | —                                 |
|   | <b>—</b>                          | <b>—</b>                          |
| Balance in Profit and Loss Account                        | <b>404,15,55,754</b>              | <b>281,32,46,977</b>              |
| <b>Total</b>  | <b>478,86,63,434</b>              | <b>394,87,11,032</b>              |

**Schedule 3****FIXED ASSETS**

Rupees

|  | GROSS BLOCK             |                     |                    | DEPRECIATION            |                         |                     |                    | NET BLOCK               |                         |
|--|-------------------------|---------------------|--------------------|-------------------------|-------------------------|---------------------|--------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2010 | Additions           | Deductions         | As at<br>March 31, 2011 | As at<br>March 31, 2010 | For the<br>Year     | Deductions         | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
| Goodwill                                 | 66,83,08,050            | –                   | –                  | 66,83,08,050            | 46,83,08,050            | 6,66,66,667         | –                  | 53,49,74,717            | 13,33,33,333            |
| Buildings                                | –                       | 4,99,57,691         | –                  | 4,99,57,691             | –                       | 5,66,934            | –                  | 5,66,934                | 4,93,90,757             |
| Improvement of<br>Rented Premises        | 28,33,67,069            | 2,27,18,185         | 69,88,404          | 29,90,96,850            | 15,97,27,286            | 4,87,96,684         | 69,88,404          | 20,15,35,566            | 9,75,61,284             |
| Computer Equipment                       | 8,24,05,813             | 83,09,681           | 3,89,782           | 9,03,25,712             | 6,62,28,899             | 1,31,51,866         | 3,74,871           | 7,90,05,894             | 1,13,19,818             |
| Intangible Assets<br>(Computer Software) | 5,24,26,226             | 1,53,35,797         | –                  | 6,77,62,023             | 2,89,88,451             | 1,43,65,797         | –                  | 4,33,54,248             | 2,44,07,775             |
| Office Equipment                         | 15,12,70,576            | 1,28,44,521         | 13,86,580          | 16,27,28,517            | 7,84,48,604             | 2,66,99,174         | 13,03,989          | 10,38,43,789            | 5,88,84,728             |
| Furniture & Fixtures                     | 2,02,02,146             | 72,10,248           | 8,42,692           | 2,65,69,702             | 1,94,00,094             | 9,12,374            | 8,35,617           | 1,94,76,851             | 70,92,851               |
| Electrical Installations                 | 2,700                   | –                   | –                  | 2,700                   | 2,700                   | –                   | –                  | 2,700                   | –                       |
| Vehicles                                 | 2,20,34,320             | 47,31,551           | 22,93,694          | 2,44,72,177             | 1,15,18,512             | 46,18,427           | 22,93,694          | 1,38,43,245             | 1,06,28,932             |
| <b>Total</b>                             | <b>128,00,16,900</b>    | <b>12,11,07,674</b> | <b>1,19,01,152</b> | <b>138,92,23,422</b>    | <b>83,26,22,596</b>     | <b>17,57,77,923</b> | <b>1,17,96,575</b> | <b>99,66,03,944</b>     | <b>39,26,19,478</b>     |
| <b>Previous Year</b>                     | <b>124,35,37,277</b>    | <b>4,82,38,931</b>  | <b>1,17,59,308</b> | <b>128,00,16,900</b>    | <b>46,58,09,236</b>     | <b>37,83,90,991</b> | <b>1,15,77,631</b> | <b>83,26,22,596</b>     | <b>44,73,94,304</b>     |

**Schedule 4****INVESTMENTS (Non Trade, Unquoted)****LONG TERM INVESTMENTS (At Cost)**

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| <b>Investment in Subsidiary Company</b>   |                                   |                                   |
| 1,25,000 (Previous Year 1,25,000) fully paid up Equity Shares of SGD 1 each in HDFC Asset Management Company (Singapore) Pte. Ltd.                                | 41,60,500                         | 41,60,500                         |
| <b>Investment in Venture Capital Fund</b>   |                                   |                                   |
| 30,000 Units (Previous Year NIL) of ₹ 1,000 each in Faering Capital India Evolving Fund (Class A) (Purchased 30,000 Units and Redeemed NIL Units during the Year) | 3,00,00,000                       | –                                 |
| <b>Total Long Term Investments (A)</b>  | <b>3,41,60,500</b>                | <b>41,60,500</b>                  |

**CURRENT INVESTMENTS****Investment in Schemes of Mutual Fund (Valued at Cost and Fair Value, whichever is lower)**

|   |              |              |
|---|--------------|--------------|
| 25,51,177 Units (Previous Year 23,07,372) of ₹ 10 each in HDFC Growth Fund (Dividend Plan)<br>(Purchased 2,43,805 Units and Redeemed NIL Units during the Year)         | 7,34,61,987  | 6,65,39,870  |
| 29,53,399 Units (Previous Year 26,22,999) of ₹ 10 each in HDFC Prudence Fund (Dividend Plan)<br>(Purchased 3,30,400 Units and Redeemed NIL Units during the Year)       | 8,08,01,706  | 7,16,21,210  |
| 1,21,95,809 Units (Previous Year 1,11,65,126) of ₹ 10 each in HDFC Arbitrage Fund (Dividend Plan)<br>(Purchased 10,30,683 Units and Redeemed NIL Units during the Year) | 12,22,48,503 | 11,16,54,117 |
| 15,29,344 Units (Previous Year 14,04,609) of ₹ 10 each in HDFC Equity Fund (Dividend Plan)<br>(Purchased 1,24,735 Units and Redeemed NIL Units during the Year)         | 6,95,26,019  | 6,39,07,583  |
| 15,40,508 Units (Previous Year 14,12,133) of ₹ 10 each in HDFC Top 200 Fund (Dividend Plan)<br>(Purchased 1,28,375 Units and Redeemed NIL Units during the Year)        | 6,92,28,453  | 6,35,79,922  |
| Carried forward   | 41,52,66,668 | 37,73,02,702 |

**Schedule 4 (Continued)****INVESTMENTS (Non Trade, Unquoted)**

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Brought forward  | 41,52,66,668                      | 37,73,02,702                      |
| 26,59,905 Units (Previous Year 23,91,672) of ₹ 10 each in<br>HDFC Capital Builder Fund (Dividend Plan)<br>(Purchased 2,68,233 Units and Redeemed NIL Units during the Year)  | 7,02,06,379                       | 6,42,27,199                       |
| 44,61,493 Units (Previous Year 40,16,708) of ₹ 10 each in<br>HDFC Premier Multicap Fund (Dividend Plan)<br>(Purchased 4,44,785 Units and Redeemed NIL Units during the Year)                                       | 7,17,69,195                       | 6,57,44,133                       |
| 31,60,818 Units (Previous Year 28,80,628) of ₹ 10 each in<br>HDFC Core & Satellite Fund (Dividend Plan)<br>(Purchased 2,80,190 Units and Redeemed NIL Units during the Year)                                       | 6,52,96,872                       | 5,95,35,615                       |
| 4,91,64,450 Units (Previous Year 5,94,93,514) of ₹ 10 each in<br>HDFC Cash Management Fund - Treasury Advantage Plan (Growth Plan)<br>(Purchased 5,90,86,660 Units and Redeemed 6,94,15,724 Units during the Year) | 105,64,51,964                     | 120,07,30,782                     |
| 1,58,27,493 Units (Previous Year 1,58,27,493) of ₹ 10 each in<br>HDFC Floating Rate Income Fund - Long Term Plan (Growth Plan)   | 25,00,00,000                      | 25,00,00,000                      |
| 27,48,399 Units (Previous Year NIL) of ₹ 10 each in<br>HDFC Liquid Fund (Growth Plan)<br>(Purchased 27,48,399 Units and Redeemed NIL Units during the Year)  | 5,40,00,000                       | —                                 |
| NIL Units (Previous Year 2,50,00,000) of ₹ 10 each in<br>HDFC FMP 13M October 09 (Growth Plan)<br>(Purchased NIL Units and Redeemed 2,50,00,000 Units during the Year)   | —                                 | 25,00,00,000                      |
| 1,00,00,000 Units (Previous Year 1,00,00,000) of ₹ 10 each in<br>HDFC FMP 13M March 10 (Growth Plan)   | 10,00,00,000                      | 10,00,00,000                      |
| 5,00,00,000 Units (Previous Year 5,00,00,000) of ₹ 10 each in<br>HDFC FMP 14M March 10 (Growth Plan)   | 50,00,00,000                      | 50,00,00,000                      |
| 3,00,00,000 Units (Previous Year 3,00,00,000) of ₹ 10 each in<br>HDFC FMP 367D March 10 (1) (Growth Plan)  | 30,00,00,000                      | 30,00,00,000                      |
| 2,00,00,000 Units (Previous Year NIL) of ₹ 10 each in<br>HDFC Quarterly Interval Fund-Plan C (Dividend Plan)<br>(Purchased 2,00,00,000 Units and Redeemed NIL Units during the Year)                               | 20,00,00,000                      | —                                 |
| 1,00,00,000 Units (Previous Year NIL) of ₹ 10 each in<br>HDFC FMP 370D February 11 (1) (Growth Plan)<br>(Purchased 1,00,00,000 Units and Redeemed NIL Units during the Year)                                       | 10,00,00,000                      | —                                 |
| 50,00,000 Units (Previous Year NIL) of ₹ 10 each in<br>HDFC FMP 370D March 11 (1) (Growth Plan)<br>(Purchased 50,00,000 Units and Redeemed NIL Units during the Year)  | 5,00,00,000                       | —                                 |
| 2,00,00,000 Units (Previous Year NIL) of ₹ 10 each in<br>HDFC FMP 370D March 11 (2) (Growth Plan)<br>(Purchased 2,00,00,000 Units and Redeemed NIL Units during the Year)  | 20,00,00,000                      | —                                 |
| 2,50,00,000 Units (Previous Year NIL) of ₹ 10 each in<br>HDFC FMP 370D March 11 (3) (Growth Plan)<br>(Purchased 2,50,00,000 Units and Redeemed NIL Units during the Year)  | 25,00,00,000                      | —                                 |
| Carried forward  | 368,29,91,078                     | 316,75,40,431                     |

**Schedule 4 (Continued)****INVESTMENTS (Non Trade, Unquoted)**

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| Brought forward   | 368,29,91,078                     | 316,75,40,431                     |
| 5,00,00,000 Units (Previous Year NIL) of ₹ 10 each in<br>HDFC FMP 370D March 11 (4) (Growth Plan)<br>(Purchased 5,00,00,000 Units and Redeemed NIL Units during the Year)   | 50,00,00,000                      | —                                 |
| 50,00,000 Units (Previous Year NIL) of ₹ 10 each in<br>HDFC Debt Fund for Cancer Cure (Dividend Plan)<br>(Purchased 50,00,000 Units and Redeemed NIL Units during the Year) | 5,00,00,000                       | —                                 |
| <b>Total Current Investments</b>  | <b>423,29,91,078</b>              | <b>316,75,40,431</b>              |
| Less: Provision for Diminution in the value of Investments in<br>Schemes of Mutual Fund   | 1,10,46,545                       | 2,09,05,312                       |
| <b>Net Current Investments (B)</b>  | <b>422,19,44,533</b>              | <b>314,66,35,119</b>              |
| Repurchase Price of Investments in Schemes of Mutual<br>Fund ₹ 433,82,13,204 (Previous Year ₹ 316,36,09,571)  |                                   |                                   |
| <b>Total Investments (A + B)</b>  | <b>425,61,05,033</b>              | <b>315,07,95,619</b>              |

**Schedule 5****DEFERRED TAX**

|                        | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|------------------------|-----------------------------------|-----------------------------------|
| Deferred Tax Asset     | 13,33,24,931                      | 18,54,16,241                      |
| Deferred Tax Liability | (5,08,480)                        | (6,10,040)                        |
| <b>Total</b>           | <b>13,28,16,451</b>               | <b>18,48,06,201</b>               |

**Schedule 6****SUNDRY DEBTORS**

(Unsecured, Considered good)

|  | Rupees       | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|--------------|-----------------------------------|-----------------------------------|
| Investment Management Fee Receivable<br>(less than six months) |              | 4,37,77,883                       | 6,77,94,079                       |
| Portfolio Management Fee Receivable                            |              |                                   |                                   |
| — Over six months  | 2,15,694     |                                   | 6,34,101                          |
| — Others   | 10,48,90,294 |                                   | 7,21,32,517                       |
|  |              | 10,51,05,988                      | 7,27,66,618                       |
| <b>Total</b>   |              | <b>14,88,83,871</b>               | <b>14,05,60,697</b>               |

**Schedule 7****CASH AND BANK BALANCES**

|                               | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------------------------|-----------------------------------|-----------------------------------|
| Balance with Scheduled Banks: |                                   |                                   |
| In Current Account            | 1,91,83,846                       | 1,67,23,772                       |
| In Deposit Account            | 6,87,071                          | 6,66,216                          |
| <b>Total</b>                  | <b>1,98,70,917</b>                | <b>1,73,89,988</b>                |

**Schedule 8****OTHER CURRENT ASSETS**

|                                     | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Secured, considered good            |                                   |                                   |
| – Interest accrued on Loans         | –                                 | 9,58,903                          |
| Unsecured, considered good          |                                   |                                   |
| – Interest accrued on Fixed Deposit | 15,628                            | 15,726                            |
| <b>Total</b>                        | <b>15,628</b>                     | <b>9,74,629</b>                   |

**Schedule 9****LOANS AND ADVANCES**

(Unsecured, Unless Otherwise Stated)

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| – Secured Loans to Corporates  | –                                 | 60,44,51,034                      |
| – Sundry Deposits  | 13,87,15,592                      | 13,98,46,543                      |
| – Advance Payment of Taxes   | 429,81,75,023                     | 322,21,42,265                     |
| – Advances Recoverable in Cash or in Kind<br>or for Value to be Received (see note 13) | 119,88,21,539                     | 109,52,39,787                     |
| <b>Total</b>   | <b>563,57,12,154</b>              | <b>506,16,79,629</b>              |

**Schedule 10****CURRENT LIABILITIES**

|                   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------------|-----------------------------------|-----------------------------------|
| Sundry Creditors  | 93,28,65,539                      | 109,86,60,619                     |
| Other Liabilities | 3,30,29,473                       | 1,83,37,415                       |
| <b>Total</b>      | <b>96,58,95,012</b>               | <b>111,69,98,034</b>              |



### Schedule 11 PROVISIONS

|                                 | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---------------------------------|-----------------------------------|-----------------------------------|
| For Taxation                    | 423,31,36,118                     | 314,83,72,175                     |
| For Contingencies (see note 10) | 23,89,53,455                      | 30,00,00,000                      |
| For Others (see note 10)        | —                                 | 12,00,00,000                      |
| <b>Total</b>                    | <b>447,20,89,573</b>              | <b>356,83,72,175</b>              |

### Schedule 12 MANAGEMENT FEE

|  | For the year ended<br>March 31, 2011<br>Rupees | For the year ended<br>March 31, 2010<br>Rupees |
|--|--|--|
| Investment Management Fee<br>(Tax Deducted at Source ₹ 62,04,54,311; Previous Year ₹ 53,92,80,443) | 562,51,52,220                                  | 457,62,81,833                                  |
| Portfolio Management Fee<br>(Tax Deducted at Source ₹ 1,15,44,255; Previous Year ₹ 1,74,97,798)    | 82,43,70,956                                   | 99,25,91,011                                   |
| <b>Total</b>   | <b>644,95,23,176</b>                           | <b>556,88,72,844</b>                           |

### Schedule 13 INTEREST

|   | For the year ended<br>March 31, 2011<br>Rupees | For the year ended<br>March 31, 2010<br>Rupees |
|---|--|--|
| On Investments<br>(Tax Deducted at Source ₹ NIL; Previous Year ₹ 39,40,732)   | —  | 3,95,45,619                                    |
| On Loans<br>(Tax Deducted at Source ₹ 34,31,109; Previous Year ₹ 5,72,55,923) | 3,43,11,096                                    | 32,90,28,845                                   |
| On Fixed Deposit  | 18,708   | 18,906   |
| <b>Total</b>  | <b>3,43,29,804</b>                             | <b>36,85,93,370</b>                            |

### Schedule 14 OTHER INCOME

|   | For the year ended<br>March 31, 2011<br>Rupees | For the year ended<br>March 31, 2010<br>Rupees |
|---|--|--|
| Profit on Sale of Fixed Assets (net)  | 6,53,395                                       | 12,26,086                                      |
| Profit on Sale of Investments (net)   | 2,22,54,167                                    | 1,50,45,723                                    |
| Reversal of Diminution in the Value of Investments                                  | 98,58,767                                      | 17,44,88,295                                   |
| Miscellaneous Income<br>(Tax Deducted at Source ₹ 2,05,006; Previous Year ₹ 66,695) | 4,22,37,380                                    | 3,44,96,634                                    |
| <b>Total</b>  | <b>7,50,03,709</b>                             | <b>22,52,56,738</b>                            |

**Schedule 15****STAFF EXPENSES**

|   | For the year ended<br>March 31, 2011<br>Rupees | For the year ended<br>March 31, 2010<br>Rupees |
|---|--|--|
| Salaries, Allowances and Bonus            | 80,15,71,304                                   | 84,07,48,883                                   |
| Contribution to Provident and Other Funds | 4,01,31,634                                    | 2,43,17,815                                    |
| Staff Welfare and Training Expenses       | 1,38,78,464                                    | 1,44,70,614                                    |
| Recruitment Expenses                      | 32,50,518                                      | 10,36,247                                      |
| <b>Total</b>                              | <b>85,88,31,920</b>                            | <b>88,05,73,559</b>                            |

**Schedule 16****ADMINISTRATIVE AND OTHER EXPENSES**

|  | Rupees    | For the year ended<br>March 31, 2011<br>Rupees | For the year ended<br>March 31, 2010<br>Rupees |
|--|-----------|--|--|
| Brokerage / Incentives / Fees  |           | 148,93,43,110                                  | 66,99,61,231                                   |
| Business Promotion   |           | 10,31,36,294                                   | 17,04,85,545                                   |
| Rent (net) (Tax Deducted at Source<br>₹ NIL; Previous Year ₹ 7,05,491) |           | 21,46,58,245                                   | 21,79,88,047                                   |
| Printing and Courier   |           | 2,54,46,507                                    | 2,66,13,658                                    |
| Travel and Conveyance  |           | 3,08,21,766                                    | 3,14,70,956                                    |
| Communication Expenses   |           | 2,99,51,451                                    | 2,93,34,120                                    |
| Subscription and Membership Fees                                       |           | 1,52,34,231                                    | 1,18,74,266                                    |
| Professional and Legal Fees  |           | 2,90,74,887                                    | 2,09,67,881                                    |
| Repair and Maintenance   |           | 11,45,60,262                                   | 10,03,25,906                                   |
| Outsourced Services Cost   |           | 12,26,29,299                                   | 10,09,76,047                                   |
| Insurance Expenses   |           | 1,03,65,102                                    | 78,06,213                                      |
| Auditors Remuneration:   |           |  |  |
| Audit Fee  | 8,00,000  |  | 8,00,000                                       |
| Audit Fee - PMS Business   | 23,97,606 |  | 22,46,328                                      |
| Tax Audit Fee  | 50,000    |  | 50,000   |
| Taxation Matters   | 3,10,000  |  | 1,00,000                                       |
| Reimbursement of Expenses  | 30,303    |  | 58,977   |
| Other Services   | 4,36,584  |  | 4,98,000                                       |
|  |           | 40,24,493                                      | 37,53,305                                      |
| Directors Sitting Fee  |           | 34,00,000                                      | 27,80,000                                      |
| Donations  |           | 36,00,000                                      | 62,25,000                                      |
| Wealth Tax   |           | 89,200   | 91,710   |
| Miscellaneous Expenses   |           | 1,88,85,332                                    | 2,28,06,586                                    |
| <b>Total</b>   |           | <b>221,52,20,179</b>                           | <b>142,34,60,471</b>                           |

**Schedule 17****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011****I. SIGNIFICANT ACCOUNTING POLICIES****I.1 Accounting Convention**

The financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

**I.2 Income Recognition**

Management fees and income from investments are accounted for on accrual basis.

**I.3 Fixed Assets**

Fixed Assets are stated at cost of acquisition, including incidental expenses.

**I.4 Depreciation**

- A) Depreciation on Fixed Assets is provided on straight-line basis at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except for certain assets, where based on the Management's estimate of the useful lives of the assets, higher depreciation has been provided at the following rates:

| CLASS OF FIXED ASSET           | RATE OF DEPRECIATION (%)   |
|--------------------------------|--|
| Building                       | 2.00   |
| Computer Equipment             | 33.33  |
| Computer Software              | 33.33  |
| Furniture & Fixtures           | 14.29  |
| Electrical Installations       | 14.29  |
| Office Equipment               | 20.00  |
| Vehicles                       | 25.00  |
| Improvement of Rented Premises | Over the primary period of the lease term or 5 years, whichever is less. |

Assets individually costing less than Rupees Five Thousand are fully depreciated in the year of purchase/acquisition.

**B) Goodwill**

Goodwill generated on amalgamation of erstwhile HDFC AMC Services Company Private Limited and HDFC AMC Mauritius Limited, with the Company is being depreciated equally over a period of 10 years.

**I.5 Investments**

Long-term investments are stated at cost of acquisition. Provision for diminution is made to recognise a decline, other than temporary, in the value of Long-term investments. Current investments are valued at lower of cost and fair value.

**I.6 Transaction in Foreign Currency**

Transactions in foreign currency are accounted for at the rates prevailing at the date of the transaction. Current assets and liabilities are translated at the ruling rate of exchange at the Balance Sheet date and the resultant exchange gains or losses are reflected in the Profit and Loss Account.

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011****1.7 Brokerage**

Brokerage paid on investment in Equity Linked Saving Schemes and Closed Ended Schemes is amortised over a period of 36 months and over the tenure of the scheme respectively.

Brokerage paid in advance in respect of Portfolio Management Business is amortised over the contractual period.

**1.8 Employee Benefits****A) Provident Fund**

The Company contributes to the Recognised Provident Fund for its employees. The Company's contributions are charged to the Profit and Loss Account every year.

**B) Gratuity**

Company's contribution in the case of gratuity is funded annually with a life insurance company. The net present value of the Company's obligation towards gratuity to employees is actuarially determined by an independent actuary based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Profit and Loss Account.

**1.9 Income Tax**

The accounting treatment for Income Tax in respect of the Company's income is based on the Accounting Standard on "Accounting for Taxes on Income" (AS -22) issued by the Institute of Chartered Accountants of India. The provision made for Income Tax in the Accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognized in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet. The major components of the respective balances of deferred tax assets and liabilities are disclosed in the Accounts.

**1.10 Scheme Expenses**

Recurring expenses of schemes of HDFC Mutual Fund in excess of limits prescribed by the Securities and Exchange Board of India are accounted under the respective expense heads in the Profit and Loss Account. In accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, New Fund Offer (NFO) expenses on the launch of schemes is borne by the Company.

**1.11 Provision for Contingencies**

The Company's policy is to carry adequate amounts in the Provision for Contingencies account to cover the amounts outstanding in respect of doubtful assets and also to meet all other contingencies in the business.

**2. Contingent Liabilities**

Disputed Income Tax demand ₹ 50,91,025 (Previous Year ₹ 10,94,532).

**3. Sundry Creditors**

Sundry Creditors do not include any amount payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises. Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, which have registered with the competent authorities.

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

(Amount in Rupees)

| Particulars   | Current Year | Previous Year |
|---|--------------|---------------|
| Principal amount remaining unpaid to any supplier as at the year end  | NIL          | NIL           |
| Interest due thereon  | NIL          | NIL           |
| Amount of interest paid by the company in terms of Section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year                | NIL          | NIL           |
| Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA | NIL          | NIL           |
| Amount of interest accrued and remaining unpaid at the end of the accounting year   | NIL          | NIL           |

**4. Employee Benefits**

In accordance with the Accounting Standard on "Employee Benefits" (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the Company has classified the various benefits provided to the employees as under:

**A) Defined Contribution Plan**

Provident Fund

The Company has recognised the following amounts in Profit and Loss Account, which are included under Contributions to Provident Fund:

(Amount in Rupees)

| Particulars                               | Current Year | Previous Year |
|---|--------------|---------------|
| Employer's contribution to Provident Fund | 2,12,49,994  | 1,81,18,690   |

**B) Defined Benefit Plan**

Contribution to Gratuity Fund (Funded Scheme)

The details of the Company's post-retirement benefit plan for its employees are given below and certified by an independent actuary.

(Amount in Rupees)

| Particulars                                       | Current Year       | Previous Year      |
|---|--------------------|--------------------|
| <b>Change in the Defined Benefit Obligations:</b> |                    |                    |
| Liability at the beginning of the Year            | 2,95,61,280        | 2,30,44,206        |
| Current Service Cost                              | 62,25,771          | 59,71,389          |
| Interest Cost                                     | 23,64,902          | 18,43,536          |
| Benefits Paid                                     | (7,35,300)         | (3,56,500)         |
| Actuarial (Gain) / Loss                           | 85,07,245          | (9,41,351)         |
| <b>Liability at the end of the Year</b>           | <b>4,59,23,898</b> | <b>2,95,61,280</b> |

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

(Amount in Rupees)

| <b>Fair Value of Plan Assets:</b>                       | <b>Current Year</b> | <b>Previous Year</b> |
|---|---------------------|----------------------|
| Fair Value of Plan Assets at the beginning of the Year  | 3,13,50,664         | 1,78,08,101          |
| Expected Return on Plan Assets                          | 25,08,053           | 25,91,569            |
| Contributions   | 38,93,490           | 1,13,07,494          |
| Benefits Paid   | (7,35,300)          | (3,56,500)           |
| Actuarial Loss on Plan Assets                           | 21,32,680           | —                    |
| <b>Fair Value of Plan Assets at the end of the Year</b> | <b>3,48,84,227</b>  | <b>3,13,50,664</b>   |

| <b>Actual Return on Plan Assets:</b>   | <b>Current Year</b> | <b>Previous Year</b> |
|--|---------------------|----------------------|
| Expected Return on Plan Assets         | 25,08,053           | 25,91,569            |
| Actuarial Gain / (Loss) on Plan Assets | (21,32,680)         | —                    |
| <b>Actual Return on Plan Assets</b>    | <b>3,75,373</b>     | <b>25,91,569</b>     |

| <b>Amount Recognised in the Balance Sheet:</b>                             | <b>Current Year</b> | <b>Previous Year</b> |
|--|---------------------|----------------------|
| Liability at the end of the Year   | 4,59,23,898         | 2,95,61,280          |
| Fair Value of Plan Assets at the end of the Year                           | 3,48,84,227         | 3,13,50,664          |
| <b>Amount recognised in the Balance Sheet under '(Prepaid)/Provisions'</b> | <b>1,10,39,671</b>  | <b>(17,89,384)</b>   |

| <b>Expense Recognised in the Profit and Loss Account:</b>                       | <b>Current Year</b> | <b>Previous Year</b> |
|---|---------------------|----------------------|
| Current Service Cost  | 62,25,771           | 59,71,389            |
| Interest Cost   | 23,64,902           | 18,43,536            |
| Expected Return on Plan Assets  | (25,08,053)         | (25,91,569)          |
| Net Actuarial (Gain) / Loss to be Recognised                                    | 1,06,39,925         | (9,41,351)           |
| <b>Expense recognised in the Profit and Loss Account under 'Staff Expenses'</b> | <b>1,67,22,545</b>  | <b>42,82,005</b>     |

| <b>Reconciliation of the Liability Recognised in the Balance Sheet:</b>     | <b>Current Year</b> | <b>Previous Year</b> |
|---|---------------------|----------------------|
| Opening Net Liability   | (17,89,384)         | 52,36,105            |
| Expense recognised  | 1,67,22,545         | 42,82,005            |
| Contribution by the Company   | (38,93,490)         | (1,13,07,494)        |
| <b>Amount recognised in the Balance Sheet under '(Prepaid)/ Provisions'</b> | <b>1,10,39,671</b>  | <b>(17,89,384)</b>   |

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

(Amount in Rupees)

| Net Actuarial (Gain) / Loss Recognised                | Current Year       | Previous Year     |
|---|--------------------|-------------------|
| Actuarial (Gain) / Loss on Plan Assets                | 21,32,680          | —                 |
| Actuarial (Gain) / Loss on Defined Benefit Obligation | 85,07,245          | (9,41,351)        |
| <b>Net Actuarial (Gain) / Loss Recognised</b>         | <b>1,06,39,925</b> | <b>(9,41,351)</b> |

As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company.

**Actuarial Assumptions:**

Actuarial valuation was performed in respect of the aforesaid defined benefit plan based on the following assumptions:

| Particulars                  | Current Year | Previous Year |
|------------------------------|--------------|---------------|
| Discount Rate                | 8.25% p.a.   | 8.00% p.a.    |
| Return on Plan Assets        | 8.00% p.a.   | 9.25% p.a.    |
| Compensation Escalation Rate | 5.00% p.a.   | 4.00% p.a.    |
| Average Age                  | 32.00 Years  | 31.45 Years   |

**5. Segmental Reporting**

In accordance with the Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, the Company has determined business segments as under:

The Company's operations predominantly relate to providing Asset Management Services. It acts as an Investment Manager to schemes launched by HDFC Mutual Fund. It also provides Portfolio Management Services (PMS) to Corporates and High Net Worth Individuals. Accordingly, the Company has recognized 'Mutual Fund' and 'Portfolio Management' as Primary business segments.

Secondary segment reporting does not require separate disclosure as most of the activities of the Company are within India.

The accounting principles used in the preparation of the financial statements are also consistently applied to record income and expenditure of individual segments. These are as set out in the note on Significant Accounting Policies.

The basis of reporting is as follows:

1. Revenue and expenses distinctly identifiable to a segment are recognized in that segment.
2. Certain expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. Hence it is not practical to provide segment disclosures relating to such items and accordingly they are separately disclosed as "unallocable expenses".
3. Fixed assets used in the Company's business have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between the segments. Accordingly depreciation has been treated as an unallocable expense.
4. Current assets and current liabilities to the extent directly identifiable to a business segment have been categorized as "Allocable current assets/liabilities", others have been shown as "Unallocable current assets/liabilities".
5. Other balance sheet items such as investments and deferred tax asset are similarly not allocated to business segments.

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

(Amount in Rupees)

|                                       | Mutual Fund   |               | Portfolio Management |               | Total          | Total          |
|---------------------------------------|---------------|---------------|----------------------|---------------|----------------|----------------|
|                                       | Current Year  | Previous Year | Current Year         | Previous Year | Current Year   | Previous Year  |
| <b>Segment Revenue</b>                |               |               |                      |               |                |                |
| Management Fees                       | 562,51,52,220 | 457,62,81,833 | 82,43,70,956         | 99,25,91,011  | 644,95,23,176  | 556,88,72,844  |
| Inter Segment Revenue                 | —             | —             | —                    | —             | —              | —              |
| <b>Total Segment Revenue</b>          | 562,51,52,220 | 457,62,81,833 | 82,43,70,956         | 99,25,91,011  | 644,95,23,176  | 556,88,72,844  |
| Identifiable Operating Expenses       | 229,36,45,830 | 144,99,24,064 | 41,27,38,487         | 46,23,51,429  | 270,63,84,317  | 191,22,75,493  |
| <b>Segmental Operating Income</b>     | 333,15,06,390 | 312,63,57,769 | 41,16,32,469         | 53,02,39,582  | 374,31,38,859  | 365,65,97,351  |
| Unallocable Expenses                  |               |               |                      |               | 54,34,45,705   | 117,42,54,734  |
| <b>Operating Income</b>               |               |               |                      |               | 319,96,93,154  | 248,23,42,617  |
| Other Income                          |               |               |                      |               | 35,81,41,785   | 68,06,15,847   |
| <b>Net Profit Before Taxation</b>     |               |               |                      |               | 355,78,34,939  | 316,29,58,464  |
| Provision For Income Tax              |               |               |                      |               | 108,40,53,385  | 122,57,50,588  |
| Deferred Tax Expense                  |               |               |                      |               | 5,19,89,750    | (14,64,73,650) |
| <b>Net Profit After Tax</b>           |               |               |                      |               | 242,17,91,804  | 208,36,81,526  |
| <b>Segment Assets And Liabilities</b> |               |               |                      |               |                |                |
| Segment Assets                        | 84,79,71,570  | 64,51,94,601  | 43,00,15,289         | 51,24,64,903  | 127,79,86,859  | 115,76,59,504  |
| Unallocated Assets                    |               |               |                      |               | 930,93,68,625  | 786,93,18,723  |
| <b>Total Assets</b>                   |               |               |                      |               | 1058,73,55,484 | 902,69,78,227  |
| Segment Liabilities                   | 80,47,29,442  | 88,66,77,423  | 6,56,69,774          | 9,76,88,804   | 87,03,99,216   | 98,43,66,227   |
| Unallocated Liabilities               |               |               |                      |               | 456,80,93,849  | 370,16,14,022  |
| <b>Total Liabilities</b>              |               |               |                      |               | 543,84,93,065  | 468,59,80,249  |
| Capital Expenditure                   | —             | —             | —                    | —             | 12,11,07,674   | 4,82,38,931    |
| Depreciation                          | —             | —             | —                    | —             | 17,57,77,923   | 37,83,90,991   |

**6. Related Party Transactions**

As per the Accounting Standard on "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

- |    |  |   |   |
|----|--|---|---|
| A) | Holding Company  | : | Housing Development Finance Corporation Limited   |
| B) | Investing Party  | : | Standard Life Investments Limited   |
| C) | Fellow Subsidiaries where Company has transactions during the year | : | HDFC Trustee Company Limited<br>HDFC Standard Life Insurance Company Limited<br>HDFC ERGO General Insurance Company Limited |
| D) | Subsidiary Company   | : | HDFC Asset Management Company (Singapore) Pte. Ltd.   |
| E) | Key Management Personnel   | : | Mr. Milind Barve, Managing Director   |



**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

The nature and volume of transactions of the Company with the above related parties were as follows:

(Amount in Rupees)

| Particulars                     | Holding Company     | Investing Party  | Fellow Subsidiaries* | Subsidiary Company |
|---------------------------------|---------------------|------------------|----------------------|--------------------|
| <b>INCOME</b>                   |                     |                  |                      |                    |
| Management Fees                 | —                   | <b>55,86,413</b> | <b>3,60,000</b>      | —                  |
|                                 | —                   | (2,63,68,290)    | (3,60,000)           | —                  |
| Interest on Deposit             | —                   | —                | —                    | —                  |
|                                 | —                   | —                | (2,541)              | —                  |
| <b>EXPENDITURE</b>              |                     |                  |                      |                    |
| Rent                            | <b>2,75,09,797</b>  | —                | —                    | —                  |
|                                 | (3,89,56,740)       | —                | —                    | —                  |
| Interest                        | —                   | —                | —                    | —                  |
|                                 | (10,41,05,205)      | —                | —                    | —                  |
| Advisory Fee                    | <b>12,44,93,249</b> | —                | —                    | —                  |
|                                 | (17,92,88,043)      | —                | —                    | —                  |
| Technology Support Cost         | <b>1,47,99,484</b>  | —                | —                    | —                  |
|                                 | (1,34,79,484)       | —                | —                    | —                  |
| Administrative & Other Expenses | <b>35,60,393</b>    | —                | —                    | —                  |
|                                 | (32,86,995)         | —                | —                    | —                  |
| Insurance Premium               | —                   | —                | <b>46,30,495</b>     | —                  |
|                                 | —                   | —                | (27,27,680)          | —                  |

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

(Amount in Rupees)

| Particulars                     | Holding Company     | Investing Party     | Fellow Subsidiaries* | Subsidiary Company |
|---------------------------------|---------------------|---------------------|----------------------|--------------------|
| <b>ASSETS</b>                   |                     |                     |                      |                    |
| Investment                      | —                   | —                   | —                    | <b>41,60,500</b>   |
|                                 | —                   | —                   | —                    | (41,60,500)        |
| Deposit                         | —                   | —                   | <b>68,969</b>        | —                  |
|                                 | —                   | —                   | (85,199)             | —                  |
| Account Receivable              | —                   | <b>11,82,293</b>    | <b>7,96,00,901</b>   | —                  |
|                                 | —                   | (20,86,381)         | (6,41,49,005)        | —                  |
| Prepaid Insurance Premium       | —                   | —                   | <b>52,82,323</b>     | —                  |
|                                 | —                   | —                   | (40,81,727)          | —                  |
| Administrative & Other Expenses | <b>2,143</b>        | —                   | —                    | —                  |
|                                 | (3,266)             | —                   | —                    | —                  |
| <b>LIABILITIES</b>              |                     |                     |                      |                    |
| Account Payable                 | <b>37,988</b>       | —                   | —                    | —                  |
|                                 | (7,000)             | —                   | —                    | —                  |
| <b>OTHER TRANSACTIONS</b>       |                     |                     |                      |                    |
| Purchase of Fixed Assets        | <b>7,00,000</b>     | —                   | —                    | —                  |
|                                 | (7,00,000)          | —                   | —                    | —                  |
| Interim Equity Dividend Paid    | <b>43,78,01,400</b> | <b>29,18,67,600</b> | —                    | —                  |
|                                 | (33,21,25,200)      | (22,14,16,800)      | —                    | —                  |

Remuneration to Key Management Personnel ₹ 5,70,99,893 (Previous Year ₹ 4,29,82,804). Reimbursement of Expenses amounting to ₹ 1,53,528 (Previous Year ₹ 1,73,868) to the Holding Company is not considered above.

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

\*Details of transactions with fellow subsidiaries are as follows:

(Amount in Rupees)

| Particulars               | HDFC Trustee<br>Company Limited     | HDFC Standard Life<br>Insurance Company Limited | HDFC ERGO General<br>Insurance Company Limited |
|---------------------------|-------------------------------------|---|--|
| Management Fees           | —<br>—                              | —<br>—  | <b>3,60,000</b><br>(3,60,000)                  |
| Interest on Deposit       | —<br>—                              | —<br>(2,541)                                    | —<br>—   |
| Insurance Premium         | —<br>—                              | <b>7,13,304</b><br>(6,44,269)                   | <b>39,17,191</b><br>(20,83,411)                |
| Deposit                   | —<br>—                              | <b>68,969</b><br>(85,199)                       | —<br>—   |
| Account Receivable*       | <b>7,96,00,901</b><br>(6,41,49,005) | —<br>—  | —<br>—   |
| Prepaid Insurance Premium | —<br>—                              | <b>7,733</b><br>(9,693)                         | <b>52,74,590</b><br>(40,72,034)                |

\* Includes an amount of ₹ 2,38,40,211 paid to HDFC Trustee Company Limited during the year (see note 13).

Figures in bracket pertain to the Previous Year.

**7. Operating Leases**

The company has entered into non-cancelable leasing arrangements for certain premises. The total lease payments recognized in the Profit and Loss Account towards the said leases amounts to **₹ 1,54,13,827** (Previous Year ₹ 2,42,51,172).

The future lease payments in respect of the above are as follows:

(Amount in Rupees)

|   | Current Year       | Previous Year |
|---|--------------------|---------------|
| Not later than one year                           | <b>1,48,08,160</b> | 2,92,38,160   |
| Later than one year but not later than five years | <b>1,37,09,562</b> | 2,73,67,722   |

**8. Earning Per Equity Share**

In accordance with the Accounting Standard on "Earnings Per Share" (AS-20) issued by the Institute of Chartered Accountants of India:

- (i) In calculating the basic earnings per equity share, the net profit after tax of **₹ 242,17,91,804** (Previous Year ₹ 208,36,81,526) has been adjusted for short provision of income tax for earlier years of **₹ 7,13,070** (Previous Year Nil).

Accordingly, the basic earnings per equity share has been calculated based on the adjusted net profit after tax of **₹ 242,10,78,734** (Previous Year ₹ 208,36,81,526) and weighted average number of equity shares outstanding during the year amounting to **₹ 2,52,06,588** (Previous Year ₹ 2,51,61,000).

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

(ii) Following is the reconciliation between basic and diluted earnings per equity share:

(Amount in Rupees)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| Nominal value per share   | 10.00        | 10.00         |
| Basic earnings per share  | 96.05        | 82.81         |
| Effect of potential equity shares for stock options (per share) | (2.91)       | (1.67)        |
| Diluted earnings per share                                      | 93.14        | 81.14         |

(iii) Basic earnings per equity share has been computed by dividing adjusted net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The relevant details as described above are as follows:

|  | Current Year | Previous Year |
|--|--------------|---------------|
| Weighted average number of equity shares used in computing basic earnings per equity share   | 2,52,06,588  | 2,51,61,000   |
| Effect of potential equity shares for stock options outstanding                              | 7,88,073     | 5,18,794      |
| Weighted average number of equity shares used in computing diluted earnings per equity share | 2,59,94,661  | 2,56,79,794   |

**9. Deferred Tax**

In compliance with the Accounting Standard on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India, the Company has made net deferred tax adjustment of ₹ 5,19,89,750 (Previous Year ₹ 14,64,73,650) as per details given below. The amount has been debited to the Profit and Loss Account alongwith provision for taxation for the year.

(Amount in Rupees)

| Description                         | As on<br>March 31, 2010 | For the Year  | As on<br>March 31, 2011 |
|-------------------------------------|-------------------------|---------------|-------------------------|
| <b>Assets</b>                       |                         |               |                         |
| Depreciation                        | 4,56,53,610             | 97,19,466     | 5,53,73,076             |
| Provision for Contingencies         | 9,96,52,500             | (2,21,24,052) | 7,75,28,448             |
| Others                              | 4,01,10,131             | (3,96,86,724) | 4,23,407                |
| Total                               | 18,54,16,241            | (5,20,91,310) | 13,33,24,931            |
| <b>Liabilities</b>                  |                         |               |                         |
| Others                              | 6,10,040                | (1,01,560)    | 5,08,480                |
| Net Deferred Tax Asset (Adjustment) | 18,48,06,201            | (5,19,89,750) | 13,28,16,451            |

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011****10. Provisions**

- (a) In compliance with the Accounting Standard on "Provisions, Contingent Liabilities and Contingent Assets" (AS-29) issued by the Institute of Chartered Accountants of India, balance under 'Provision for Others' represented provision made by the Company for Staff Related Benefits. Movement in Provision for Others account during the year is as under:

(Amount in Rupees)

| Carrying Amount as at April 1, 2010 | Additions during the year | Amounts used during the year | Amounts reversed during the year | Carrying Amount as at March 31, 2011 |
|-------------------------------------|---------------------------|------------------------------|----------------------------------|--------------------------------------|
| 12,00,00,000                        | —                         | 11,47,62,100                 | 52,37,900                        | —                                    |

- (b) Provision for Contingencies amounting to ₹ 23,89,53,455 represents provision against doubtful assets and all other contingencies in the business. Movement in Provision for Contingencies account during the year is as under:

(Amount in Rupees)

| Carrying Amount as at April 1, 2010 | Additions during the year | Amounts used during the year | Amounts reversed during the year | Carrying Amount as at March 31, 2011 |
|-------------------------------------|---------------------------|------------------------------|----------------------------------|--------------------------------------|
| 30,00,00,000                        | —                         | 1,10,46,545                  | 5,00,00,000                      | 23,89,53,455                         |

**11. Buy Back of Equity Shares**

Pursuant to the approval of the shareholders at the Extraordinary General Meetings and in accordance with the provisions of the Companies Act, 1956 (Act) and Private Limited Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999, the Company bought back 4,92,850 equity shares during the year (Previous Year Nil) at an aggregate value of ₹ 101,17,88,350 (Previous Year ₹ Nil). The Company has utilised the Securities Premium Account & Free Reserves for this purpose. A sum of ₹ 49,28,500 (Previous Year ₹ Nil) has been transferred to Capital Redemption Reserve in terms of Section 77AA of the Act.

**12. Accounting for Employee Share Based Payments**

Under Employees Stock Option Scheme 2009 – Series I (ESOS 2009 – Series I), the Company had on 25<sup>th</sup> August 2009 granted 1,54,000 stock options at an exercise price of ₹ 527/- per option, representing 1,54,000 equity shares of ₹ 10/- each to few employees and directors of the Company. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Remuneration Committee of the Board of Directors of the Company ('Remuneration Committee') i.e. based on the Profit Earning Capacity Valuation (PECV) method and the Assets Under Management (AUM) method.

In terms of ESOS 2009 – Series I, the options vest over a period of 1-2 years from the date of grant. Accordingly, during the year 77,000 options (Previous Year Nil) vested. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme 2008 – Series I (ESOS 2008 – Series I) and Employees Stock Option Scheme 2008 – Series II (ESOS 2008 – Series II), the Company had on 10<sup>th</sup> March 2008 granted 5,24,000 stock options at an exercise price of ₹ 390/- per option under ESOS 2008 – Series I, representing 5,24,000 equity shares of ₹ 10/- each and 10,76,000 stock options at an exercise price of ₹ 750/- per option under ESOS 2008 – Series II, representing 10,76,000 equity shares of ₹ 10/- each to few employees and directors of the Company. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Remuneration Committee i.e. based on the Profit Earning Capacity Valuation (PECV) method and the Assets Under Management (AUM) method.

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

In terms of ESOS 2008 – Series I and ESOS 2008 – Series II, the options vest over a period of 3-4 years from the date of grant. Accordingly, during the year 2,46,000 options under ESOS 2008 – Series I (Previous Year Nil) vested and 4,93,250 options under ESOS 2008 – Series II (Previous Year Nil) vested [including 1,500 options under ESOS 2008 – Series II (Previous Year Nil) vested and lapsed]. The options can be exercised over a period of five years from the date of respective vesting.

Modifications, if any made to the terms and conditions of Employees Stock Option Schemes (ESOSs), as approved by the Remuneration Committee are disclosed separately.

**Method used for accounting for share based payment plan:**

The Company has used intrinsic value method to account for the compensation cost of stock options granted to the employees and directors of the Company. Intrinsic value is the amount by which the fair value of the underlying equity share of the Company exceeds the exercise price of the option. Since options under ESOS 2008 – Series I were granted at an exercise price less than the fair value of the underlying equity shares of the Company, the intrinsic value of each option under ESOS 2008 – Series I is ₹ 360/-. Options under ESOS 2008 – Series II and ESOS 2009 – Series I were granted at the fair value of the underlying equity shares of the Company.

**Movement in the options under ESOS 2008 & ESOS 2009:**

|  | No. of Options |           |           |               |           |           |
|--|----------------|-----------|-----------|---------------|-----------|-----------|
|  | Current Year   |           |           | Previous Year |           |           |
|  | ESOS 2008      |           | ESOS 2009 | ESOS 2008     |           | ESOS 2009 |
|  | Series I       | Series II | Series I  | Series I      | Series II | Series I  |
| Outstanding at the beginning of the year | 4,92,000       | 10,11,500 | 1,54,000  | 4,92,000      | 10,46,000 | Nil       |
| Granted during the year                  | Nil            | Nil       | Nil       | Nil           | Nil       | 1,54,000  |
| Exercised during the year                | 1,67,500       | 2,83,350  | 50,000    | Nil           | Nil       | Nil       |
| Lapsed during the year                   | Nil            | 35,000    | Nil       | Nil           | 34,500    | Nil       |
| Outstanding at the end of the year       | 3,24,500       | 6,93,150  | 1,04,000  | 4,92,000      | 10,11,500 | 1,54,000  |
| Exercisable at the end of the year       | 78,500         | 2,08,400  | 27,000    | Nil           | Nil       | Nil       |

Since all the options were granted at the same exercise price per option under the respective Series, the weighted average exercise price per option under the respective Series is the same.

**Fair value methodology:**

The fair value of options used to compute pro forma net income and earnings per equity share has been estimated on the date of grant using Black-Scholes model.

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

The key assumptions used in Black-Scholes model for calculating fair value under ESOS 2008 – Series I, ESOS 2008 – Series II and ESOS 2009 – Series I as on the date of grant were:

| Particulars              | ESOS 2008–Series I          | ESOS 2008–Series II         | ESOS 2009–Series I           |
|--------------------------|-----------------------------|-----------------------------|------------------------------|
| Date of grant            | 10 <sup>th</sup> March 2008 | 10 <sup>th</sup> March 2008 | 25 <sup>th</sup> August 2009 |
| Risk-free interest rate  | 7.03% - 7.22% p.a.          | 7.03% - 7.22% p.a.          | 6.24% - 6.56% p.a.           |
| Expected life            | 4 - 6 years                 | 4 - 6 years                 | 3 - 5 years                  |
| Expected volatility      | 0%                          | 0%                          | 0%                           |
| Dividend yield           | 1.97% p.a.                  | 1.97% p.a.                  | 2.73% p.a.                   |
| Fair value of the option | ₹ 407/-                     | ₹ 155/-                     | ₹ 66/-                       |

**Details of modifications in terms and conditions of ESOSs:**

No modifications were made in the terms and conditions of ESOSs during the current year. The Remuneration Committee at its meeting held on 25<sup>th</sup> August 2009 had approved few modifications in exercise price and vesting schedule of the options granted under ESOS 2008 – Series I and ESOS 2008 – Series II. Based on an independent valuation of the fair value of the underlying equity shares of the Company, the exercise price of ₹ 390/- per option under ESOS 2008 – Series I and exercise price of ₹ 750/- per option under ESOS 2008 – Series II was revised to ₹ 274/- per option under ESOS 2008 – Series I and to ₹ 527/- per option under ESOS 2008 – Series II. The fair value of the Company's underlying equity shares was determined in accordance with the pricing formula approved by the Remuneration Committee i.e. based on the Profit Earning Capacity Valuation (PECV) method and the Assets Under Management (AUM) method.

The options granted under ESOS 2008 – Series I and ESOS 2008 – Series II vest over a period of 3-4 years from the date of grant and can be exercised over a period of five years from the date of respective vesting.

Since options under ESOS 2008 – Series I were granted at an exercise price less than the fair value of the underlying equity shares of the Company, the intrinsic value of each option under ESOS 2008 – Series I stands revised to ₹ 253/-. Options under ESOS 2008 – Series II were granted at the fair value of the underlying equity shares of the Company.

The options thus modified have been fair valued as at 25<sup>th</sup> August 2009, being the modification date. The key assumptions considered in the pricing model for calculating fair value under ESOS 2008 – Series I and ESOS 2008 – Series II as on the date of modification were:

| Particulars              | ESOS 2008 – Series I |                  | ESOS 2008 – Series II |                  |
|--------------------------|----------------------|------------------|-----------------------|------------------|
|                          | Original Terms       | Modified Terms   | Original Terms        | Modified Terms   |
| Risk-free interest rate  | 5.85%-6.56% p.a.     | 6.24%-6.56% p.a. | 5.85%-6.56% p.a.      | 6.24%-6.56% p.a. |
| Expected life            | 2 – 5 years          | 3 – 5 years      | 2 – 5 years           | 3 - 5 years      |
| Expected volatility      | 0%                   | 0%               | 0%                    | 0%               |
| Dividend yield           | 2.73% p.a.           | 2.73% p.a.       | 2.73% p.a.            | 2.73% p.a.       |
| Fair value of the option | ₹ 166/-              | ₹ 261/-          | ₹ Nil                 | ₹ 66/-           |

The incremental share based compensation determined under fair value method amounts to ₹ 95/- per option under ESOS 2008 – Series I and ₹ 66/- per option under ESOS 2008 – Series II. The incremental fair value granted is taken into consideration for the purpose of computing the pro forma net income and earnings per equity share.

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011****Impact of fair value method on net profit and earning per share:**

Had compensation cost for the Company's stock options outstanding been determined based on the fair value approach, the Company's net profit and earning per share would have been as per the pro forma amounts indicated below:

(Amount in Rupees)

| Particulars   | Current Year         | Previous Year |
|---|----------------------|---------------|
| Adjusted Net Profit (as reported)   | <b>242,10,78,734</b> | 208,36,81,526 |
| Add: Stock-based employee compensation expense included in the net income (Gross ₹ 2,81,32,038; Previous Year ₹ 5,85,79,263)                              | <b>1,87,87,278</b>   | 3,86,68,172   |
| Less: Stock-based employee compensation expense determined under fair value based method (Gross ₹ 10,86,31,294; Previous Year ₹ 16,69,19,835) (pro forma) | <b>7,25,46,694</b>   | 11,01,83,783  |
| Net Profit (pro forma)  | <b>236,73,19,318</b> | 201,21,65,915 |

(Amount in Rupees)

| Particulars                             | Current Year | Previous Year |
|---|--------------|---------------|
| Basic earning per share (as reported)   | <b>96.05</b> | 82.81         |
| Basic earning per share (pro forma)     | <b>93.92</b> | 79.97         |
| Diluted earning per share (as reported) | <b>93.14</b> | 81.14         |
| Diluted earning per share (pro forma)   | <b>91.12</b> | 78.71         |

**Movement in Employee Stock Options Outstanding Account:**

(Amount in Rupees)

| Carrying Amount as at April 1, 2010 | Additions during the year | Transfer to Securities Premium during the year | Carrying Amount as at March 31, 2011 |
|-------------------------------------|---------------------------|--|--------------------------------------|
| 14,06,76,946                        | 2,81,32,039               | 6,03,00,000                                    | 10,85,08,985                         |

13. (a) In terms of interim order dated 17 June 2010 received from Securities and Exchange Board of India (SEBI), the Company has deposited ₹ 2,38,40,211 with HDFC Trustee Company Limited representing estimated losses incurred by the schemes of HDFC Mutual Fund /clients of the Company on suspected "front running" of the orders of HDFC Mutual Fund by a dealer of the Company. This amount is held by HDFC Trustee Company Limited in an account segregated for this purpose, till further orders by SEBI are received in this matter. The said amount has been included under Loans and Advances (Schedule 9).
- (b) The exact liability, if any on the Company in connection with the aforesaid matter cannot be determined at this stage.



**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011****14. Income in Foreign Currency**

(Amount in Rupees)

|                         | Current Year | Previous Year |
|-------------------------|--------------|---------------|
| Investment Advisory Fee | 1,23,17,475  | 3,17,64,353   |
| Interest Income         | 18,708       | 18,906        |

**15. Payments in Foreign Currency****A) Expenditure**

(Amount in Rupees)

|  | Current Year | Previous Year |
|--|--------------|---------------|
| i) Staff Training Expenses                   | 3,54,156     | 15,48,705     |
| ii) Travelling Expenses                      | 5,69,183     | 7,41,123      |
| iii) Overseas Representative Office Expenses | 1,08,37,617  | 74,19,197     |
| iv) Professional Fees                        | 25,14,398    | Nil           |

**B) Dividend**

(Amount in Rupees)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| i) Interim Dividend on Equity Shares    |              |               |
| (a) Year to which the dividend relates  | 2010-11      | 2009-10       |
| (b) Number of non-resident shareholders | 1            | 1             |
| (c) Number of Shares held               | 1,00,64,400  | 1,00,64,400   |
| (d) Amount Remitted (Gross)             | 29,18,67,600 | 22,14,16,800  |

**16. Managerial Remuneration**

Remuneration to the Managing Director:

(Amount in Rupees)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| Salary & Allowances (incl. Perquisites) | 5,57,21,293  | 4,17,75,004   |
| Contribution to Retirement benefits     | 13,78,600    | 12,07,800     |

Computation of net profits in accordance with Section 309(5) of the Companies Act, 1956 has not been given since no commission is payable.

**Schedule 17 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011****17. Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 17,07,42,980 (Previous Year ₹ 1,10,35,653).

**18. Comparatives Figures**

Figures for the Previous Year have been regrouped / rearranged, wherever necessary.

**19. Part IV to the Schedule VI of the Companies Act, 1956**

The Balance Sheet abstract and the Company's business profile as required by Part IV to Schedule VI to the Companies Act, 1956 is attached herewith.

For and on behalf of the Board

**Deepak S. Parekh**  
Chairman

Directors

**Keki M. Mistry**  
**Hoshang S. Billimoria**  
**Deepak B. Phatak**  
**Vijay Merchant**  
**Renu Sud Karnad**  
**P. M. Thampi**  
**Rajeshwar Raj Bajaan**  
**Humayun Dhanrajgir**  
**N Keith Skeoch**  
**James Aird**

**Milind Barve**  
Managing Director

**Rahul Bhandari**  
Chief Financial Officer

**Sylvia Furtado**  
Company Secretary

MUMBAI, April 28, 2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No.

1 2 3 0 2 7

State Code 1 1

Balance Sheet Date

3 1 3 2 0 1 1

**II. Capital Raised during the year : (Amount in ₹ '000)**

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

Stock Options

5 0 0 9

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ '000)**

Total Liabilities

1 0 5 8 6 8 4 7

Total Assets

1 0 5 8 6 8 4 7

**SOURCES OF FUNDS**

Paid-up Capital

2 5 1 6 9 0

Reserves and Surplus

4 8 9 7 1 7 2

Secured Loans

N I L

Unsecured Loans

N I L

**APPLICATION OF FUNDS**

Net Fixed Assets

3 9 3 4 4 3

Investments

4 2 5 6 1 0 5

Net Current Assets

4 9 9 3 1 4

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

**IV. Performance of the Company : (Amount in ₹ '000)**

Total Income

6 8 0 7 6 6 5

Total Expenditure

3 2 4 9 8 3 0

Profit Before Tax

3 5 5 7 8 3 5

Profit After Tax

2 4 2 1 7 9 2

Earnings per Share (in ₹)

9 6 . 0 5

Dividend Rate %

2 9 0

**V. Generic Names of Principal Services of the Company: (as per monetary terms)**

Item Code No. (ITC Code)

N I L

Product Description

A S S E T M A N A G E M E N T

Item Code No. (ITC Code)

N I L

Product Description

P O R T F O L I O M A N A G E M E N T S E R V I C E S

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

| Name of the Subsidiary   | HDFC Asset Management Company<br>(Singapore) Pte. Ltd. |
|--|--|
| The financial year of the subsidiary company ended on  | March 31, 2011   |
| Number of shares of the subsidiary company held by<br>HDFC Asset Management Company Limited  | 1,25,000   |
| The net aggregate of profits of the subsidiary company so far as these<br>concern the members of HDFC Asset Management Company Limited |  |
| (I) Dealt with in the accounts of HDFC Asset Management<br>Company Limited amounted to:  |  |
| (a) For subsidiary's financial year ended on March 31, 2011  | ₹ Nil  |
| (b) For previous financial years of the subsidiary since it became<br>subsidiary of HDFC Asset Management Company Limited              | ₹ Nil  |
| (II) Not dealt with in the accounts of HDFC Asset Management<br>Company Limited amounted to:   |  |
| (a) For subsidiary's financial year ended on March 31, 2011<br>— Loss  | ₹ 6,23,016   |
| (b) For previous financial years of the subsidiary since it became<br>subsidiary of HDFC Asset Management Company Limited - Loss       | ₹ 25,31,629  |

For and on behalf of the Board

**Deepak S. Parekh**  
Chairman

Directors

Keki M. Mistry  
Hoshang S. Billimoria  
Deepak B. Phatak  
Vijay Merchant  
Renu Sud Karnad  
P. M. Thampi  
Rajeshwar Raj Bajaaj  
Humayun Dhanrajgir  
N Keith Skeoch  
James Aird

MUMBAI, April 28, 2011

**Milind Barve**  
Managing Director

**Rahul Bhandari**  
Chief Financial Officer

**Sylvia Furtado**  
Company Secretary

# HDFC Asset Management Company (Singapore) Pte. Ltd.

A Wholly owned Subsidiary of HDFC Asset Management Company Limited



## Board of Directors

Mr. Milind Barve  
Mrs. Arfat Selvam  
Mr. Rahul Bhandari

### Auditors

PricewaterhouseCoopers LLP.  
Singapore  
Chartered Accountants

### Bankers

Citibank N.A., Singapore

### Registered Office

16 Collyer Quay,  
#17-00,  
Singapore - 049 318.  
Tel. No.: (65) 6311 0030  
Fax No.: (65) 6311 0058

## Directors' Report

The directors present their report to the shareholder together with the audited financial statements of the Company for the year ended March 31, 2011.

### Directors

The directors in office at the date of this report are as follows:

Mr. Milind Gajanan Barve

Mrs. Arfat Selvam

Mr. Rahul Bhandari

### Arrangements to enable directors to acquire shares and debentures

Neither at the end of, nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

### Directors' interests in shares and debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company and in case of related corporations i.e. HDFC Asset Management Company Limited (said Company), the Directors have disclosed their interest in Employee Stock Options (ESOPs) of the said Company and the details of acquisition of equity shares of the said Company pursuant to exercise of ESOPs and tendering their holdings in equity shares in the said Company pursuant to Buy-back offer of equity shares by the said Company.

### Directors' contractual benefits

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a Company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration as a result of their employment with related corporations.

### Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under any option scheme at the end of the financial year.

### Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

MUMBAI  
April 8, 2011

MILIND BARVE  
RAHUL BHANDARI  
Directors

## Statement by Directors

For the financial year ended March 31, 2011

In the opinion of the directors,

(a) the financial statements as set out are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

MUMBAI  
April 8, 2011

MILIND BARVE  
RAHUL BHANDARI  
Directors

## Independent Auditor's Report

TO THE MEMBERS OF HDFC ASSET MANAGEMENT COMPANY (SINGAPORE) PTE. LTD.

### Report on the Financial Statements

We have audited the accompanying financial statements of HDFC Asset Management Company (Singapore) Pte. Ltd. (the "Company") which comprise the balance sheet of the Company as at March 31, 2011, statement of comprehensive income, the statement of changes in equity and the cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 judgement, 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 controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by

## Independent Auditor's Report (Continued)

management, 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.

### Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011, and the results, changes in equity and cash flows of the

Company for the financial year ended on that date.

### Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PRICEWATERHOUSECOOPERS LLP

Public Accountants and  
Certified Public Accountants

SINGAPORE  
April 8, 2011



## Statement of Comprehensive Income

For the financial year ended March 31, 2011

|                                   | For the<br>financial<br>year ended<br>March 31, 2011<br>S\$ | For the<br>financial<br>year ended<br>March 31, 2010<br>S\$ |
|-----------------------------------|---|---|
| <b>Expenses</b>                   |   |   |
| – Professional fees               | (6,953)   | (8,889)   |
| – Auditor's remuneration          | (10,700)  | (10,700)  |
| – Other expenses                  | (532)   | (524)   |
|                                   | <u>(18,185)</u>   | <u>(20,113)</u>   |
| <b>Total comprehensive income</b> | <u><u>(18,185)</u></u>                                      | <u><u>(20,113)</u></u>                                      |

*The accompanying notes form an integral part of these financial statements.*

**Balance Sheet as at March 31, 2011**

|                                     | Notes | 2011<br>S\$   | 2010<br>S\$   |
|-------------------------------------|-------|---------------|---------------|
| <b>ASSETS</b>                       |       |               |               |
| <b>Current assets</b>               |       |               |               |
| Cash and cash equivalents           | 3     | 44,486        | 60,076        |
| Prepaid expenses                    |       | —             | 2,809         |
| <b>Total assets</b>                 |       | <b>44,486</b> | <b>62,885</b> |
| <b>LIABILITIES</b>                  |       |               |               |
| <b>Current liabilities</b>          |       |               |               |
| Audit fee payable                   |       | 10,700        | 10,700        |
| Other payables and accrued expenses |       | 2,675         | 2,889         |
| <b>Total liabilities</b>            |       | <b>13,375</b> | <b>13,589</b> |
| <b>Net assets</b>                   |       | <b>31,111</b> | <b>49,296</b> |
| <b>EQUITY</b>                       |       |               |               |
| Share capital                       | 4     | 125,000       | 125,000       |
| Accumulated losses                  |       | (93,889)      | (75,704)      |
| <b>Total equity</b>                 |       | <b>31,111</b> | <b>49,296</b> |

*The accompanying notes form an integral part of these financial statements.*

## Statement of Changes in Equity

For the financial year ended March 31, 2011

|  | Share<br>capital<br>S\$ | Accumulated<br>losses<br>S\$ | Total<br>S\$  |
|--|-------------------------|------------------------------|---------------|
| <b>For the financial year ended March 31, 2011</b> |                         |                              |               |
| As at April 1, 2010                                | 125,000                 | (75,704)                     | 49,296        |
| Total comprehensive income                         | —                       | (18,185)                     | (18,185)      |
| <b>As at March 31, 2011</b>                        | <b>125,000</b>          | <b>(93,889)</b>              | <b>31,111</b> |
| <b>For the financial year ended March 31, 2010</b> |                         |                              |               |
| As at April 1, 2009                                | 75,000                  | (55,591)                     | 19,409        |
| Additional issue of shares                         | 50,000                  | —                            | 50,000        |
| Total comprehensive income                         | —                       | (20,113)                     | (20,113)      |
| <b>As at March 31, 2010</b>                        | <b>125,000</b>          | <b>(75,704)</b>              | <b>49,296</b> |

*The accompanying notes form an integral part of these financial statements.*

## Cash Flow Statement

For the financial year ended March 31, 2011

|   | Notes | For the<br>financial<br>year ended<br>March 31, 2011<br>S\$ | For the<br>financial<br>year ended<br>March 31, 2010<br>S\$ |
|---|-------|---|---|
| <b>Cash flows from operating activities</b>                 |       |   |   |
| Total comprehensive income                                  |       | (18,185)  | (20,113)  |
| Operating cash flow before working capital changes          |       | (18,185)  | (20,113)  |
| Change in operating assets and liabilities                  |       |   |   |
| Prepaid expenses  |       | 2,809   | (1,684)   |
| Payables and accrued expenses                               |       | (214)   | 749   |
| Cash generated from/(used in) operations                    |       | 2,595   | (935)   |
| <b>Net outflow used in operating activities</b>             |       | (15,590)  | (21,048)  |
| <b>Cash flows from financing activity</b>                   |       |   |   |
| Proceeds from issue of shares                               |       | —   | 50,000  |
| <b>Cash inflow from financing activity</b>                  |       | —   | 50,000  |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |       | (15,590)  | 28,952  |
| <b>Cash and cash equivalents :</b>                          |       |   |   |
| <b>Beginning of the financial year</b>                      |       | 60,076  | 31,124  |
| <b>End of the financial year</b>                            | 3     | 44,486  | 60,076  |

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended March 31, 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. General

HDFC Asset Management Company (Singapore) Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore. The address of the Company's registered office is 16 Collyer Quay, #17-00, Singapore 049318.

The principal activities of the Company consist of asset/portfolio management. The Company is yet to commence business as at March 31, 2011.

### 2. Significant accounting policies

#### (a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Where estimates or judgements are made, such estimates and judgements are continuously evaluated and are based on expectations of future events that are believed to be reasonable under the circumstances. There are no significant estimates or judgements made by the management for the financial year.

#### (b) Revenue recognition

Revenue is recognised over the period in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual services provided as a proportion of the total services performed.

#### (c) Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash at bank, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts.

#### (d) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing more than 12 months after the balance sheet date, which are classified as non-current assets.

Receivables are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method less impairment.

Receivables are derecognised when the rights to receive cash flows from the customers have expired or have been received.

An allowance for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the financial year ended March 31, 2011

**(e) Income taxes**

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are recognised as income or expense in the statement of comprehensive income, except to the extent that the tax arises from a transaction which is recognised directly in equity.

**(f) Provisions for other liabilities and charges**

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**(g) Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

**(h) Currency translation**

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the statement of comprehensive income. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

**3. Cash and cash equivalents**

|              | 2011<br>S\$   | 2010<br>S\$   |
|--------------|---------------|---------------|
| Cash at bank | <u>44,486</u> | <u>60,076</u> |

**4. Share capital**

The Company's share capital comprise fully paid-up 125,000 ordinary shares with value of S\$ 1 per share, amounting to a total of S\$ 125,000.

**5. Related party transactions**

- (a) The Company is wholly-owned subsidiary of HDFC Asset Management Company Limited, a Company incorporated in India. The ultimate holding company is Housing Development Finance Corporation Limited, a Company incorporated in India.
- (b) There are no transactions between the Company and its related parties during the financial year.
- (c) The Directors did not receive any emoluments in respect of their services to the Company during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the financial year ended March 31, 2011

### 6. Financial risk management

The Board of Directors are responsible for setting the objective and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement.

#### (a) Market risk

##### (i) *Currency risk*

The Company has no significant exposure to currency risk as its balances and transactions are predominantly denominated in Singapore dollars, which is the Company's functional currency.

##### (ii) *Price risk*

The Company has no exposure to price risk as it has no equity investments.

##### (iii) *Interest rate risk*

The Company has no significant interest-bearing assets except for its cash balances maintained with financial institutions.

#### (b) Credit risk

The Company's credit risk arises only from its cash and cash equivalents, which is maintained with a reputed financial institution with a reasonably high credit rating.

#### (c) Liquidity risk

The Company ensures that it maintains sufficient cash and cash equivalents, which are adequate to meet its liquidity requirements.

The maturity period of the Company's financial liabilities is less than 12 months and approximates their carrying values.

### 7. Fair value estimation of financial assets and liabilities

The fair value of current financial assets and liabilities carried at amortized cost approximate their carrying amounts.

### 8. Authorization of financial statements

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of HDFC Asset Management Company (Singapore) Pte. Ltd. on April 8, 2011.

# HDFC Trustee Company Limited

A Wholly owned Subsidiary of Housing Development Finance Corporation Limited





## Board of Directors

Mr. Anil Hirjee  
**Chairman**

### Directors

Mr. Shishir Diwanji  
Mr. Ranjan Sanghi  
Mr. V. Srinivasa Rangan  
Mr. Vincent O'Brien

### Auditors

Deloitte Haskins & Sells  
Chartered Accountants

### Bankers

HDFC Bank Ltd.

### Registered Office

Ramon House,  
H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Tel. No. : 022-6631 6333  
Fax No. : 022-2204 4304

## Directors' Report

TO THE MEMBERS

Your Directors have the pleasure in presenting the Twelfth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2011.

### Financial Results

|   | For the year ended<br>March 31, 2011<br>(Rupees) | For the year ended<br>March 31, 2010<br>(Rupees) |
|---|--|--|
| Profit before Tax                             | 19,999   | 41,633   |
| Provision for Tax                             | —  | —  |
| Short Provision for Tax<br>of earlier years   | —  | —  |
| Profit after Tax                              | 19,999   | 41,633   |
| Balance brought forward<br>from previous year | 6,69,242   | 6,27,609   |
| Balance carried to<br>Balance Sheet           | <u>6,89,241</u>                                  | <u>6,69,242</u>                                  |

### Dividend

Your Directors do not recommend any dividend for the year ended March 31, 2011.

### Share Capital

During the year under review, the Company has not issued any further shares.

### Review of Operations

Your Directors are pleased to report that: —

❖ The Average Asset under Management (AAuM) during the financial year 2010-11 was ₹ 89,482.52 crore as against AAuM of ₹ 88,053.79 crore in financial year 2009-2010, which is an increase of 1.62% over previous financial year. This compares favourably with that of the industry which fell by 2.80% over the corresponding period. Notably, the closing Assets under Management (AuM) of equity, balanced and ELSS schemes grew by 30.06% as against industry degrowth of 0.74%. HDFC Mutual Fund (HDFCMF) continues to retain its

position as 2<sup>nd</sup> largest mutual fund in India and its overall market share has improved from 12.17% as on March 31, 2010 to 12.72% as on March 31, 2011.

❖ During the year, HDFC Asset Management Company Limited (AMC) continued its thrust on promoting retail business especially Systematic Investment Plan (SIP), which grew by over 90% (in terms of both value & count). Now, over one million customers invest in various schemes of HDFCMF through SIP. The AMC's focus on opening new branches to penetrate the market has resulted into an increase in its retail share of business to ~ 66% as on March 31, 2011 as against ~ 53% as on March 31, 2010. During the year, the AuM of HDFC Top 200 Fund and HDFCMF Monthly Income Plan – Long Term Plan crossed ₹ 10,000 crore, which is a significant milestone. During the year, the total number of accounts managed by HDFCMF rose by around 19% to ₹ 46.55 lac as at March 31, 2011 from

₹ 39.02 lac as at March 31, 2010. The number of Investor Service Centres (ISCs) of the AMC as on March 31, 2011 was at 115. ISCs of Computer Age Management Services Pvt. Ltd. (CAMS), the Registrar and Transfer Agent of HDFCFMF are Official Points of Acceptance for transactions of HDFCFMF Schemes. These offices (229 as on March 31, 2011 as against 206 on March 31, 2010) supplement the investor-servicing network of AMC. With these offices, the AMC services investors in over 200 cities pan India.

#### **New Scheme launched under HDFC Mutual Fund**

The AMC to commemorate its 10th anniversary year, launched HDFC Debt Fund for Cancer Cure (HDFCC), a 3 year close ended capital protection oriented income scheme in association with Indian Cancer Society, a Public Charitable Trust and India's oldest anti-cancer NGO established in 1951, to fight cancer. HDFCC was structured to provide an opportunity to the investors to support this cause through donation of dividends, fully or partly, earned on their investments. In support of this social objective, the AMC shall not levy any investment and advisory fees to manage HDFCC. This unique initiative was well received and the New Fund Offer (NFO) collected over ₹ 75 crore.

#### **Awards**

Your Directors are pleased to inform that HDFC Mutual Fund and AMC received the following awards as Fund House of the Year during the year under review: –

##### **1) ICRA Mutual Fund Awards 2011#**

❖ HDFC Mutual Fund was awarded the 'Star Fund House of the Year' in the 'Equity' Category (from amongst 13 fund houses) for the one year period ending December 31, 2010.

##### **2) CNBC TV18 - CRISIL Mutual Fund Awards 2011#**

❖ HDFC Mutual Fund won the "Debt Mutual Fund House of the Year" Award for the calendar year ended December 31, 2010 (from amongst 41 fund houses).

❖ HDFC Mutual Fund won the "Equity Mutual Fund House of the Year" Award for the calendar year ended December 31, 2010 (from amongst 41 fund houses).

❖ HDFC Mutual Fund won the "Mutual Fund House of the Year" Award for the calendar year ended December 31, 2010 (from amongst 41 fund houses).

##### **3) Morningstar India Fund Awards 2011#**

❖ AMC won the "Best Equity Fund House" by Morningstar India. The award recognizes sustained outperformance over three years, based on the Morningstar Risk-Adjusted Return across its equity fund line-ups for the period ending December 31, 2010.

❖ AMC won the "Best Multi-Asset Fund House" by Morningstar India. The award recognizes sustained outperformance over three years, based on the Morningstar Risk-Adjusted Return across its equity, debt and allocation fund line-ups for the period ending December 31, 2010. 16 fund houses were considered for this award.

##### **4) Bloomberg UTV Financial Leadership Awards 2011#**

❖ HDFC Mutual Fund won the Best Mutual Fund - Equity of the Year - All Mutual Funds operating in the country were evaluated and 6 fund houses including HDFC Mutual Fund were shortlisted to make presentations to the jury based on the performance of their schemes.

##### **5) Business World -Value Research Survey Disclaimer#**

❖ The AMC was nominated as Best Asset Management Company. The AMCs were ranked based on funds rated either 4-star or 5-star by Value Research as a percentage of the total number of rated funds.

During the year under review, the following schemes of HDFC Mutual Fund also received awards:

##### **1) ICRA Mutual Fund Awards 2011 - HDFC Mutual Fund#**

❖ HDFC Prudence Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Balanced for one year period ending December 31, 2010 (from amongst 28 schemes).

❖ HDFC Capital Builder Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Diversified Equity - Aggressive for one year period ending December 31, 2010 (from amongst 83 schemes).

❖ HDFC Equity Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Diversified Equity - Defensive for one year period ending December 31, 2010 (from amongst 118 schemes).

❖ HDFC TaxSaver - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Equity Linked Savings Schemes (ELSS) for one year period ending December 31, 2010 (from amongst 34 schemes).

❖ HDFC MF Monthly Income Plan - Long Term Plan - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Marginal Equity for one

year period ending December 31, 2010 (from amongst 46 schemes).

❖ HDFC Prudence Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Balanced for three year period ending December 31, 2010 (from amongst 27 schemes).

❖ HDFC Short Term Plan - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Debt – Short Term for three year period ending December 31, 2010 (from amongst 18 schemes).

❖ HDFC Equity Fund - Ranked as "Seven Star Fund" has been awarded Gold Award for 'Best Performance' in the category of Open Ended Diversified Equity - Defensive for three year period ending December 31, 2010 (from amongst 95 schemes).

❖ HDFC Children's Gift Fund - Investment Plan - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Balanced for one year period ending December 31, 2010 (from amongst 28 schemes).

❖ HDFC Balanced Fund - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Balanced for one year period ending December 31, 2010 (from amongst 28 schemes).

❖ HDFC Growth Fund - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Diversified Equity - Defensive for one year period ending December 31, 2010 (from amongst 118 schemes).

❖ HDFC Long Term Advantage Fund - Ranked as "Five Star Fund" indicating performance among top 4.6% in the

category of Open Ended Equity Linked Savings Schemes (ELSS) for one year period ending December 31, 2010 (from amongst 34 schemes).

❖ HDFC Cash Management Fund-Treasury Advantage Plan - Retail Option - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Liquid for one year period ending December 31, 2010 (from amongst 54 schemes).

❖ HDFC Children's Gift Fund - Savings Plan - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Marginal Equity for one year period ending December 31, 2010 (from amongst 46 schemes).

❖ HDFC Multiple Yield Fund - Plan 2005 - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Marginal Equity for one year period ending December 31, 2010 (from amongst 46 schemes).

❖ HDFC Balanced Fund - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Balanced for three year period ending December 31, 2010 (from amongst 27 schemes).

❖ HDFC Multiple Yield Fund - Plan 2005 - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Marginal Equity for three year period ending December 31, 2010 (from amongst 45 schemes).

❖ HDFC TaxSaver - Ranked as "Five Star Fund" indicating performance among top 4.6% in the category of Open Ended Equity Linked Savings Schemes (ELSS) for three year period ending December 31, 2010 (from amongst 23 schemes).

## 2) CNBC TV18 - CRISIL Mutual Fund Awards 2011#

❖ Equity Fund Manager of the Year - Mr. Prashant Jain won the "Equity Fund Manager of the Year" Award at the CNBC TV18 - CRISIL Mutual Fund Awards 2011 for the calendar year 2010 (from amongst 17 fund managers).

❖ HDFC Prudence Fund won the "Best Performing Mutual Fund of the Year - Balanced Fund" Award for the calendar year 2010 (from amongst 18 schemes) at the CNBC TV18 - CRISIL Mutual Fund Awards 2011.

❖ HDFC MF Monthly Income Plan - Long Term Plan won the "Best Performing Mutual Fund of the Year - Monthly Income Plans" Award for the calendar year 2010 (from amongst 30 schemes).

❖ HDFC Cash Management Fund - Treasury Advantage Plan won the "Best Performing Mutual Fund of the Year - Ultra Short Term Funds - Retail" Award for the calendar year 2010 (from amongst 31 schemes).

❖ HDFC Cash Management Fund - Savings Plan won the "Best Performing Mutual Fund of the Year - Liquid Funds - Retail" Award during the calendar year 2010 (from amongst 19 schemes).

## 3) Morningstar India Fund Awards 2011#

❖ HDFC Balanced Fund-Growth won the "Best Moderate Allocation Fund" by Morningstar India for its one and three-year performance ending December 31, 2010.

❖ HDFC Multiple Yield Fund – Plan 2005 – Growth won the "Best Conservative Allocation Fund" by Morningstar India for its one and three-year performance ending December 31, 2010.

# Please refer [www.hdfcfund.com](http://www.hdfcfund.com) for further information on the Ranking Methodology/Disclaimers, etc for the Awards.

### Directors

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ranjan Sanghi and Mr. V Srinivasa Rangan, Directors, retire by rotation at the ensuing Annual General Meeting. They are eligible for re-appointment.

Necessary resolutions for re-appointment of the aforesaid Directors have been included in the notice convening the Annual General Meeting.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 274 of the Companies Act, 1956.

### Board Meetings

The meetings of the Board of Directors are held at the Company's registered office in Mumbai.

Eleven Board meetings were held during the financial year under review – on April 26, 2010, June 30, 2010, July 15, 2010, July 29, 2010, September 21, 2010, October 6, 2010, October 18, 2010, November 19, 2010, December 14, 2010, January 14, 2011 and March 25, 2011.

The attendance of each Director at the meetings of the Board of Directors is as under:

| Directors                  | Number of Board Meetings Attended |
|----------------------------|-----------------------------------|
| Mr. Anil Hirjee (Chairman) | 7                                 |
| Mr. Vincent O'Brien        | 4                                 |
| Mr. Shishir Diwanji        | 11                                |
| Mr. Ranjan Sanghi          | 11                                |
| Mr. V Srinivasa Rangan     | 11                                |

### Board Committees

To enable better and more focused attention on the affairs of the Company, the Board has constituted Committees of the Board such as Audit Committee, Risk Management Committee and Customer Services Committee to which specific matters have been delegated from time to time.

These Committees prepare the groundwork for decision-making and report at the subsequent Board meeting.

### Audit Committee

The members of the Audit Committee are Mr. Anil Hirjee (Chairman), Mr. Vincent O'Brien, Mr. Shishir Diwanji, Mr. Ranjan Sanghi and Mr. V. Srinivasa Rangan. The Audit Committee is constituted in accordance with the provisions of the Companies Act, 1956. The quorum for the Audit Committee is two members.

The terms of reference of the Audit Committee include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, internal control systems and procedures.

The Committee reviews the reports of the internal auditor and statutory auditor along with their comments and action taken by the management of HDFC Asset Management Company Limited (AMC).

The Committee met 5 times during the financial year under review. The Audit Committee met prior to the finalisation of the accounts for the year ended March 31, 2011.

### Public Deposits

During the year under the review, the Company has not accepted any deposits from the public.

### Particulars Regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Expenditure

Since the Company does not carry out any manufacturing activity and has no dealings in foreign exchange, the particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

### Particulars of Employees

The Company has no employees on its payroll as at March 31, 2011. The provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are consequently not applicable.

### Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, Statutory Auditors of your Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### Directors' Responsibility Statement

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

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and

prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2011 and of the profit of the Company for year ended on that date.

(iii) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

(iv) The annual accounts of the Company have been prepared on a going concern basis.

#### **Compliance Certificate**

Pursuant to Section 383A of the Companies Act, 1956, a certificate from

Mr. Rajkumar Tiwari, a secretary in whole-time practice to the effect that the Company has complied with all the provisions of the Companies Act, 1956 is attached.

#### **Acknowledgements**

The Directors wish to place on record their appreciation to all employees of HDFC Asset Management Company Limited (which acts as the Investment Manager to HDFC Mutual Fund) for their dedication and commitment and also to the investors, distributors and other service providers for their commitment and look forward to their continued support.

The Directors acknowledge the valuable assistance, support and guidance given by the Securities and Exchange Board

of India, Association of Mutual Funds of India, Reserve Bank of India, Unit holders and bankers. The Directors would like to convey their gratitude to the members and look forward to their continued support.

The Directors also acknowledge the faith reposed in HDFC Mutual Fund by its investors and look forward to their continued support.

On behalf of the Board of Directors

MUMBAI  
April 28, 2011

ANIL HIRJEE  
Chairman

**COMPLIANCE CERTIFICATE**

[ISSUED UNDER THE COMPANIES (COMPLIANCE CERTIFICATE) RULES, 2001.]

CIN No. of the Company : U65991MH1999PLC123026  
 Nominal Capital : ₹ 10,00,000

**TO THE MEMBERS OF HDFC TRUSTEE COMPANY LIMITED**

I have examined the registers, records, books and papers of HDFC Trustee Company Limited (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the memorandum and articles of association of the company for the financial year ended **March 31, 2011**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.

2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.

3. The company being a public limited company has the minimum prescribed paid-up capital.

4. (i) The board of directors duly met 11 (Eleven) times during the year under scrutiny on April 26, 2010, June 30, 2010, July 15, 2010, July 29, 2010, September 21, 2010, October 6, 2010, October 18, 2010, November 19, 2010, December 14, 2010, January 14, 2011 and March 25, 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions

passed in the Minutes Book maintained for the purpose.

(ii) The audit committee duly met 05 (Five) times during the year under scrutiny on April 26, 2010, June 29, 2010, July 14, 2010, October 18, 2010 and January 14, 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minute Book maintained for the purpose.

(iii) The customer services committee duly met 04 (Four) times during the year under scrutiny on April 26, 2010, July 15, 2010, October 18, 2010 and January 14, 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes book maintained for the purpose.

(iv) The risk management committee duly met 04 (Four) times during the year under scrutiny on April 26, 2010, July 15, 2010, October 18, 2010 and January 14, 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

5. The company has not closed its Register of Members during the financial year.

6. The annual general meeting for the financial year ended March 31, 2010 was held on April 26, 2010 after giving shorter notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No extra ordinary general meeting was held during the financial year.

8. The company has not advanced any loan to its directors and/or persons or firms or companies referred to under Section 295 of the Act.

9. The company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The company was not required to make any entries in the register maintained under Section 301 of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the company was not required to obtain any approvals from the board of directors, members or central government.

12. The company has not issued any duplicate share certificates during the financial year.

13. (i) There was no allotment / transfer / transmission of securities during the financial year.

(ii) The company was not required to deposit any amount in separate bank account as no dividend was declared during the financial year.

(iii) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year.

(iv) The company was not required to transfer any unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which remained unclaimed or unpaid for the period of 7 years to Investors Education and Protection Fund during the financial year.

(v) The company has duly complied with the requirements of Section 217 of the Act.



14. The board of directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the Financial Year.

15. The company has not appointed any Managing Director/Manager during the financial year.

16. The company has not appointed any sole selling agents during the financial year.

17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act.

18. The directors have disclosed their interest in other firms/companies to the board of directors pursuant to the provisions of the Act and the rules made thereunder.

19. The company has not issued any shares, debentures or other securities during the financial year.

20. The company has not bought back any shares during the financial year.

21. The company has not issued any preference shares or debentures till date; consequently there was no redemption

of preference shares or debentures during the financial year.

22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.

24. The company has not made any borrowings during the financial year ended March 31, 2011.

25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.

26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.

27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.

28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.

29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.

30. The company has not altered its articles of association during the financial year.

31. There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.

32. The company has not received any money as security from its employees, as there were no employees employed during the financial year.

33. There were no employees employed during the financial year hence the company was not required to deduct any contribution towards Provident Fund.

RAJKUMAR R. TIWARI  
Practising Company Secretary  
C. P. No.: 2400  
FCS: 4227

MUMBAI  
April 18, 2011

**ANNEXURE A****Registers as maintained by the Company under the Act****A. Statutory Registers as maintained by the Company**

- (1) Register of Charges u/s 143
- (2) Register of Members u/s 150
- (3) Registers and Returns u/s 163
- (4) Minutes of the Meeting of the Board of Directors u/s 193(1)
- (5) Minutes of the Audit Committee u/s 193 (1)

- (6) Minutes of the Risk Management Committee u/s 193 (1)
- (7) Minutes of the Customer Services Committee u/s 193 (1)
- (8) Minutes of the meeting of the Members u/s 193(1)
- (9) Books of Accounts u/s 209
- (10) Register of Contracts u/s 301
- (11) Register of Contracts, Companies and Firms in which Directors are interested u/s 301 (3)
- (12) Register of Directors u/s 303
- (13) Register of Directors' Shareholdings u/s 307

- (14) Register of investment made/ guarantee given or security provided u/s 372A

**B. Non-Statutory Registers as maintained by the Company**

- (1) Register of Application & Allotment of Shares.
- (2) Register of Transfers
- (3) Register of Attendance of Directors at Board and Committee Meetings
- (4) Register of Attendance of Members at the General Meeting.

**ANNEXURE B**

Forms and Returns as filed by the company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended March 31, 2011.

| Sr. No. | Form No./ Return   | Filed Under Section | For                                       | Date of Filing | Whether filed within prescribed Time | If delay in filing, whether requisite additional fee paid Yes / No |
|---------|--|---------------------|---|----------------|--------------------------------------|--|
| 1       | Form 66 (Compliance Certificate for the year ended March 31, 2010)                               | U/s. 383A(1)        | Compliance & Record (2009-10)             | 11.05.2010     | Yes                                  | N/A  |
| 2       | Form 23AC and 23 ACA (Balance Sheet and Profit & Loss Account for the year ended March 31, 2010) | U/s. 220(1)         | Compliance & Record (2009-10)             | 13.05.2010     | Yes                                  | N/A  |
| 3       | Form 20B (Annual Return made upto April 26, 2010)  | U/s. 159(1)         | Compliance & Record (2009-10)             | 13.05.2010     | Yes                                  | N/A  |
| 4       | Form 23 (Particulars of Special Resolution)  | U/s 192             | Registration of Special Resolution        | 13.05.2010     | Yes                                  | N/A  |
| 5       | Form 32 (Particulars of Appointment of Director and Changes among them)                          | U/s 303(2)          | Regularisation of Appointment of Director | 18.05.2010     | Yes                                  | N/A  |



## Auditors' Report

### TO THE MEMBERS OF HDFC TRUSTEE COMPANY LIMITED

1. We have audited the attached Balance Sheet of HDFC TRUSTEE COMPANY LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 ("CARO"/ "Order") issued by the Central Government in terms of Section 227(4A)

of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956 in the

manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No.117365W)

Z. F. BILLIMORIA  
Partner  
MUMBAI  
April 28, 2011 (Membership No.42791)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (i), (ii), (iii), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(iii) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any contracts or arrangements referred to in Section 301 of the Companies Act,

1956, during the year, that were needed to be entered into the register maintained under that section.

(iv) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.

(v) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed dues including Service Tax, Income-tax and other material statutory dues applicable to it with the appropriate authorities during the year.

(b) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at March 31, 2011 for a

period of more than six months from the date they became payable.

(vi) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have, *prima facie*, been used for long term investment.

(vii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants  
(Registration No. 117365W)

Z. F. BILLIMORIA

MUMBAI  
April 28, 2011

Partner  
(Membership No. 42791)

## Balance Sheet as at March 31, 2011

|   | Schedule | Rupees             | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|----------|--------------------|-----------------------------------|-----------------------------------|
| <b>SOURCES OF FUNDS</b>                               |          |                    |                                   |                                   |
| SHAREHOLDERS' FUNDS                                   |          |                    |                                   |                                   |
| Share Capital   | 1        |                    | 10,00,000                         | 10,00,000                         |
| Reserves and Surplus                                  | 2        |                    | <u>6,89,241</u>                   | <u>6,69,242</u>                   |
|   |          |                    | <u>16,89,241</u>                  | <u>16,69,242</u>                  |
| <b>APPLICATION OF FUNDS</b>                           |          |                    |                                   |                                   |
| CURRENT ASSETS, LOANS AND ADVANCES                    |          |                    |                                   |                                   |
| Sundry Debtors  | 3        | 2,41,60,956        | 3,09,58,133                       |                                   |
| Cash and Bank Balances                                | 4        | 2,38,40,941        | 9,647                             |                                   |
| Loans and Advances                                    | 5        | <u>3,95,87,745</u> | <u>3,50,16,027</u>                |                                   |
|   |          | <u>8,75,89,642</u> | <u>6,59,83,807</u>                |                                   |
| Less: CURRENT LIABILITIES AND PROVISIONS              |          |                    |                                   |                                   |
| Current Liabilities                                   | 6        | <u>8,59,00,401</u> | <u>6,43,14,565</u>                |                                   |
|   |          | <u>8,59,00,401</u> | <u>6,43,14,565</u>                |                                   |
| NET CURRENT ASSETS                                    |          |                    | <u>16,89,241</u>                  | <u>16,69,242</u>                  |
|   |          |                    | <u>16,89,241</u>                  | <u>16,69,242</u>                  |
| Significant Accounting Policies and Notes to Accounts | 8        |                    |                                   |                                   |

In terms of our report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 28, 2011

For and on behalf of the Board

**Anil K. Hirjee**  
Chairman

Directors  
**Ranjan Sanghi**  
**Shishir Diwanji**  
**V. Srinivasa Rangan**

## Profit & Loss Account for the year ended March 31, 2011

|   | Schedule | For the year ended<br>March 31, 2011<br>Rupees | For the year ended<br>March 31, 2010<br>Rupees |
|---|----------|--|--|
| <b>INCOME</b>   |          |  |  |
| Trusteeship Fee<br>(Tax Deducted at Source ₹ 1,24,57,294;<br>Previous Year ₹ 1,38,20,870) |          | 11,29,40,145                                   | 11,99,43,915                                   |
| Dividend Income (Non Trade, Current)  |          | 57,171   | 5,09,618                                       |
| Profit on Redemption of Current Investments (Non Trade)                                   |          | —  | 28,575   |
| Other Income  |          | 6,72,510                                       | 93,107   |
| <b>Total</b>  |          | <b>11,36,69,826</b>                            | <b>12,05,75,215</b>                            |
| <b>EXPENDITURE</b>  |          |  |  |
| Administrative and Other Expenses   | 7        | 11,36,49,827                                   | 12,05,33,582                                   |
| <b>Total</b>  |          | <b>11,36,49,827</b>                            | <b>12,05,33,582</b>                            |
| <b>PROFIT BEFORE TAX</b>  |          | <b>19,999</b>                                  | <b>41,633</b>                                  |
| Less: Provision for Tax   |          | —  | —  |
| <b>PROFIT AFTER TAX</b>   |          | <b>19,999</b>                                  | <b>41,633</b>                                  |
| Balance brought forward from Previous Year  |          | 6,69,242                                       | 6,27,609                                       |
| Balance carried to the Balance Sheet  |          | 6,89,241                                       | 6,69,242                                       |
| Earnings Per Share [Face Value ₹10] (Refer note 2.1 to Schedule 8)                        |          | 0.20   | 0.42   |
| Significant Accounting Policies and Notes to Accounts                                     | 8        |  |  |

In terms of our report of even date

For and on behalf of the Board

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

**Anil K. Hirjee**  
Chairman

Directors  
**Ranjan Sanghi**  
**Shishir Diwanji**  
**V. Srinivasa Rangan**

MUMBAI, April 28, 2011

## Cash Flow Statement for the year ended March 31, 2011

|   | For the year ended<br>March 31, 2011<br>Rupees | For the year ended<br>March 31, 2010<br>Rupees |
|---|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |  |  |
| Profit before taxation and extraordinary items  | 19,999   | 41,633   |
| <b>Add / (Less) : Adjustments for</b>   |  |  |
| Profit / loss on redemption of investment (net)   | 4,135  | (26,540)                                       |
| Dividend income (Refer note 2.5 to Schedule 8)  | (57,171)                                       | (5,09,618)                                     |
| <b>Operating (loss) / profit before working capital changes</b>   | <u>(33,037)</u>                                | <u>(4,94,525)</u>                              |
| Adjustments for :   |  |  |
| Trade receivables   | 68,09,276                                      | (1,28,65,297)                                  |
| Trade payables  | 2,15,85,836                                    | 2,63,92,300                                    |
| Cash generated from operations  | 2,83,62,075                                    | 1,30,32,478                                    |
| Income tax paid   | (45,83,817)                                    | (1,35,82,528)                                  |
| <b>Net cash from / (used in) operating activities</b>   | <u>2,37,78,258</u>                             | <u>(5,50,050)</u>                              |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |  |  |
| Purchase of investments   | (35,00,000)                                    | (6,71,84,439)                                  |
| Proceeds from redemption of investments   | 35,53,036                                      | 6,77,20,596                                    |
| <b>Net cash from / (used in) investing activities</b>   | <u>53,036</u>                                  | <u>5,36,157</u>                                |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |  |  |
| <b>Net cash from / (used in) financing activities</b>   | —  | —  |
| Net increase / (decrease) in cash and cash equivalents during the year  | <u>2,38,31,294</u>                             | <u>(13,893)</u>                                |
| Cash and cash equivalents at the beginning of the year as per Schedule 4  | 9,647  | 23,540   |
| Cash and cash equivalents at the end of the year as per Schedule 4 (Refer note 2.7 (a) to Schedule 8 in respect of amount, which is not freely available for use) | <u>2,38,40,941</u>                             | 9,647  |
|   | <u>2,38,31,294</u>                             | <u>(13,893)</u>                                |

In terms of our report of even date

For and on behalf of the Board

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

**Anil K. Hirjee**  
Chairman

Directors  
**Ranjan Sanghi**  
**Shishir Diwanji**  
**V. Srinivasa Rangan**

MUMBAI, April 28, 2011

## Schedules

Annexed to and forming part of the Accounts

### Schedule 1

#### SHARE CAPITAL

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| AUTHORISED<br>1,00,000 Equity Shares of ₹ 10 each  | 10,00,000                         | 10,00,000                         |
| ISSUED, SUBSCRIBED AND PAID-UP<br>1,00,000 Equity Shares of ₹ 10 each, fully paid-up<br>(All the shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees) | 10,00,000                         | 10,00,000                         |
| <b>Total</b>   | <b>10,00,000</b>                  | <b>10,00,000</b>                  |

### Schedule 2

#### RESERVES AND SURPLUS

|                         | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------------------|-----------------------------------|-----------------------------------|
| Profit and Loss Account | 6,69,241                          | 6,69,242                          |
| <b>Total</b>            | <b>6,69,241</b>                   | <b>6,69,242</b>                   |

### Schedule 3

#### SUNDRY DEBTORS

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Trusteeship Fee Receivable (Unsecured, considered good outstanding for less than six months) | 2,41,60,956                       | 3,09,58,133                       |
| <b>Total</b>   | <b>2,41,60,956</b>                | <b>3,09,58,133</b>                |

### Schedule 4

#### CASH AND BANK BALANCES

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| Balance with Scheduled Bank : In Current Accounts<br>(Refer note 2.7 (a) to Schedule 8) | 2,38,40,941                       | 9,647                             |
| <b>Total</b>  | <b>2,38,40,941</b>                | <b>9,647</b>                      |

### Schedule 5

#### LOANS AND ADVANCES (unsecured, considered good)

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Advance Taxes (Refer note 2.3 to Schedule 8) | 3,95,41,937                       | 3,49,58,120                       |
| Advance Recoverable in Cash or in Kind       | 45,808                            | 57,907                            |
| <b>Total</b>                                 | <b>3,95,87,745</b>                | <b>3,50,16,027</b>                |

**Schedule 6****CURRENT LIABILITIES**

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Sundry Creditors (Refer note 2.8 to Schedule 8)            |                                   |                                   |
| — Dues to Micro and Small Enterprises                      | —                                 | —                                 |
| — Dues to Creditors other than Micro and Small Enterprises | 6,14,30,240                       | 6,42,98,009                       |
| Other Liabilities  | 2,44,70,161                       | 16,556                            |
| <b>Total</b>   | <b>8,59,00,401</b>                | <b>6,43,14,565</b>                |

**Schedule 7****ADMINISTRATIVE AND OTHER EXPENSES**

|  | For the year ended<br>March 31, 2011<br>Rupees | For the year ended<br>March 31, 2010<br>Rupees |
|--|--|--|
| Marketing and Distribution Expenses                            | 9,95,00,000                                    | 11,90,50,000                                   |
| Auditors' Remuneration:  |  |  |
| Statutory Audit Fees   | 50,000   | 40,000   |
| Tax Audit Fees   | 10,000   | 10,000   |
| Other Services   | —  | 10,000   |
| Service Tax  | —  | 1,030  |
|  | 60,000   | 61,030   |
| Professional and Legal Expenses (Refer note 2.6 to Schedule 8) | 1,30,81,237                                    | 5,84,053                                       |
| Directors' Sitting Fees  | 9,60,000                                       | 8,20,000                                       |
| Directors' Travelling Expenses                                 | —  | 14,384   |
| Rates and Taxes  | 2,000  | 2,000  |
| Loss on Redemption of Current Investments (Non Trade)          | 4,135  | 2,035  |
| Miscellaneous Expenses   | 42,455   | 80   |
| <b>Total</b>   | <b>11,36,49,827</b>                            | <b>12,05,33,582</b>                            |

**Schedule 8****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS****I. SIGNIFICANT ACCOUNTING POLICIES****I.1 Accounting Convention**

These financial statements have been prepared in accordance with historical cost convention and applicable Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**I.2 Income Recognition**

Trusteeship fees are accrued quarterly at agreed rates on the daily net assets of schemes of HDFC Mutual Fund and income from investments are accounted for on accrual basis.

Dividend income is accounted when the right to receive the income is established.

**I.3 Investments**

Current investments are valued at lower of cost and fair value.

Cost includes the purchase price and related expenses such as brokerage and stamp duty.

The difference between the cost and the redemption/sale proceeds (net of expenses) is recognised in the profit and loss account. For calculation of profit/loss on sale/redemption of investments, cost is calculated on weighted average basis.

**I.4 Income Tax**

The accounting treatment for income-tax in respect of the Company's income is based on Accounting Standard (AS) 22 - "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income tax in the accounts comprises both, current and deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognized in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. However in the event where the Company has unabsorbed depreciation or brought forward losses, deferred tax asset is recognised only if there exists virtual certainty that the Company will be able to utilise the same against future taxable income.

**I.5 Provisions and Contingencies**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised. A contingent asset is neither recognised nor disclosed.



**Schedule 8 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS****1.6 Scheme Expenses**

Expenses of schemes of HDFC Mutual Fund in excess of the limits prescribed by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 are required to be borne by the Company and as such, are charged to the Profit and Loss Account.

**2. NOTES****2.1 Earnings per Share has been computed as under:**

|   | Current Year | Previous Year |
|---|--------------|---------------|
| a) Profit after Taxation (₹)                | 19,999       | 41,633        |
| b) Number of Equity Shares Outstanding      | 1,00,000     | 1,00,000      |
| c) Earnings per Share (Basic & Diluted) (₹) | 0.20         | 0.42          |
| d) Face Value per Share (₹)                 | 10.00        | 10.00         |

**2.2** The Company is primarily engaged in the business of providing trusteeship services to Mutual Fund. As such, there are no separate reportable segments, as per the Accounting Standard (AS) 17 - "Segment Reporting". The Company has no offices or assets outside India.

**2.3** The Company has deferred tax asset in respect of carried forward business loss, which has not been recognised on grounds of prudence. Advance Taxes shown under Loans & Advances are net of Provision for Taxation of ₹ Nil (Previous Year ₹ 22,360).

**2.4 Related Party Transactions**

As per the Accounting Standard (AS) 18 - "Related Party Disclosures", the related parties of the Company are as follows:

|   |   |   |
|---|---|---|
| A) Holding Company  | : | Housing Development Finance Corporation Limited |
| B) Fellow Subsidiary where Company has transactions during the year | : | HDFC Asset Management Company Limited           |

The nature and volume of transactions of the Company with the above related parties were as follows:

Reimbursement of expenses paid on behalf of the Company by HDFC Asset Management Company Limited has not been regarded as related party transaction. During the year, the Company has received an amount of ₹ 2,38,40,211 from HDFC Asset Management Company Limited (Refer note 2.7). The amount payable to that Company as at the year end is ₹ 7,96,00,901 (Previous Year ₹ 6,41,49,005).

**2.5** Out of the dividend income of ₹ 57,171 (Previous Year ₹ 5,09,618), dividend amounting to ₹ 57,171 (Previous Year ₹ 5,09,618) reinvested in the mutual fund schemes forming part of Company's investments has, along with the corresponding investment, been treated as a non-cash item and both these elements have accordingly been excluded from the Cash Flow Statement.

**Schedule 8 (Continued)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS**

- 2.6** "Professional and Legal Expenses" include ₹ 3,62,000 (Previous Year ₹ 5,33,455), paid for professional services to a firm in which some of the partners of the statutory auditor's firm are also partners.
- 2.7** (a) In terms of interim order dated 17 June 2010 received from Securities and Exchange Board of India (SEBI), HDFC Asset Management Company Limited (HDFC AMC) has deposited ₹ 2,38,40,211 with HDFC Trustee Company Limited (the Company) representing estimated losses incurred by the schemes of HDFC Mutual Fund/clients of HDFC AMC on suspected "front running" of the orders of HDFC Mutual Fund by a dealer of HDFC AMC. This amount is held by the Company in an account segregated for this purpose, till further orders by SEBI are received in this matter.
- (b) The exact liability, if any on the Company in connection with the aforesaid matter cannot be determined at this stage.
- 2.8** Sundry creditors do not include any amount payable to Micro and Small Enterprises.
- 2.9** The figures for the previous year have been regrouped / rearranged, wherever necessary, to conform to the classification of the current year.

For and on behalf of the Board

**Anil K. Hirjee**  
Chairman

Directors  
**Ranjan Sanghi**  
**Shishir Diwanji**  
**V. Srinivasa Rangan**

MUMBAI, April 28, 2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No.

1 2 3 0 2 6

State Code

1 1 1

Balance Sheet Date

3 1 3 2 0 1 1

**II. Capital Raised during the year : (Amount in ₹ '000)**

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ '000)**

Total Liabilities

8 7 5 9 0

Total Assets

8 7 5 9 0

**SOURCES OF FUNDS**

Paid-up Capital

1 0 0 0

Reserves and Surplus

6 8 9

Secured Loans

N I L

Unsecured Loans

N I L

**APPLICATION OF FUNDS**

Net Fixed Assets

N I L

Investments

N I L

Net Current Assets

1 6 8 9

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

**IV. Performance of the Company (Amount in ₹ '000)**

Total Income

1 1 3 6 7 0

Total Expenditure

1 1 3 6 5 0

Profit Before Tax

2 0

Profit After Tax

2 0

Earnings per Share (in ₹)

0 . 2 0

Dividend %

N I L

**V. Generic Names of Principal Services of the Company: (as per monetary terms)**

Item Code No. (ITC Code)

N I L

Product Description

T R U S T S E R V I C E S

# HDFC ERGO General Insurance Company Limited

A Subsidiary of Housing Development Finance Corporation Limited



## Board of Directors

Mr. Deepak S. Parekh  
**Chairman**

### Directors

Mr. Keki M. Mistry  
Ms. Renu Sud Karnad  
Mr. Andreas Kleiner  
Mr. Mark Lammerskitten  
Dr. Jagdish Khattar  
Mr. Bernhard Steinruecke

Mr. Ritesh Kumar  
**Managing Director and CEO**

### Auditors

B. K. Khare & Co.  
Chartered Accountants  
G. M. Kapadia & Co.  
Chartered Accountants

### Bankers

HDFC Bank Ltd.  
Citi Bank N.A.

### Registered Office

Ramon House, H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate, Mumbai 400 020.

### Corporate Office

6th Floor, Leela Business Park,  
Andheri Kurla Road,  
Andheri East, Mumbai 400 059.  
Tel. No. : 91-22 6638 3600  
Fax No. : 91-22 6638 3699  
Website: www.hdfcergo.com

## Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Ninth Annual Report of your Company together with the audited accounts for the year ended on March 31, 2011.

### Financial Results

| Particulars                                  | (₹ in Crores)                |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2011 | Year ended<br>March 31, 2010 |
| Gross Written Premium                        | 1,407.82                     | 1,004.61                     |
| Net Written Premium                          | 775.14                       | 588.68                       |
| Net Earned Premium                           | 606.36                       | 400.06                       |
| Other Income/Liabilities written back        | 4.56                         | 7.85                         |
| Net Incurred Claims                          | 532.30                       | 395.86                       |
| Net Commission (Income) / Expenses           | (38.64)                      | (37.43)                      |
| Expenses of Management                       | 229.52                       | 182.82                       |
| Investment Income – Policyholders            | 50.78                        | 25.26                        |
| General Insurance Result                     | (61.48)                      | (108.09)                     |
| Investment Income – Shareholders             | 25.05                        | 13.63                        |
| Provision for Wealth tax /Fringe Benefit Tax | NIL                          | (0.16)                       |
| <b>Profit/(Loss) after Tax</b>               | <b>(36.43)</b>               | <b>(94.30)</b>               |

### Economic Scenario

After robust recovery post the global financial crisis period, the Indian economy grew by 8.6% in Financial Year 2010-11 as compared to 8% (revised estimates) during Financial Year 2009-10, on the back of recovery in agricultural output. Car sales in India grew a record 30% in Financial Year 2010-11 to over two million units, driven by a burgeoning middle class, easier access to loans and a wider choice of models. The improved Indian economic scenario and robust growth of the manufacturing sector saw impressive investments in industries and infrastructure. Recovery in consumption led to healthy rise in production of consumer durables. Revival of global demand led to an increase in exports in Financial Year 2010-11. High inflation continues to remain an area of concern. The interest rates hardened during the year on account of monetary measures taken by Reserve Bank of India to rein inflation.

During the last financial year, most of the global economies showed recovery in terms of economic growth. However, certain developments in past few months – political turmoil in North Africa and the Middle East leading to upsurge in oil prices, earthquake and tsunami in Japan, two major earthquakes in New Zealand and major floods in Australia will have negative impacts on global economic growth in the current year.

### Insurance Industry

The gross written premium of the industry for the year ended March 31, 2011 was around ₹ 44,127 crores (PY: ₹ 35,724 crores) growing at 23.5% (PY: 13%). The market share of private sector companies continues at 43%.

During the year, the pricing pressure on premium continued and the industry witnessed two new players coming into operation.

With the objective of ensuring prompt and effective redressal of grievances of

Policyholders, the Insurance Regulatory and Development Authority (IRDA) issued additional Guidelines for Grievance redressal to be followed by all insurers.

IRDA, based on a review of the loss reserves of the Indian Motor Third Party Insurance Pool (IMTPIP), directed the general insurers to provide for higher claim ratio and to provide for the shortfall in reserves for financial years from 2008 to 2010. This has resulted in companies providing for larger losses during the year to the extent of around ₹ 1,930 crores (for the previous years). As a result, overall losses on account of motor pool increased to ₹ 3,613.6 crores for the industry, up from ₹ 674.0 crores in the previous year, thereby affecting their solvency adversely.

### Company Performance

Your Company completed its eighth full year of operations. During the year under review, your Company achieved a gross written premium of ₹ 1,407.8 crores as against ₹ 1,004.6 crores in the previous year, a growth of 40%. The Company's market share grew from 2.67% to 2.95%. Your Company has continued to invest in strengthening its servicing capabilities.

During the year, your Company achieved profit of ₹ 32.7 crores (PY: Loss of ₹ 79.3 crores) before considering the losses from the Indian Motor Third Party Insurance Pool (IMTPIP). The losses from IMTPIP were ₹ 69.1 crores as against ₹ 15.0 crores in the previous year. The IMTPIP losses for the current year include additional loss provisioning on account of revision in loss estimates by IMTPIP for business written in FY 2008, FY2009 and FY2010 to the extent of ₹ 22.0 crores. The overall loss for the year under review is ₹ 36.4 crores, as against loss of ₹ 94.3 crores in the previous year. The net earned premium increased to ₹ 606.4 crores from ₹ 400.1 crores in the previous year. During the year, the

Company has achieved significant improvement in operating efficiencies, cost ratios and productivity.

### Business and Operational Overview

During the year, your Company maintained a steady focus on growth areas and portfolio balancing. The Company continued its focus on servicing existing and new clients and developing new products, stabilizing bancassurance tie-up and developing appropriate mix of retail and corporate portfolio. During the year, in line with the long term strategy of your Company, the share of retail and rural business has gone up to 59% as against 48% in the previous year. Premium from motor business excluding the Motor Pool was at ₹ 420.7 crores as against ₹ 289.9 crores in the previous year and the non-motor business was at ₹ 881.4 crores as against ₹ 638.5 crores in the previous year. Premium from accident and health insurance business was at ₹ 457.9 crores as against ₹ 341.6 crores in the previous year. During the year under review, the Company continued its focus on risk based underwriting.

### Retail Business Group

During the year, the Retail business grew by 76% with the premium for the year being ₹ 736.3 crores as compared with ₹ 417.2 crores (₹ 440.6 crores including Rural business) for the previous year. The Company issued over 22 lakh policies during the year with the retail group contributing most of it.

Premium from the motor business grew from ₹ 289.9 crores to ₹ 420.7 crores, representing a growth of 45%. The environment continued to be tough on the motor insurance front this year as well, with the market seeing aggressive competition. The Company continued its focus on growing the non-motor product portfolio. The premium for non-motor retail products grew from

₹ 127.3 crores to ₹ 315.6 crores, representing a growth of 148%. This portfolio steering has resulted in an improved portfolio loss ratio vis-à-vis previous year.

The Company's bancassurance arrangements with HDFC Bank Limited and HDFC Limited gained further momentum during the year.

### Corporate Business Group

The Company's corporate business strategy focuses on providing whole range of solutions to cater to all the needs of corporate insurance buyers, backed by strong technical capabilities and service platform. The Company over the years has invested a lot in underwriting and risk management functions to offer value added solutions to the customers. With a view to bring in more transparency and to disseminate information and knowledge, the Company launched the "Knowledge Series" platform, wherein the clients can interact with each other and also with the industry experts on various aspects of insurance business.

During the year, the Company has emerged as one of the key corporate business players in the country and has established itself amongst the leading lead capacity providers to the large and complex risks in property and liability segments. The Company has seen robust growth in the property and liability portfolio during the year. The total corporate business premium has grown to ₹ 532.3 crores from ₹ 487.8 crores in previous year and the non health premium grew by over 35% from ₹ 293.1 crores to ₹ 395.2 crores during the same period.

The Company works closely with the brokers for the corporate business, with around 50% of its corporate business coming from this channel.

### **Rural and Agri Business Group**

The Company has been exploring rural market as an opportunity to expand and develop rural business much beyond the compliance requirement.

During the year, the Company has invested in product development, market creation and channel development to provide the desired focus to develop value creating business opportunities in this market segment.

In this segment, the focus has been to develop tractor insurance and weather based products. Considering the vast potential in Weather Based Crop Insurance Scheme (WBCIS), the Company decided to enter into this line of business and was empanelled for Rabi crop season in the States of Rajasthan, Tamil Nadu, Karnataka and Madhya Pradesh. During the year, the Company covered approximately 50,000 farmers. The Government of India has empanelled the Company to implement WBCIS and Modified National Agriculture Insurance Scheme (MNAIS) across the Country for FY 2011-12.

### **Underwriting**

Against the backdrop of difficult operating environment being faced by the industry, the Company continued to tread cautiously and instituted a number of exposure controlling measures to mitigate the impact of adverse market conditions.

During the year, the Company continued to stay clear of unprofitable business segments. The abundance of local reinsurance capacity continued to spawn a lingering cut-throat environment for the year despite initial anticipation of market correction. The underwriting philosophy of prudence in risk selection continues to guide the Company.

Moving forward, as the Company continues to face a multitude of challenges

and opportunities in a changing market landscape, the Company shall harness its strengths and continue to enhance its risk profile by way of sound underwriting practices.

### **Claims Service**

While selecting an insurer, claims service is the key differentiating factor for the customer. In line with the shareholder values, the Company believes in fair and transparent practices. The Company continued to deliver outstanding value to the customer in terms of claims service along with effective communication to the claimant throughout the life of a claim. The Company communicates with its customers through e-mails and SMSs for reducing turn around time. At every stage of a claim, from appointment of surveyor to dispatch of claim cheques the claimant is kept informed of the progress through SMSs or e-mail. The claimant is given opportunity to communicate with the Company or give feedback through its toll-free 'care' numbers. To further improve the service levels, the Company has introduced in-house surveyors and also expanded the network of service providers. This focus on customer service has resulted in a continuous improvement in customer service levels over the financial year. Independent customer satisfaction surveys have rated the Company as among the best in the country in claims servicing.

### **Reinsurance**

The Company's business portfolio is protected by way of Reinsurance Programme that optimizes the Company's retentions and also ensures protection such that the Company's exposure to a large loss affecting a single risk or a series of losses affecting a number of risks arising out of a single catastrophic loss event does not substantially impact the Company.

As per statutory requirements, the Company cedes to the national reinsurer, the General Insurance Corporation of India (GIC) 10% of its business subject to certain monetary limits as per IRDA Regulations. The Company's Reinsurance Programme other than the statutory cessions is placed with GIC as well as other reputed international reinsurers of superior financial strength.

### **Information Technology**

With the objective of IT enabling the new business, underwriting, claims, reinsurance and agency functions, the Company had taken up the project for the implementation of a core insurance platform. During the year, the project got substantially implemented with most of the Company's products now being serviced through the new platform. The new platform is adding process efficiencies, better compliance, controls and is scalable to support the increasing business volume. Significant volume of the business is now serviced at points of sales, thereby improving processing efficiencies, turn around time and higher customer satisfaction. With the vision of being technology driven organization, the Company continues to invest in technology and has taken up certain new IT initiatives, including an IT system to service weather insurance product, implementation of ERP solution to strengthen planning, budgeting, financials and procurement functions. The Company has also initiated projects around mobile technologies and eCommerce. To take organizational efficiencies to next level, investments are being made on initiatives like sales portal, customer self service portal, eLearning, and business intelligence solutions.

### **Distribution Network**

The Company continues to offer its products through a mix of distribution



channels comprising of agents, brokers, corporate agents, bancassurance and Direct Sales Team. The Company has presence in 71 cities with 78 branch offices across India. Through the network of these branch offices, the Company's channels are able to service the expanding customer base across India. With an intention to spread the Company's geographical reach and give thrust to retail business, the Company continues to focus on strengthening its agency force. Online sale of policies through Company's website viz. [www.hdfcergo.com](http://www.hdfcergo.com) introduced during the previous year has been well accepted and has been extended to more retail products during the year. The multi-channel approach and a robust distribution model enables the Company to reach out to wider customer base. The Company has also leveraged the distribution network of its group companies for expanding access to desirable segments of the retail and corporate markets.

### **Operations and Service Group**

During the year, the Company processed over 22 lakh policies as against 10 lakh policies in previous year. The improved productivity was the result of seamless implementation and adoption of new processing and reporting platform. During the year, the Company strengthened its capacity to manage expected increase in volumes in future.

The Branch Operations and Services Group (BOSG) has become a key service point for our customers and channel partners. Customer satisfaction is the key to long term organizational success. In order to provide focus on customer service during the year, a dedicated unit namely "Office of the Customer" was formed. This unit provides a single window interface to customers to take up their complaints and grievances and provide priority resolution to the policyholder.

Operations and Services group aims to set higher standards, both in turn-around-time and quality.

### **Human Resources**

For the Company, its employees are the most important asset for its success. The focus during the year was skill development and productivity. Your Company has created a team of committed professionals from diverse backgrounds suited to the needs of the Company for its growth plans. The demand for resources with domain expertise remained high. The focus continued to be on training and development of the new recruits and the skill development of the existing manpower. During the year, the HR processes were further reviewed and automated.

### **Capital Infusion**

During the year under review, in order to fund the planned expansion of the business, the Company allotted 4.5 crores equity shares of ₹ 10 each for cash at par and 2.6 crores equity shares for cash at a premium of ₹ 40 per share, on a right basis. Consequently, the paid-up capital of the Company has increased from ₹ 415 crores to ₹ 486 crores and the Securities Premium Account stands at ₹ 104 crores.

The Board of Directors vide circular resolution dated March 21, 2011 approved the issuance of 1 crore equity shares of ₹ 10 each for cash at a premium of ₹ 40 per share. As on March 31, 2011, the Company received ₹ 37 crores and the same has been accounted as Share Application Money. The balance amount of ₹ 13 crores was received on April 7, 2011 and accordingly 1 crore equity shares of ₹ 10 each was allotted at a premium of ₹ 40 per share on April 8, 2011.

### **Employees Stock Option Plan (ESOP)**

Presently, the stock options granted by

the Company to the employees operates under HDFC ERGO Employees Stock Option Plan – 2009 (ESOP-2009). During the year, the Company granted 29,84,000 stock options at a grant price of ₹ 10 per option, in respect of 29,84,000 equity shares of ₹ 10 each, under ESOP-2009-Tranche-II to eligible employees.

The Options granted above vest in tranches – 25% on completion of 2 years from grant date, 25% at the end of 3 years from grant date and the balance 50% on completion of 4 years from the grant date and are exercisable within a period of 5 years from the date of respective vesting.

None of the options granted till date has vested and consequently no options have been exercised. Options lapsed during the year aggregated to 2,16,000 and the options in force as on March 31, 2011 were 54,08,000.

### **The Road Ahead**

The Indian economy has shown robust growth in past on the strength of its strong fundamentals. The economy has benefited from strong domestic demand and a revival in investor and consumer sentiment, although higher interest rates are expected to have a slight adverse impact on the overall growth rate. Improved external demand and stronger private capital inflows have also played a role. The retail market along with the services sector has been attracting interest of major global players. Favorable monsoon has also helped the farm sector expand and has in the process boosted rural demand as well.

The growth of the insurance industry was strong in the last financial year due to robust growth in the economy. It is felt that the industrial growth will continue to be impressive during the current financial year with its corresponding impact on the growth



of insurance industry. Measures such as framework for amalgamation of non-life insurance companies by IRDA would go a long way in further strengthening the industry. The revision in rates for Third Party insurance for commercial vehicles, will result in additional overall growth of the industry by around 5%.

Your Company would continue to focus on profitable growth by building upon its superior customer service capabilities, efficient claims management, expense management and productivity.

#### Particulars of Employees

The total employee strength of the Company as on March 31, 2011 was 996 as against 957 at the beginning of the year. During the year, 2 employees employed throughout the year were in receipt of remuneration of ₹ 60 lacs or more per annum and 2 employees employed for part of the year were in receipt of remuneration of ₹ 5 lacs or more per month. As required under the provisions of the Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annex to this report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to the shareholders of the Company excluding the annex. Any shareholder interested in obtaining a copy of the annex may write to the Company Secretary.

#### Particulars Regarding Foreign Exchange Earnings and Outgo, Conservation of Energy and Technology Absorption

The Company incurred an expenditure of ₹ 59.1 crores (Previous Year - ₹ 58.2 crores) in foreign exchange during the year under review mainly on account of reinsurance premium.

Earnings in foreign exchange during the year was ₹ 18.7 crores (Previous Year - ₹ 11.8 crores). Since the Company does not carry out any manufacturing activity, other particulars relating to conservation of energy and technology absorption stipulated in Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

#### Public Deposits

The Company has not accepted any fixed deposit during the year under review.

#### Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Andreas Kleiner and Mr. Bernhard Steinruecke retire by rotation at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment. Further as required under the provisions of Corporate Governance Guidelines (Guidelines) notified by IRDA, the Company and the said Directors respectively, have entered into a Deed of Covenant as per the prescribed format.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956. Further, all the Directors of the Company have confirmed that they complied with the 'fit and proper' criteria prescribed under the said Guidelines and submitted the requisite declarations in the format prescribed therein.

Necessary resolutions for the re-appointment of the aforesaid directors have been included in the notice convening the ensuing Annual General Meeting.

#### Auditors

At the Eighth Annual General Meeting of the Company held on July 26, 2010,

Members had appointed Messrs B. K. Khare & Co., Chartered Accountants, Mumbai (Registration No. of the firm with the ICAI: FRN 105102W), and Messrs. G. M. Kapadia & Co., Chartered Accountants, Mumbai, (Registration No. of the firm with the ICAI 104767W), as Joint Statutory Auditors of the Company, to audit the books of accounts of the Company and to hold office as such up to the conclusion of Ninth Annual General Meeting of the Company.

In terms of guidelines issued by Insurance Regulatory and Development Authority (IRDA) for appointment of Statutory Auditors of insurance companies, an audit firm can carry out the statutory audit of an insurance company continuously for a maximum term of five years. Accordingly, the term of Messrs. B. K. Khare & Co., as Statutory Auditors of the Company would expire on the conclusion of Ninth Annual General Meeting of the Company.

In view of the above, your Directors, after considering the experience, expertise and stature of the Chartered Accountants firm viz. Messrs. A. F. Ferguson Associates, Chartered Accountants, Mumbai (Registration No. of the firm with the ICAI 102849W), and their partners, recommend to the Members to consider their appointment as one of the joint Statutory Auditors of the Company to audit the books of accounts of the Company and to hold office as such up to the conclusion of the Tenth Annual General Meeting of the Company together with the other Statutory Auditor.

The other Statutory Auditor, Messrs. G. M. Kapadia & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received certificates from Messrs. G. M. Kapadia & Co.,

Chartered Accountants and Messrs. A. F. Ferguson Associates, Chartered Accountants to the effect that their re-appointment / appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Further both of them have confirmed that their re-appointment / appointment is in compliance of the provisions of guidelines on appointment of Statutory Auditors by insurance companies, issued by IRDA.

The Board recommends the re-appointment of Messrs. G. M. Kapadia & Co., Chartered Accountants and appointment of Messrs. A. F. Ferguson Associates, Chartered Accountants as the joint Statutory Auditors of the Company.

Necessary resolutions for the said re-appointment / appointment are contained in the notice of the Ninth Annual General Meeting of the Company circulated to the Members. Members are requested to consider their re-appointment / appointment and authorise the Board of Directors to fix their remuneration for the financial year 2011-12.

The Board wishes to place on record its appreciation for the services rendered by Messrs. B. K. Khare & Co., Chartered Accountants during their tenure as Statutory Auditors of the Company.

### Report of the Board on Corporate Governance

Report of the Board of Directors of the Company detailing the status of compliance of the various provisions of the Corporate Governance Guidelines prescribed by Insurance Regulatory and Development Authority (IRDA) is given in an annexure to this Report.

### Directors' Responsibility Statement

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

- (i) In the preparation of annual accounts, the applicable accounting standards have been followed;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the loss of the Company for the year ended on that date;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of

the Companies Act, 1956, Insurance Act, 1938, Insurance Rules, 1939 and IRDA Regulations for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

- (iv) The annual accounts of the Company have been prepared on a going concern basis.

### Acknowledgements

The Board wishes to thank the Insurance Regulatory and Development Authority and other regulatory authorities for their continued support and guidance. The Board wishes to place on record its sincere thanks for the support and co-operation extended by the Policyholders, Reinsurers, and various channel partners.

The Directors would also like to express their sincere appreciation to the employees of the Company at all levels for their hard work, dedication and commitment in the growth journey of the Company.

On behalf of the Board of Directors

MUMBAI  
May 2, 2011

DEEPAK S. PAREKH  
Chairman

## Annexure to Directors' Report

### Report of the Directors on Corporate Governance

Corporate governance is not only a set of rules that define the relationship between shareholders, management, board of directors and customers of a company but also influences the operations of a company. At its most basic level, corporate governance deals with issues that result from the separation of ownership, management and control.

Good corporate governance ensures that the business environment is fair and transparent and that the companies can be held accountable for their actions. Regardless of the type of venture, only good governance can deliver sustainable good business performance and value to all stakeholders.

Good corporate governance *inter-alia* aims for sustainable development of all stakeholders; equitable distribution of wealth; compliance of laws in letter and spirit; discharge of social responsibility and adherence to ethical standards.

### Company's Philosophy on Corporate Governance

The Company's philosophy on corporate governance has been influenced by its promoter, Housing Development Finance Corporation Limited (HDFC) and joint venture partner ERGO International, AG (ERGO). Corporate Governance at the Company is not just adherence to mandatory rules and guidelines. It lies in observing the spirit behind the letter. A commitment to Policyholder satisfaction and nurturing of shareholder value has been the cornerstone of governance practices at HDFC ERGO. The Company endeavors to adhere to the established and proven practices of HDFC and ERGO in maintaining corporate culture and the spirit in managing the business.

HDFC ERGO's mission is to become a long term trusted and transparent

Company to its Policyholders, Shareholders, Channel Partners, Employees and the community it works and operates in.

The Board of Directors fully supports and endorses the guidelines on Corporate Governance for the Insurance Sector (the Guidelines) prescribed by the Insurance Regulatory and Development Authority (IRDA). The Company has complied with the mandatory requirements of the Guidelines and certain provisions of the non-mandatory requirements and listed below is the status with regard to the same.

### Board of Directors

#### Composition

The Board comprises of eight members, of which seven are non-executive Directors. Out of the seven non-executive Directors, three Directors represent HDFC, two Directors represent ERGO and two Directors are Independent Directors. The independent directors have confirmed that they satisfy the criteria laid for an independent director in the listing agreement notified by the Securities and Exchange Board of India. The directors bring to the Board a wide range of experience and skills. Brief profiles of the directors are set out elsewhere in the annual report.

The Composition of the Board is in conformity with the provisions of the Guidelines and is as under:

| Sr. No. | Directors                | Category                  | No. of Directorships held* |
|---------|--------------------------|---------------------------|----------------------------|
| 1       | Mr. Deepak S. Parekh     | Chairman (Non-Executive)  | 11**                       |
| 2       | Mr. Keki M. Mistry       | Non-Executive Director    | 12                         |
| 3       | Ms. Renu Sud Karnad      | Non-Executive Director    | 12                         |
| 4       | Mr. Andreas Kleiner      | Non-Executive Director    | —                          |
| 5       | Mr. Stefan Emberger@     | Non-Executive Director    | —                          |
| 6       | Mr. Mark Lammerskitten#  | Non-Executive Director    | —                          |
| 7       | Dr. Jagdish Khattar      | Independent Director      | 3                          |
| 8       | Mr. Bernhard Steinruecke | Independent Director      | 4                          |
| 9       | Mr. Ritesh Kumar         | Managing Director and CEO | —                          |

\*Directorships held in public companies registered under the provisions of the Companies Act, 1956 (excluding HDFC ERGO) have been considered.

\*\*Excluding the directorships mentioned above, Mr. Deepak S. Parekh is alternate director in 4 companies.

@ Ceased to be a Director w.e.f. July 1, 2010

# Appointed as a Director w.e.f. July 1, 2010

### Responsibilities

The Board of Directors represents the interests of the Company's shareholders in optimizing long-term value by providing the management with guidance and strategic direction on shareholder's behalf. The Board's mandate is to oversee the Company's strategic direction, review corporate performance, authorise and monitor strategic investments, ensure regulatory compliance and safeguard interest of all stakeholders.

### Tenure

The Non-Executive Directors of the Company are liable to retire by rotation. One-third of the said directors are liable to retire every year and if eligible, offer themselves for re-appointment.

### Board Meetings

The meetings of the Board of Directors are normally held at the Company's registered office in Mumbai. Meetings are generally scheduled well in advance and the notice of each Board meeting is given in writing to each Director. The Board meets at least once a quarter to review the quarterly performance and the financial results of the Company.

The CFO & Company Secretary in consultation with the Managing Director and CEO prepares a detailed agenda for the meetings. With the objective of transparent information flow from the management, detailed agenda notes are sent to all Directors well in advance. The members of the Board are also free to

recommend inclusion of any matter in the agenda for discussion. The members of the Board have access to all information of the Company. Senior management is invited to attend the Board meetings so as to provide additional inputs on the items being discussed by the Board. The brief minutes of each Board meeting are circulated to the Board members within 2 working days of the date of meeting and the detailed minutes are finalised within 30 days and thereafter recorded in the Minutes Book. The minutes of the Board meetings, summary of the key decisions taken by the Board and the details of significant transactions or arrangements entered into by the Company, if any, are submitted to the holding company on a regular basis.

During the year under review, the Board met four (4) times on April 24, 2010, July 26, 2010, November 2, 2010 and January 27, 2011. The attendance of the Directors at the said meetings is listed below:

| Directors                           | No. of Meetings held during the tenure | No. of Meetings attended | Sitting Fees Paid (₹) |
|-------------------------------------|--|--------------------------|-----------------------|
| Mr. Deepak S. Parekh                | 4                                      | 4                        | 80,000                |
| Mr. Keki M. Mistry                  | 4                                      | 4                        | 80,000                |
| Ms. Renu Sud Karnad                 | 4                                      | 2 <sup>#</sup>           | 40,000                |
| Mr. Andreas Kleiner                 | 4                                      | 4                        | —                     |
| Mr. Stefan Emberger*                | 1                                      | 1                        | —                     |
| Dr. Jagdish Khattar                 | 4                                      | 4                        | 80,000                |
| Mr. Bernhard Steinruecke            | 4                                      | 3 <sup>#</sup>           | 60,000                |
| Mr. Mark Lammerskitten <sup>@</sup> | 3                                      | 3                        | —                     |
| Mr. Ritesh Kumar                    | 4                                      | 4                        | —                     |

<sup>#</sup> Leave of absence granted.

\* Ceased to be a Director w.e.f. July 1, 2010.

<sup>@</sup> Appointed as a Director w.e.f. July 1, 2010.

The Board also met on May 2, 2011, for approval of audited accounts of the Company for the financial year 2010-11.

The Appointed Actuary was invited to all meetings of the Board. Leave of absence was granted to him from attending the meeting held on January 27, 2011.

### Committees

To enable better and more focused attention on the affairs of the Company and as required under Regulatory provisions, the Company has set up various Committees. These Committees prepare the groundwork for decision-making and report at the subsequent Board meeting. The terms of reference of the Committees are approved by the Board. Meetings of the Committees are held on a regular basis depending upon the business to be transacted by the Committee. Minutes of the Committee's meetings / report on the activities of the Committee are submitted to the Board on a periodical basis. Matters requiring the Board's attention / approval are generally placed in the form of notes to the Board from the respective Committee.

The role and composition of various Committees, including the number of meetings held during the year and the related attendance of the Committee members at the said meetings, are given below.

### Audit and Compliance Committee (ACC)

The Audit and Compliance Committee of the Board comprises five (5) members, all of whom are Non-Executive Directors. The Chairman of the Committee is an Independent Director. All the members of the Committee have strong financial analysis

background. The composition of the Committee is in accordance with the provisions of Section 292A of the Companies Act, 1956 and the Guidelines issued by IRDA.

The Committee *inter-alia* oversees the financial statements and financial reporting before submission to the Board, internal audit function, compliance function and the work of the statutory auditors. It also reviews the reports of the internal auditors and statutory auditors along with the comments and action taken reports of the management. The Committee invites senior executives, as it considers appropriate to be present at the meetings of the Committee. Senior management and auditors are invited to participate in the meetings of the Committee as and when necessary.

During the year under review, the ACC met four (4) times on April 24, 2010, July 26, 2010, November 2, 2010 and January 27, 2011. The Committee also met on May 2, 2011, prior to finalization of accounts of the Company for the financial year 2010-11.

The details of composition of the ACC and the attendance of the Committee members at the meetings are listed below:

| Directors                           | No. of Meetings held during the tenure | No. of Meetings attended | Sitting Fees Paid (₹) |
|-------------------------------------|--|--------------------------|-----------------------|
| Mr. Bernhard Steinruecke (Chairman) | 4                                      | 3 <sup>#</sup>           | 30,000                |
| Mr. Keki M. Mistry                  | 4                                      | 4                        | 40,000                |
| Ms. Renu Sud Karnad                 | 4                                      | 2 <sup>#</sup>           | 20,000                |
| Mr. Andreas Kleiner                 | 4                                      | 4                        | —                     |
| Mr. Stefan Emberger*                | 1                                      | 1                        | —                     |
| Mr. Mark Lammerskitten <sup>@</sup> | 3                                      | 3                        | —                     |

<sup>#</sup> Leave of absence granted. \*Ceased to be a member w.e.f. July 1, 2010.

<sup>@</sup>Appointed as a member w.e.f. July 1, 2010.

### Investment Committee (IC)

The Investment Committee comprises six (6) members - two Non-Executive Directors, the Managing Director and CEO, the Chief Financial Officer and Company Secretary, the Appointed Actuary and the Chief Investment Officer. The composition of the Committee is in accordance with the provisions of the IRDA (Investment) Regulations, 2000, as amended and the Guidelines issued by IRDA.

The Committee reviews the investment policy of the Company, its implementation and the operational framework for the investment operations, ensuring liquidity for smooth operations, compliance with prudential regulatory norms on investments, risk management/mitigation

| Members   | No. of Meetings held during the tenure | No. of Meetings attended | Sitting Fees Paid (₹) |
|---|--|--------------------------|-----------------------|
| Mr. Keki M. Mistry (Chairman)                   | 4                                      | 4                        | 40,000                |
| Mr. Stefan Emberger*                            | 1                                      | 1                        | —                     |
| Mr. Mark Lammerskitten <sup>@</sup>             | 3                                      | 3                        | —                     |
| Mr. N. Lakshmanan (Appointed Actuary)           | 4                                      | 3 <sup>#</sup>           | —                     |
| Mr. Ritesh Kumar                                | 4                                      | 4                        | —                     |
| Mr. Samir H. Shah (CFO & Company Secretary)     | 4                                      | 4                        | —                     |
| Mr. Abhiranjan Gupta (Chief Investment Officer) | 4                                      | 4                        | —                     |

<sup>#</sup> Leave of absence granted. \*Ceased to be a member w.e.f. July 1, 2010.

<sup>@</sup>Appointed as a member w.e.f. July 1, 2010.

strategies to ensure adequate return on investment of Policyholder and Shareholder funds. All members of the Committee are fully conversant with the various responsibilities cast on them by the IRDA (Investment) Regulations, 2000, as amended and guidelines issued thereunder by IRDA from time to time. The Committee regularly apprises the Board on the performance and analysis of Company's investment portfolio.

During the year under review, the IC met four (4) times on April 24, 2010, July 26, 2010, November 2, 2010 and January 27, 2011.

The details of composition of the IC and the attendance of the members at the meetings are listed below:

### Risk Management Committee (RMC)

The Risk Management Committee comprises seven (7) members. Mr. Ritesh Kumar, Managing Director and CEO of the Company is the Chairman of the Committee and Mr. S Gopalakrishnan, Head – Reinsurance is the Chief Risk Officer of the Company.

The terms of reference of RMC *inter-alia* includes laying down the Risk Management Strategy to manage risks across the organization, assisting the



Board in the effective operation of the risk management system, maintenance of group-wide and aggregate view of the risks affecting the business of the Company and reporting thereof on various risks and measures taken to minimize the impact of the said risks.

During the year, the Committee formulated and adopted the Risk Management Framework (RMF) of the Company. The RMF provides the mechanism for risk identification, assessment, mitigation and reporting. During the year, Risk Officers were appointed for various functions and a Risk Containment Unit was set up with the objective of identifying fraudulent transactions and initiating swift remedial actions. The Committee also suggested additional steps towards risk mitigation with respect to risks associated with reinsurance.

During the year under review, the RMC met four (4) times on April 12, 2010, July 8, 2010, October 21, 2010 and December 16, 2010.

The composition of the RMC and the attendance of the members at the meetings are listed below:

| Members   | No. of Meetings held during the tenure | No. of Meetings attended |
|---|--|--------------------------|
| Mr. Ritesh Kumar (Managing Director & CEO)                      | 4                                      | 4                        |
| Mr. S. Gopalakrishnan (Head – Reinsurance & Chief Risk Officer) | 4                                      | 4                        |
| Mr. Tommy Lee Co (Chief Underwriting Officer)                   | 4                                      | 4                        |
| Mr. Sanjiv Sharma (Head – Claims)                               | 4                                      | 4                        |

|   |   |    |
|---|---|----|
| Mr. Ankur Bahorey (Head - Operation and Services Group) | 4 | 3* |
| Mr. Samir H. Shah (CFO & Company Secretary)             | 4 | 3* |
| Mr. Abhiranjan Gupta (Chief Investment Officer)         | 4 | 4  |

\*Leave of absence granted.

Being executives of the Company, members are not eligible to receive any sitting fees for attending the meetings of the Committee.

#### Policyholder Protection and Grievance Redressal Committee – (PPGRC)

The Committee comprises three senior executives of the Company. The Committee reviews the process being followed by the Company in redressal of Policyholder grievances and the grievance redressal mechanism of the Company and suggests mechanism for speedy redressal of complaints / grievances from Policyholders. The Committee regularly submits its report to the Board *inter alia* with regard to complaints / grievances received and resolved, mechanism in place / process being followed for resolution of the complaints / grievances and its observations on the efficacy of the existing mechanism. During the year, pursuant to Circular No. 3/CA/GRV/YPB/10-11 dated July 27, 2010 of IRDA, the Committee revised the Complaints and Grievance Redressal Policy of the Company. The key objective of the Policy is to provide for a mechanism to speedily redress the grievance and complaints of the Policyholders to their satisfaction in accordance with the applicable laws. The Policy is uploaded on the website of the Company. A designated email id viz. [grievance@hdfcergo.com](mailto:grievance@hdfcergo.com) was created for enabling Policyholders to submit their

grievance / complaint and its speedy redressal.

During the year under review, the PPGRC met eleven (11) times on April 7, 2010, May 17, 2010, July 19, 2010, August 10, 2010, September 7 & 8, 2010, October 18, 2010, November 17, 2010, December 14, 2010, January 18, 2011 and March 14, 2011. The composition of the PPGRC and the attendance of the members at the meetings are listed below:

| Members   | Total Meetings held during the tenure | No. of Meetings attended |
|---|---------------------------------------|--------------------------|
| Mr. Mukesh Kumar (Head - Strategy Planning, HR & Marketing) | 11                                    | 11                       |
| Mr. Sanjiv Sharma (Head – Claims)                           | 11                                    | 8*                       |
| Mr. Ankur Bahorey (Head - Operation and Services Group)     | 11                                    | 11                       |

\*Leave of absence granted.

Being executives of the Company, members are not eligible to receive any sitting fees for attending the meetings of the Committee.

#### Nomination and Remuneration Committee (NRC)

The NRC comprises two Independent Directors and two Non-Executive Directors. The Committee considers and determines the salary and other terms of the compensation package for the Managing Director and CEO. The annual compensation of the Managing Director and CEO is recommended by the Committee, approved by the Board subject to approval of the Shareholders

and IRDA. The Committee is also responsible for framing of Employee Stock Option Plan (ESOP), its administration and approving of performance / deferred bonus to employees. During the year, the Committee approved the grant of 29,84,000 stock options @ ₹ 10 per option representing 29,84,000 equity shares of ₹10 each to eligible employees.

During the year, the Committee met twice on April 24, 2010 and January 27, 2011.

The details of composition of the NRC and the attendance of the members at the meetings are listed below:

The details of composition of the CETRC and the attendance of the members at the said meeting are listed below:

| Members                | Whether attended the Meeting | Sitting Fees Paid (₹) |
|------------------------|------------------------------|-----------------------|
| Ms. Renu Sud Karnad    | No*                          | —                     |
| Mr. Mark Lammerskitten | Yes                          | —                     |
| Dr. Jagdish Khattar    | Yes                          | 10,000                |
| Mr. Ritesh Kumar       | Yes                          | —                     |

\*Leave of absence granted.

| Directors                         | No. of Meetings held during the tenure | No. of Meetings attended | Sitting Fees Paid (₹) |
|-----------------------------------|--|--------------------------|-----------------------|
| Ms. Renu Sud Karnad (Chairperson) | 2                                      | 2                        | 20,000                |
| Mr. Andreas Kleiner               | 2                                      | 2                        | —                     |
| Dr. Jagdish Khattar               | 2                                      | 2                        | 20,000                |
| Mr. Bernhard Steinruecke          | 2                                      | 2                        | 20,000                |

#### Capital Expenditure and Technology Review Committee (CETRC)

The CETRC comprises of four (4) members – two non-executive Directors, one independent Director and the Managing Director and CEO.

The terms of reference of CETRC *inter-alia* includes review of existing Technology platform of the Company, its adequacy and the need for upgradation and / or change and approval of major capital expenditure proposals.

During the year, the Committee met once on July 26, 2010.

#### Remuneration of Non-Executive Directors

During the year under review, other than sitting fees detailed herein above, the Company did not pay any remuneration to any of its Non-Executive Directors.

#### Related Party Transactions

There were no materially significant transactions with the directors, the management, the promoters or the relatives of the directors that have a potential conflict with the interest of

the Company at large. Details of related party transactions entered into by the Company in the normal course of business are included in the Notes of Accounts.

#### Code of Conduct

The Company has framed and adopted a Code of Conduct, which is applicable to all Directors and employees of the Company. All the Members of the Board and senior management personnel have confirmed adherence to the provisions of the Code of Conduct.

On behalf of the Board of Directors

MUMBAI  
May 2, 2011

DEEPAK S. PAREKH  
Chairman

#### Compliance Certificate

In accordance with the provisions of Corporate Governance Guidelines issued by Insurance Regulatory and Development Authority, I, Samir H. Shah – CFO & Company Secretary of the Company hereby certify that the Company has complied with the provisions of Corporate Governance Guidelines for Insurance companies notified by IRDA as amended from time to time and to the extent applicable and nothing has been concealed or suppressed.

MUMBAI  
May 2, 2011

SAMIR H. SHAH  
CFO and Company Secretary

## Auditors' Report

### TO THE MEMBERS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

1. We have audited the attached balance sheet of HDFC ERGO GENERAL INSURANCE COMPANY LIMITED ('the Company') as at March 31, 2011 and also the revenue accounts, profit and loss account, and receipts and payments account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. The balance sheet, revenue accounts and profit and loss account have been drawn up in conformity with the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') read with Section 211 (3C) of the Companies Act, 1956 ('the Act').

4. As required by Regulations, we set out in the Annexure a statement certifying

the matters specified in paragraph 4 of schedule C to the Regulations.

5. Further to our comments in the Annexure referred to above, 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 and have found them to be satisfactory;

(b) In our opinion, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books;

(c) The financial accounting systems of the Company are centralised and therefore accounting returns are not required to be submitted by branches and other offices;

(d) The balance sheet, revenue accounts, profit and loss account and receipts and payments account referred to in this report are in agreement with the books of account;

(e) The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) has been duly certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such valuation are in accordance with the requirements of the Insurance Regulatory and Development Authority ('IRDA') and Actuarial Society of India in concurrence with the IRDA. We have relied on the Actuary's certificate in this regard; and

(f) On the basis of the written representations received from the

directors, as on March 31, 2011, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

6. In our opinion and to the best of our information and according to the information and explanations given to us:

(a) The accounting policies selected by the Company are appropriate and in compliance with the applicable accounting standards referred to in Section 211(3C) of the Act, to the extent applicable and the accounting principles prescribed in the Regulations and orders or directions issued by IRDA in this behalf. The balance sheet, revenue accounts, profit and loss account and receipts and payments account referred to in this report are in compliance with the accounting standards referred to in Section 211(3C) of the Act, to the extent applicable;

(b) Investments of the Company have been valued in accordance with the provisions of the Insurance Act and the Regulations;

(c) The said financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the Regulations and the Act, to the extent applicable and in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:

i. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;



ii. in the case of the revenue accounts, of the surplus/deficit, as the case may be, for the year ended March 31, 2011;

iii. in the case of the profit and loss account, of the loss for the year ended March 31, 2011; and

iv. in the case of the receipts and payments account, of the receipts and payments of the Company for the year ended March 31, 2011.

7. Further, on the basis of our examination of books and records of the

Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:

(a) We have reviewed the management report attached to the financial statements for the year ended March 31, 2011 and there is no apparent mistake or material inconsistency with the financial statements; and

(b) Based on our audit procedures, we certify that the Company has

complied with the terms and conditions of registration as per subsection 4 of section 3 of the Insurance Act, 1938.

For B. K. KHARE & CO  
Chartered Accountants

Padmini Khare Kaicker  
Partner  
Membership No.: 044784  
Firm Regn. No : 105102W

MUMBAI  
May 2, 2011

For G. M. KAPADIA & CO  
Chartered Accountants

Rajen R. Ashar  
Partner  
Membership No.:048243  
Firm Regn. No : 104767W

## Annexure to the Auditors' Report

(Referred to in the Auditors' report to the members of HDFC ERGO General Insurance Company Limited ('the Company') on the financial statement for the year ended March 31, 2011)

Based on the information and explanation given to us and to the best of our knowledge and belief and based on our examination of books of accounts and other records maintained by the company, we certify that:

a) We have verified the cash balances, to the extent considered

necessary, and securities relating to the Company's investments by actual inspection or on the basis of certificates/confirmations received from custodian and/or Depository Participants appointed by the Company, as the case may be;

b) The Company is not a trustee of any trust;

c) No part of the assets of the policyholders' funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938

relating to the application and investments of the policyholders' funds.

For B. K. KHARE & CO  
Chartered Accountants

Padmini Khare Kaicker  
Partner  
Membership No.: 044784  
Firm Regn. No : 105102W

MUMBAI  
May 2, 2011

For G. M. KAPADIA & CO  
Chartered Accountants

Rajen R. Ashar  
Partner  
Membership No.:048243  
Firm Regn. No : 104767W

**FORM B -BS**

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

**Balance Sheet as at March 31, 2011**

|  | Schedule | As at<br>Mar 31, 2011<br>(₹ '000) | As at<br>Mar 31, 2010<br>(₹ '000) |
|--|----------|-----------------------------------|-----------------------------------|
| <b>SOURCES OF FUNDS</b>                              |          |                                   |                                   |
| SHARE CAPITAL  | 5        | 4,860,000                         | 4,150,000                         |
| SHARE APPLICATION MONEY                              |          | 370,000                           | —                                 |
| RESERVES AND SURPLUS                                 | 6        | 1,040,000                         | —                                 |
| FAIR VALUE CHANGE ACCOUNT                            |          | 3,871                             | 373                               |
| BORROWINGS   | 7        | 6,086                             | 7,011                             |
| DEFERRED TAX LIABILITY                               |          | —                                 | —                                 |
| <b>TOTAL</b>   |          | <b>6,279,957</b>                  | <b>4,157,384</b>                  |
| <b>APPLICATION OF FUNDS</b>                          |          |                                   |                                   |
| INVESTMENTS  | 8        | 12,236,121                        | 6,236,769                         |
| LOANS  | 9        | —                                 | —                                 |
| FIXED ASSETS   | 10       | 832,673                           | 246,839                           |
| CURRENT ASSETS                                       |          |                                   |                                   |
| Cash and Bank Balances                               | 11       | 1,032,457                         | 670,866                           |
| Advances and Other Assets                            | 12       | 1,187,590                         | 1,821,050                         |
| Sub-Total (A)  |          | 2,220,047                         | 2,491,916                         |
| CURRENT LIABILITIES                                  | 13       | 6,454,740                         | 3,593,105                         |
| PROVISIONS   | 14       | 4,589,892                         | 2,896,508                         |
| Sub-Total (B)  |          | 11,044,632                        | 6,489,613                         |
| <b>NET CURRENT ASSETS/ (LIABILITIES) (C) = (A-B)</b> |          | <b>(8,824,585)</b>                | <b>(3,997,697)</b>                |
| MISCELLANEOUS EXPENDITURE                            | 15       | —                                 | —                                 |
| (to the extent not written off or adjusted)          |          |                                   |                                   |
| DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT             |          | 2,035,748                         | 1,671,473                         |
| <b>TOTAL</b>   |          | <b>6,279,957</b>                  | <b>4,157,384</b>                  |
| <b>NOTES TO ACCOUNTS</b>                             | 16       |                                   |                                   |

Schedules referred to above and the notes to accounts form an integral part of the Balance Sheet

Signature to the Balance Sheet Schedules 5 to 16

As per our report of even date attached

**B.K. Khare & Co.**  
Chartered Accountants**Padmini Khare Kaicker**  
Partner  
Membership No. 44784  
Firm Regn. No. 105102WMUMBAI,  
May 2, 2011**G. M. Kapadia & Co.**  
Chartered Accountants**Rajen Ashar**  
Partner  
Membership No. 48243  
Firm Regn. No. 104767W

For and on behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman**Ritesh Kumar**  
Managing Director & CEO**Samir H. Shah**  
CFO & Company SecretaryDirectors  
**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Mark Lammerskitten**Independent Directors  
**Jagdish Khattar**  
**Bernhard Steinruecke**

**FORM B -PL**

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

**Profit & Loss Account for year ended March 31, 2011**

|   | Schedule | For the year ended<br>March 31, 2011<br>(₹ '000) | For the year ended<br>March 31, 2010<br>(₹ '000) |
|---|----------|--|--|
| <b>OPERATING PROFIT / (LOSS)</b>                              |          |  |  |
| Fire Insurance  |          | 103,580  | 106,663  |
| Marine Insurance  |          | 4,835  | (14,265)   |
| Miscellaneous Insurance                                       |          | (719,931)  | (1,172,880)                                      |
|   |          | <u>(611,516)</u>                                 | <u>(1,080,482)</u>                               |
| <b>INCOME FROM INVESTMENTS</b>                                |          |  |  |
| Interest, Dividend and Rent – Gross                           |          | 239,883  | 128,350  |
| Profit on sale of investments                                 |          | 17,369   | 13,317   |
| Less: Loss on sale of investments                             |          | —  | —  |
| Amortisation of debt securities                               |          | (6,795)  | (5,354)  |
|   |          | <u>250,457</u>                                   | <u>136,313</u>                                   |
| <b>OTHER INCOME</b>   |          | <u>—</u>   | <u>—</u>   |
| <b>TOTAL (A)</b>  |          | <u>(361,059)</u>                                 | <u>(944,169)</u>                                 |
| <b>PROVISIONS (OTHER THAN TAXATION)</b>                       |          |  |  |
| For diminution in the value of investment                     |          | —  | —  |
| For doubtful debts  |          | —  | —  |
| Others  |          | —  | —  |
|   |          | <u>—</u>   | <u>—</u>   |
| <b>OTHER EXPENSES</b>   |          |  |  |
| Expenses other than those related to insurance business       |          |  |  |
| Employee's related remuneration and welfare benefits          |          | 3,216  | 437  |
| Bad debts written off   |          | —  | —  |
| Others  |          | —  | —  |
|   |          | <u>3,216</u>                                     | <u>437</u>                                       |
| <b>TOTAL (B)</b>  |          | <u>3,216</u>                                     | <u>437</u>                                       |
| <b>PROFIT / (LOSS) BEFORE TAX</b>                             |          | <u>(364,275)</u>                                 | <u>(944,606)</u>                                 |
| Income Tax Expense :  |          |  |  |
| – Current Tax   |          | —  | —  |
| – Deferred Tax  |          | —  | —  |
| – Fringe Benefits Tax   |          | —  | —  |
| – Excess provision written back                               |          | —  | (1,582)  |
| Provision for Taxation  |          | —  | —  |
| – Wealth Tax  |          | —  | —  |
| <b>PROFIT / (LOSS) AFTER TAX</b>                              |          | <u>(364,275)</u>                                 | <u>(943,024)</u>                                 |
| <b>APPROPRIATIONS</b>   |          |  |  |
| Interim dividends paid during the year                        |          | —  | —  |
| Proposed final dividend                                       |          | —  | —  |
| Dividend distribution tax                                     |          | —  | —  |
| Transfer to any Reserves or Other Accounts                    |          | —  | —  |
| Transfer to Contingency Reserve for Unexpired Risks           |          | —  | —  |
| Balance of Profit / (Loss) brought forward from previous year |          | (1,671,473)                                      | (728,449)  |
| <b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>               |          | <u>(2,035,748)</u>                               | <u>(1,671,473)</u>                               |
| <b>EARNINGS PER SHARE (Basic and Diluted) (in ₹)</b>          |          | <u>(0.78)</u>                                    | <u>(3.01)</u>                                    |
| (Face Value ₹ 10 per share) (Refer note 24 of Schedule 16)    |          |  |  |

**NOTES TO ACCOUNTS**

16

Schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account

Signature to the Profit &amp; Loss Account Schedules 1 to 16

As per our report of even date attached

**B.K. Khare & Co.**  
Chartered Accountants**G. M. Kapadia & Co.**  
Chartered Accountants**Padmini Khare Kaicker**  
Partner  
Membership No. 44784  
Firm Regn. No. 105102W**Rajen Ashar**  
Partner  
Membership No. 48243  
Firm Regn. No. 104767WMUMBAI,  
May 2, 2011

For and on behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman**Ritesh Kumar**  
Managing Director & CEO**Samir H. Shah**  
CFO & Company SecretaryDirectors  
**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Mark Lammerskitten**Independent Directors  
**Jagdish Khattar**  
**Bernhard Steinruecke**

**Revenue Account for the year ended March 31, 2011**

|   | Particulars   | Schedule | FIRE BUSINESS             |                           | MARINE BUSINESS           |                           | MISCELLANEOUS BUSINESS    |                           | TOTAL BUSINESS            |                           |
|---|---|----------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |   |          | Year Ended March 31, 2011 | Year Ended March 31, 2010 | Year Ended March 31, 2011 | Year Ended March 31, 2010 | Year Ended March 31, 2011 | Year Ended March 31, 2010 | Year Ended March 31, 2011 | Year Ended March 31, 2010 |
| 1 | Premiums Earned (Net)                                   | 1        | 140,068                   | 33,210                    | 77,745                    | 30,086                    | 5,845,768                 | 3,937,261                 | 6,063,581                 | 4,000,557                 |
| 2 | Profit / Loss on Sale / Redemption of Investments (Net) |          | 1,698                     | 819                       | 487                       | 301                       | 33,032                    | 23,555                    | 35,217                    | 24,675                    |
| 3 | Amortisation of debt securities                         |          | (664)                     | (329)                     | (191)                     | (121)                     | (12,922)                  | (9,472)                   | (13,777)                  | (9,922)                   |
| 4 | Other   |          |                           |                           |                           |                           |                           |                           |                           |                           |
|   | Investment Income from Pool (Motor & Terrorism )        |          | 4,446                     | —                         |                           | —                         | 37,109                    | 74,489                    | 41,555                    | 74,489                    |
|   | Miscellaneous Income/ Liabilities written back          |          | 21                        | 36                        | 63                        | 31                        | 4,003                     | 3,921                     | 4,087                     | 3,988                     |
| 5 | Interest and Dividend (Gross of TDS)                    |          | 23,454                    | 7,898                     | 6,732                     | 2,901                     | 456,189                   | 227,043                   | 486,375                   | 237,842                   |
|   | <b>TOTAL (A)</b>  |          | <b>169,023</b>            | <b>41,634</b>             | <b>84,836</b>             | <b>33,198</b>             | <b>6,363,179</b>          | <b>4,256,797</b>          | <b>6,617,038</b>          | <b>4,331,629</b>          |
| 1 | Claims Incurred (Net)                                   | 2        | 137,023                   | 52,157                    | 63,292                    | 46,509                    | 5,122,649                 | 3,859,968                 | 5,322,964                 | 3,958,634                 |
| 2 | Commission  | 3        | (173,384)                 | (182,203)                 | (20,653)                  | (17,431)                  | (192,409)                 | (174,696)                 | (386,446)                 | (374,330)                 |
| 3 | Operating Expenses Related to Insurance Business        | 4        | 101,804                   | 65,017                    | 37,362                    | 18,385                    | 2,152,870                 | 1,744,405                 | 2,292,036                 | 1,827,807                 |
| 4 | Premium Deficiency                                      |          | —                         | —                         | —                         | —                         | —                         | —                         | —                         | —                         |
|   | <b>TOTAL (B)</b>  |          | <b>65,443</b>             | <b>(65,029)</b>           | <b>80,001</b>             | <b>47,463</b>             | <b>7,083,110</b>          | <b>5,429,677</b>          | <b>7,228,554</b>          | <b>5,412,111</b>          |
|   | <b>Operating Profit/Loss (A-B)</b>                      |          | <b>103,580</b>            | <b>106,663</b>            | <b>4,835</b>              | <b>(14,265)</b>           | <b>(719,931)</b>          | <b>(1,172,880)</b>        | <b>(611,516)</b>          | <b>(1,080,482)</b>        |
|   | <b>APPROPRIATIONS</b>                                   |          |                           |                           |                           |                           |                           |                           |                           |                           |
|   | Transfer to Shareholders Account                        |          | 103,580                   | 106,663                   | 4,835                     | (14,265)                  | (719,931)                 | (1,172,880)               | (611,516)                 | (1,080,482)               |
|   | Transfer to Catastrophe Reserve                         |          | —                         | —                         | —                         | —                         | —                         | —                         | —                         | —                         |
|   | Transfer to Other Reserves                              |          | —                         | —                         | —                         | —                         | —                         | —                         | —                         | —                         |
|   | <b>TOTAL (C)</b>  |          | <b>103,580</b>            | <b>106,663</b>            | <b>4,835</b>              | <b>(14,265)</b>           | <b>(719,931)</b>          | <b>(1,172,880)</b>        | <b>(611,516)</b>          | <b>(1,080,482)</b>        |

Schedules referred to above and the notes to accounts form an integral part of the Revenue Account. Signature to the Revenue Account Schedules 1 to 16.  
As required by Section 40C(2) of the Insurance Act 1938, we hereby certify that on the basis of information and explanation given to us, all expenses of management, incurred by the Company, in respect of general insurance business have been fully debited in the Revenue Account as expenses.

As per our report of even date attached

For and on behalf of the Board of Directors

**B.K. Khare & Co.**  
Chartered Accountants

**Deepak S. Parekh**  
Chairman

Directors

**Keki M. Mistry**

**Renu Sud Karnad**

**Andreas Kleiner**

**Mark Lammerskitten**

**Rajen Ashar**

**Ritesh Kumar**  
Managing Director & CEO

Independent Directors

**Samir H. Shah**  
CFO & Company Secretary

**Jagdish Khattar**

**Bernhard Steinruecke**

**Padmini Khare Kaicker**

Partner

Membership No. 44784

Firm Regn. No. 105102W

MUMBAI,

May 2, 2011

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011.

| PREMIUM FINANCIAL YEAR 2010-11                               |                        |              |             |                 |             |                        |              |              |                 | (₹ '000)    |             |
|--|------------------------|--------------|-------------|-----------------|-------------|------------------------|--------------|--------------|-----------------|-------------|-------------|
| Particulars  | Financial Year 2010-11 |              |             |                 | Total       | Financial Year 2009-10 |              |              |                 | Total       |             |
|  | Fire                   | Marine       |             | **Miscellaneous |             | Fire                   | Marine       |              | **Miscellaneous |             |             |
|  |                        | Marine Cargo | Marine Hull |                 |             |                        | Marine Total | Marine Cargo |                 |             | Marine Hull |
| Premium from direct business written-net of Service tax      | 1,801,694              | 300,792      | 183,378     | 484,170         | 12,799,143  | 1,329,678              | 153,664      | 95,193       | 248,857         | 7,575,487   | 9,154,022   |
| Add : Premium on reinsurance accepted                        | 141,553                | 252          | 770         | 1,022           | 1,279,061   | 98,160                 | 1,233        | 41           | 1,274           | 792,701     | 892,135     |
| Less : Premium on reinsurance ceded                          | (1,602,463)            | (197,926)    | (169,901)   | (367,827)       | (6,326,797) | (1,291,583)            | (108,864)    | (91,131)     | (199,995)       | (2,667,759) | (4,159,337) |
| Net Premium  | 340,784                | 103,118      | 14,247      | 117,365         | 7,751,407   | 136,255                | 46,033       | 4,103        | 50,136          | 5,700,429   | 5,886,820   |
| Less : Adjustment for changes in reserve for unexpired risks | (200,716)              | (29,301)     | (10,319)    | (39,620)        | (1,687,826) | (103,045)              | (15,462)     | (4,588)      | (20,050)        | (1,763,168) | (1,886,263) |
| Total Premium earned   | 140,068                | 73,817       | 3,928       | 77,745          | 6,063,581   | 33,210                 | 30,571       | (485)        | 30,086          | 3,937,261   | 4,000,557   |

\* Miscellaneous Premium Breakup for financial year 2010-11

| Particulars  | Miscellaneous |           |            |             |                       |                  |                   |             |           |                   |                  |                 |       |            |           |                     |
|--|---------------|-----------|------------|-------------|-----------------------|------------------|-------------------|-------------|-----------|-------------------|------------------|-----------------|-------|------------|-----------|---------------------|
|  | Motor         |           |            |             | Other                 |                  |                   |             |           |                   |                  |                 | Total |            |           |                     |
|  | Motor-OD      | Motor-TP  | Motor Pool | Motor Total | Workmens Compensation | Public Liability | Product Liability | Engineering | Aviation  | Personal Accident | Health Insurance | Other Liability | Home  | Speciality | Other     | Total Miscellaneous |
| Premium from direct business written-net of Service tax      | 3,042,587     | 1,164,412 | —          | 4,206,999   | 36,758                | 15,466           | 21,751            | 475,204     | 326,079   | 1,291,727         | 3,287,267        | 263,404         | 2,218 | 408,683    | 177,723   | 10,513,279          |
| Add : Premium on reinsurance accepted                        | —             | —         | 1,057,664  | 1,057,664   | —                     | 100              | —                 | 63,449      | —         | —                 | 2                | 5,608           | —     | 9,663      | —         | 1,136,486           |
| Less : Premium on reinsurance ceded                          | (328,187)     | (738,518) | —          | (1,066,705) | (29,845)              | (11,488)         | (19,192)          | (444,671)   | (325,177) | (163,187)         | (1,571,812)      | (237,009)       | (411) | (384,812)  | (102,198) | (4,356,507)         |
| Net Premium  | 2,714,400     | 425,894   | 1,057,664  | 4,197,958   | 6,913                 | 4,078            | 2,559             | 93,982      | 902       | 1,128,540         | 1,715,457        | 32,003          | 1,807 | 33,534     | 75,525    | 7,293,258           |
| Less : Adjustment for changes in reserve for unexpired risks | (450,431)     | (79,533)  | (145,501)  | (675,465)   | (281)                 | (852)            | 169               | (19,922)    | 171       | (584,586)         | (168,052)        | (2,086)         | 170   | (1,392)    | 4,636     | (1,447,490)         |
| Total Premium earned   | 2,263,969     | 346,361   | 912,163    | 3,522,493   | 6,632                 | 3,226            | 2,728             | 74,060      | 1,073     | 543,954           | 1,547,405        | 29,917          | 1,977 | 32,142     | 80,161    | 5,845,768           |

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

\*\*\* Miscellaneous Premium Break-up for financial year 2009-10

| *** Miscellaneous Premium Break-up for financial year 2009-10 |               |           |            |             |                      |                  |                   |             |           |                   |                  |                 |                     |           |            | (₹ '000)    |
|---|---------------|-----------|------------|-------------|----------------------|------------------|-------------------|-------------|-----------|-------------------|------------------|-----------------|---------------------|-----------|------------|-------------|
| Particulars   | Miscellaneous |           |            |             |                      |                  |                   |             |           |                   |                  |                 |                     |           |            |             |
|   | Motor         |           |            |             | Other                |                  |                   |             |           |                   |                  |                 | Total Miscellaneous |           |            |             |
|   | Motor-OD      | Motor-TP  | Motor Pool | Motor Total | Workmen Compensation | Public Liability | Product Liability | Engineering | Aviation  | Personal Accident | Health Insurance | Other Liability |                     | Home      | Speciality |             |
| Premium from direct business written-net of Service tax       | 2,009,951     | 889,264   | —          | 2,899,215   | 20,174               | 9,266            | 9,075             | 279,396     | 182,763   | 728,950           | 2,687,410        | 202,504         | 2,120               | 436,307   | 118,307    | 7,575,487   |
| Add : Premium on reinsurance accepted                         | —             | —         | 761,992    | 761,992     | —                    | —                | —                 | 13,700      | —         | —                 | —                | 4,402           | —                   | 10,102    | 2,505      | 792,701     |
| Less : Premium on reinsurance ceded                           | (214,869)     | (607,903) | —          | (822,772)   | (13,695)             | (7,004)          | (6,734)           | (238,201)   | (181,779) | (133,676)         | (620,056)        | (179,758)       | (212)               | (411,011) | (52,861)   | (2,667,759) |
| Net Premium   | 1,795,082     | 281,361   | 761,992    | 2,838,435   | 6,479                | 2,262            | 2,341             | 54,895      | 984       | 595,274           | 2,067,354        | 27,148          | 1,908               | 35,398    | 67,951     | 5,700,429   |
| Less : Adjustment for changes in reserve for unexpired risks  | (479,347)     | (91,205)  | (247,399)  | (817,951)   | (1,510)              | (20)             | (1,320)           | (24,793)    | (401)     | (433,050)         | (427,224)        | (5,632)         | (87)                | (7,587)   | (43,593)   | (1,763,168) |
| Total Premium earned  | 1,315,735     | 190,156   | 514,593    | 2,020,484   | 4,969                | 2,242            | 1,021             | 30,102      | 583       | 162,224           | 1,640,130        | 21,516          | 1,821               | 27,811    | 24,358     | 3,937,261   |

## Schedule 2

## CLAIMS INCURRED (NET) FINANCIAL YEAR 2010-11

| CLAIMS INCURRED (NET) FINANCIAL YEAR 2010-11            |                        |              |             |              |                |             |                        |              |             |              |                 |           |       |  | (₹ '000) |
|---|------------------------|--------------|-------------|--------------|----------------|-------------|------------------------|--------------|-------------|--------------|-----------------|-----------|-------|--|----------|
| Particulars   | Financial Year 2010-11 |              |             |              |                |             | Financial Year 2009-10 |              |             |              |                 |           | Total |  |          |
|   | Fire                   | Marine       |             |              | *Miscellaneous | Total       | Fire                   | Marine       |             |              | **Miscellaneous | Total     |       |  |          |
|   |                        | Marine Cargo | Marine Hull | Marine Total |                |             |                        | Marine Cargo | Marine Hull | Marine Total |                 |           |       |  |          |
| Claims paid direct                                      | 492,170                | 96,022       | 84,510      | 180,532      | 4,534,513      | 5,207,215   | 132,199                | 46,177       | —           | 46,177       | 3,143,668       | 3,322,044 |       |  |          |
| Add: Claims on Re-insurance accepted                    | 49,713                 | —            | —           | —            | 226,312        | 276,025     | 5,225                  | —            | —           | —            | 71,970          | 77,195    |       |  |          |
| Less :Re-insurance ceded                                | (497,049)              | (55,322)     | (83,562)    | (138,884)    | (1,463,096)    | (2,099,029) | (114,985)              | (22,006)     | —           | (22,006)     | (454,006)       | (590,997) |       |  |          |
| Net Claims paid   | 44,834                 | 40,700       | 948         | 41,648       | 3,297,729      | 3,384,211   | 22,439                 | 24,171       | —           | 24,171       | 2,761,632       | 2,808,242 |       |  |          |
| Add: Claims Outstanding at the end of the period        | 133,691                | 48,845       | 5,188       | 54,033       | 3,851,123      | 4,038,847   | 41,502                 | 31,540       | 849         | 32,389       | 2,026,203       | 2,100,094 |       |  |          |
| Less: Claims Outstanding at the beginning of the period | (41,502)               | (31,540)     | (849)       | (32,389)     | (2,026,203)    | (2,100,094) | (11,784)               | (10,051)     | —           | (10,051)     | (927,867)       | (949,702) |       |  |          |
| Total Claims incurred                                   | 137,023                | 58,005       | 5,287       | 63,292       | 5,122,649      | 5,322,964   | 52,157                 | 45,660       | 849         | 46,509       | 3,859,968       | 3,958,634 |       |  |          |

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

| * Miscellaneous Claims Incurred (Net) Break-up for financial year 2010-11 |               |           |            |             |                      |                  |                   |             |           |                   |                  |                 |       |           |          |                     | (₹ '000) |
|---|---------------|-----------|------------|-------------|----------------------|------------------|-------------------|-------------|-----------|-------------------|------------------|-----------------|-------|-----------|----------|---------------------|----------|
| Particulars   | Miscellaneous |           |            |             |                      |                  |                   |             |           |                   |                  |                 |       |           |          |                     |          |
|   | Motor         |           |            |             | Other                |                  |                   |             |           |                   |                  |                 |       |           |          |                     |          |
|   | Motor-OD      | Motor-TP  | Motor Pool | Motor Total | Workmen Compensation | Public Liability | Product Liability | Engineering | Aviation  | Personal Accident | Health Insurance | Other Liability | Home  | Specialty | Other    | Total Miscellaneous |          |
| Claims paid direct  | 1,566,417     | 249,485   | —          | 1,815,902   | 461                  | —                | —                 | 51,864      | 576,656   | 236,206           | 1,720,066        | 18,032          | 84    | 42,628    | 72,614   | 4,534,513           |          |
| Add: Claims on Re-insurance accepted                                      | —             | —         | 224,540    | 224,540     | —                    | —                | —                 | 1,772       | —         | —                 | —                | —               | —     | —         | —        | 226,312             |          |
| Less: Re-insurance ceded  | (157,182)     | (157,875) | —          | (315,057)   | (314)                | —                | —                 | (31,496)    | (576,369) | (25,112)          | (450,125)        | (17,854)        | (8)   | (39,158)  | (7,603)  | (1,463,096)         |          |
| Net Claims paid   | 1,409,235     | 91,610    | 224,540    | 1,725,385   | 147                  | —                | —                 | 22,140      | 287       | 211,094           | 1,269,941        | 178             | 76    | 3,470     | 65,011   | 3,297,729           |          |
| Add: Claims Outstanding at the end of the period                          | 327,913       | 695,988   | 2,328,313  | 3,352,214   | 1,449                | 484              | 421               | 47,008      | 565       | 158,699           | 251,196          | 8,149           | 320   | 11,110    | 19,508   | 3,851,123           |          |
| Less: Claims Outstanding at the beginning of the period                   | (136,435)     | (431,115) | (934,469)  | (1,502,019) | (1,212)              | (336)            | (165)             | (12,785)    | (58)      | (68,602)          | (415,453)        | (4,612)         | (389) | (7,180)   | (13,392) | (2,026,203)         |          |
| Total Claims incurred   | 1,600,713     | 356,483   | 1,618,384  | 3,575,580   | 384                  | 148              | 256               | 56,363      | 794       | 301,191           | 1,105,684        | 3,715           | 7     | 7,400     | 71,127   | 5,122,649           |          |

| ** Miscellaneous Claims Incurred (Net) Breakup for financial year 2009- 10 |           |          |            |             |                      |                  |                   |             |          |                   |                  |                 |                     |         |           |           | (₹ '000) |
|--|-----------|----------|------------|-------------|----------------------|------------------|-------------------|-------------|----------|-------------------|------------------|-----------------|---------------------|---------|-----------|-----------|----------|
| Miscellaneous  |           |          |            |             |                      |                  |                   |             |          |                   |                  |                 |                     |         |           |           |          |
| Particulars  | Motor     |          |            |             | Other                |                  |                   |             |          |                   |                  |                 | Total Miscellaneous |         |           |           |          |
|  | Motor-OD  | Motor-TP | Motor Pool | Motor Total | Workmen Compensation | Public Liability | Product Liability | Engineering | Aviation | Personal Accident | Health Insurance | Other Liability |                     | Home    | Specialty | Other     |          |
| Claims paid direct   | 981,992   | 144,524  | —          | 1,126,516   | 346                  | 6                | —                 | 30,720      | 7,699    | 85,926            | 1,832,548        | —               | 58                  | 10,750  | 49,099    | 3,143,668 |          |
| Add: Claims on Re-insurance accepted                                       | 580       | —        | 71,385     | 71,965      | —                    | —                | —                 | 5           | —        | —                 | —                | —               | —                   | —       | —         | 71,970    |          |
| Less :Re-insurance ceded   | (137,484) | (57,086) | —          | (194,570)   | (105)                | (5)              | —                 | (15,492)    | (7,699)  | (9,220)           | (187,768)        | —               | (6)                 | (6,588) | (32,553)  | (454,006) |          |
| Net Claims paid  | 845,088   | 87,438   | 71,385     | 1,003,911   | 241                  | 1                | —                 | 15,233      | —        | 76,706            | 1,644,780        | —               | 52                  | 4,162   | 16,546    | 2,761,632 |          |
| Add: Claims Outstanding at the end of the period                           | 136,435   | 431,115  | 934,469    | 1,502,019   | 1,212                | 336              | 165               | 12,785      | 58       | 68,602            | 415,453          | 4,612           | 389                 | 7,180   | 13,392    | 2,026,203 |          |
| Less: Claims Outstanding at the beginning of the period                    | 102,524   | 309,076  | 353,578    | 765,178     | 783                  | 153              | 46                | 7,231       | 3        | 17,286            | 124,029          | 1,179           | 234                 | 7,157   | 4,588     | 927,867   |          |
| Total Claims incurred  | 878,999   | 209,477  | 652,276    | 1,740,752   | 670                  | 184              | 119               | 20,787      | 55       | 128,022           | 1,936,204        | 3,433           | 207                 | 4,185   | 25,350    | 3,859,968 |          |



## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

**Schedule 3**  
**COMMISSION**

| Particulars                                      | Financial Year 2010-11 |                 |                |                |                 | Financial Year 2009-10 |                  |                |                 |                  |
|--|------------------------|-----------------|----------------|----------------|-----------------|------------------------|------------------|----------------|-----------------|------------------|
|  | Fire                   |                 | Marine         |                |                 | Total                  | *Miscellaneous   |                | Total           | **Miscellaneous  |
|  | Motor-OD               | Motor-TP        | Motor Pool     | Motor Total    | Marine Hull     |                        | Marine Cargo     | Marine Hull    |                 |                  |
| Commission paid direct                           | 132,173                | —               | —              | 11,754         | 27,568          | 39,322                 | 859,256          | 14,097         | 16,603          | 431,463          |
| Add : Commission paid on re-insurance accepted   | 5,353                  | —               | —              | 15             | 113             | 128                    | 11,241           | 10             | 10              | 1,899            |
| Less : Commission received on re-insurance ceded | (310,910)              | —               | —              | (16,974)       | (43,129)        | (60,103)               | (1,062,906)      | (24,130)       | (34,044)        | (608,058)        |
| <b>Net commission paid/(received)</b>            | <b>(173,384)</b>       | <b>(15,448)</b> | <b>(5,205)</b> | <b>(5,205)</b> | <b>(15,448)</b> | <b>(20,653)</b>        | <b>(192,409)</b> | <b>(7,408)</b> | <b>(17,431)</b> | <b>(174,696)</b> |

(₹ '000)

**\* Miscellaneous Commission Breakup for financial year 2010-11**

| Particulars                                      | Motor          |          |            |                |                      | Other            |                   |                 |              |                  |
|--|----------------|----------|------------|----------------|----------------------|------------------|-------------------|-----------------|--------------|------------------|
|  | Motor-OD       | Motor-TP | Motor Pool | Motor Total    | Workmen Compensation | Public Liability | Product Liability | Engineering     | Aviation     | Health Insurance |
|  | Motor-OD       | Motor-TP | Motor Pool | Motor Total    | Workmen Compensation | Public Liability | Product Liability | Engineering     | Aviation     | Health Insurance |
| Commission paid direct                           | 197,115        | —        | —          | 197,115        | 3,386                | 1,013            | 2,714             | 39,167          | 5,970        | 352,462          |
| Add : Commission paid on re-insurance accepted   | —              | —        | —          | —              | —                    | —                | —                 | 8,618           | —            | —                |
| Less : Commission received on re-insurance ceded | (64,037)       | —        | —          | (64,037)       | (8,324)              | (8,601)          | (2,324)           | (132,964)       | (256)        | (700,049)        |
| <b>Net commission paid/(received)</b>            | <b>133,078</b> | <b>—</b> | <b>—</b>   | <b>133,078</b> | <b>(4,938)</b>       | <b>(7,588)</b>   | <b>390</b>        | <b>(85,179)</b> | <b>5,714</b> | <b>(347,587)</b> |

(₹ '000)

**\*\* Miscellaneous Commission Breakup for financial year 2009-10**

| Particulars                                      | Motor         |                 |            |                 |                      | Other            |                   |                 |                |                  |
|--|---------------|-----------------|------------|-----------------|----------------------|------------------|-------------------|-----------------|----------------|------------------|
|  | Motor-OD      | Motor-TP        | Motor Pool | Motor Total     | Workmen Compensation | Public Liability | Product Liability | Engineering     | Aviation       | Health Insurance |
|  | Motor-OD      | Motor-TP        | Motor Pool | Motor Total     | Workmen Compensation | Public Liability | Product Liability | Engineering     | Aviation       | Health Insurance |
| Commission paid direct                           | 76,648        | —               | —          | 76,648          | 1,521                | 797              | 663               | 20,851          | 171            | 161,388          |
| Add : Commission paid on re-insurance accepted   | —             | —               | —          | —               | —                    | —                | —                 | 497             | —              | —                |
| Less : Commission received on re-insurance ceded | (40,355)      | (63,746)        | —          | (104,101)       | (3,788)              | (1,357)          | (1,286)           | (75,384)        | (5,908)        | (264,941)        |
| <b>Net commission paid/(received)</b>            | <b>36,293</b> | <b>(63,746)</b> | <b>—</b>   | <b>(27,453)</b> | <b>(2,267)</b>       | <b>(560)</b>     | <b>(623)</b>      | <b>(54,036)</b> | <b>(5,737)</b> | <b>(44,846)</b>  |

(₹ '000)

**Schedule - 3 A**  
**COMMISSION PAID - DIRECT**

| Particulars      | Financial Year 2010-11 |               |                |                  |               | Financial Year 2009-10 |                |                |                |                 |
|------------------|------------------------|---------------|----------------|------------------|---------------|------------------------|----------------|----------------|----------------|-----------------|
|                  | Fire                   |               | Marine         |                  |               | Total                  | *Miscellaneous |                | Total          | **Miscellaneous |
|                  | Motor-OD               | Motor-TP      | Motor Pool     | Motor Total      | Marine Hull   |                        | Marine Cargo   | Marine Hull    |                |                 |
| Agents           | 2,085                  | 221           | 52,149         | 54,455           | 2,228         | 28,702                 | 692            | 31,622         | 31,622         | 31,622          |
| Brokers          | 35,555                 | 25,145        | 181,997        | 242,697          | 41,930        | 169,613                | 14,656         | 226,199        | 226,199        | 226,199         |
| Corporate Agency | 55,297                 | 9,328         | 470,060        | 534,685          | 12,278        | 79,382                 | 1              | 91,661         | 91,661         | 91,661          |
| Referral         | 39,236                 | 4,628         | 155,050        | 198,914          | 20,289        | 153,766                | 1,254          | 175,309        | 175,309        | 175,309         |
| Others           | —                      | —             | —              | —                | —             | —                      | —              | —              | —              | —               |
| <b>Total</b>     | <b>132,173</b>         | <b>39,322</b> | <b>859,256</b> | <b>1,030,751</b> | <b>76,725</b> | <b>431,463</b>         | <b>16,603</b>  | <b>524,791</b> | <b>524,791</b> | <b>524,791</b>  |

(₹ '000)

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

| Particulars  | OPERATING EXPENSES RELATED TO INSURANCE BUSINESS |               |              |                  |                  |                        |               |              |               |                  | (₹ '000)         |  |
|--|--|---------------|--------------|------------------|------------------|------------------------|---------------|--------------|---------------|------------------|------------------|--|
|  | Financial Year 2010-11                           |               |              |                  |                  | Financial Year 2009-10 |               |              |               |                  |                  |  |
|  | Fire   | Marine        |              | Miscellaneous    | Total            | Fire                   | Marine Cargo  | Marine Hull  | Marine Total  | ***Miscellaneous | Total            |  |
| Employees' remuneration and welfare benefits             | 52,712   | 11,785        | 3,765        | 727,179          | 795,441          | 38,962                 | 5,844         | 1,849        | 7,693         | 601,551          | 648,206          |  |
| Travel, conveyance and vehicle running expenses          | 4,391  | 798           | 346          | 44,731           | 50,266           | 3,167                  | 436           | 150          | 586           | 48,252           | 52,005           |  |
| Training expenses  | 822  | 268           | 39           | 19,512           | 20,641           | 265                    | 162           | 1            | 163           | 18,832           | 19,260           |  |
| Rents, rates and taxes                                   | 6,939  | 3,968         | 211          | 265,050          | 276,168          | 2,625                  | 2,301         | —            | 2,301         | 261,641          | 266,567          |  |
| Repairs  | 2,183  | 408           | 84           | 43,163           | 45,838           | 331                    | 263           | —            | 263           | 29,431           | 30,025           |  |
| Printing and stationery                                  | 1,576  | 603           | 68           | 42,843           | 45,090           | 588                    | 283           | 14           | 297           | 32,227           | 33,112           |  |
| Communication  | 1,801  | 603           | 84           | 43,687           | 46,175           | 1,062                  | 352           | 32           | 384           | 41,608           | 43,054           |  |
| Legal and professional charges                           | 10,917   | 4,692         | 275          | 404,750          | 420,634          | 6,059                  | 2,690         | 36           | 2,726         | 406,549          | 415,334          |  |
| Auditors' fees, expenses etc                             | —  | —             | —            | —                | —                | —                      | —             | —            | —             | —                | —                |  |
| (a) as auditors  | 68   | 39            | 2            | 2,591            | 2,700            | 18                     | 16            | —            | 16            | 1,767            | 1,801            |  |
| (b) as advisor or in any other capacity, in respect of : | —  | —             | —            | —                | —                | —                      | —             | —            | —             | —                | —                |  |
| (i) Taxation matters                                     | —  | —             | —            | —                | —                | —                      | —             | —            | —             | —                | —                |  |
| (ii) Insurance matters                                   | —  | —             | —            | —                | —                | —                      | —             | —            | —             | —                | —                |  |
| (iii) Management services                                | —  | —             | —            | —                | —                | —                      | —             | —            | —             | —                | —                |  |
| (c) in any other capacity                                | —  | —             | —            | —                | —                | —                      | —             | —            | —             | —                | —                |  |
| Advertisement and publicity                              | 6,501  | 2,187         | 464          | 121,639          | 130,791          | 3,758                  | 832           | 221          | 1,053         | 62,566           | 67,377           |  |
| Interest and Bank Charges                                | 2,887  | 1,651         | 88           | 110,272          | 114,898          | 59                     | 52            | —            | 52            | 6,771            | 6,882            |  |
| Others :-  |  |               |              |                  |                  |                        |               |              |               |                  |                  |  |
| Electricity expenses                                     | 762  | 436           | 23           | 29,111           | 30,332           | 343                    | 300           | —            | 300           | 34,159           | 34,802           |  |
| Office Expenses  | 291  | 141           | 11           | 9,451            | 9,894            | 330                    | 23            | 17           | 40            | 2,836            | 3,206            |  |
| Miscellaneous expenses                                   | 5,154  | 1,003         | 575          | 17,825           | 24,557           | 5,853                  | 622           | 747          | 1,369         | 9,888            | 17,110           |  |
| Service Charges  | —  | —             | —            | 96,879           | 96,879           | 65                     | —             | —            | —             | 58,406           | 58,471           |  |
| Technical Service Charges                                | —  | —             | —            | —                | —                | —                      | —             | —            | —             | —                | —                |  |
| Information Technology Expenses                          | 2,144  | 1,225         | 65           | 81,835           | 85,269           | 586                    | 495           | —            | 495           | 56,022           | 57,103           |  |
| Postage & courier  | 1,066  | 501           | 37           | 34,945           | 36,549           | 316                    | 205           | 3            | 208           | 22,863           | 23,387           |  |
| Loss on sale of assets (net)                             | 119  | 22            | 9            | 1,215            | 1,365            | 163                    | 22            | 8            | 30            | 2,487            | 2,680            |  |
| Depreciation   | 1,471  | 841           | 45           | 56,192           | 58,549           | 467                    | 409           | —            | 409           | 46,549           | 47,425           |  |
| Service Tax Expenditure                                  | —  | —             | —            | —                | —                | —                      | —             | —            | —             | —                | —                |  |
| <b>Total Operating Expenses</b>                          | <b>101,804</b>                                   | <b>31,171</b> | <b>6,191</b> | <b>2,152,870</b> | <b>2,292,036</b> | <b>65,017</b>          | <b>15,307</b> | <b>3,078</b> | <b>18,385</b> | <b>1,744,405</b> | <b>1,827,807</b> |  |

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

| Miscellaneous Operating expenses related to Insurance business Breakup for financial year 2010-11 |          |          |            |             |                      |                  |                   |             |          |                   |                  |                 |       |            |        |           | (₹ '000)            |
|---|----------|----------|------------|-------------|----------------------|------------------|-------------------|-------------|----------|-------------------|------------------|-----------------|-------|------------|--------|-----------|---------------------|
| Particulars   | Motor    |          |            |             | Miscellaneous        |                  |                   |             |          |                   |                  |                 | Other |            |        |           | Total Miscellaneous |
|   | Motor-OD | Motor-TP | Motor Pool | Motor Total | Workmen Compensation | Public Liability | Product Liability | Engineering | Aviation | Personal Accident | Health Insurance | Other Liability | Home  | Speciality | Other  |           |                     |
| Employees' remuneration and welfare benefits  | 294,083  | 69,588   | —          | 363,671     | 1,363                | 563              | 639               | 16,939      | 6,165    | 87,009            | 217,867          | 7,532           | 235   | 10,462     | 14,734 | 727,179   |                     |
| Travel, conveyance and vehicle running expenses   | 16,917   | 4,655    | —          | 21,572      | 97                   | 39               | 49                | 1,279       | 592      | 5,293             | 12,733           | 587             | 12    | 862        | 1,616  | 44,731    |                     |
| Training expenses   | 8,533    | 1,710    | —          | 10,243      | 29                   | 12               | 12                | 320         | 51       | 2,304             | 5,917            | 130             | 7     | 158        | 329    | 19,512    |                     |
| Rents, rates and taxes  | 121,705  | 18,619   | —          | 140,324     | 356                  | 173              | 147               | 3,816       | 58       | 29,241            | 83,184           | 1,608           | 106   | 1,728      | 4,309  | 265,050   |                     |
| Repairs   | 18,098   | 4,978    | —          | 23,076      | 62                   | 19               | 20                | 654         | 123      | 5,709             | 12,367           | 223             | 14    | 280        | 616    | 43,163    |                     |
| Printing and stationery   | 19,055   | 3,513    | —          | 22,568      | 61                   | 27               | 25                | 671         | 76       | 4,943             | 13,110           | 276             | 16    | 322        | 748    | 42,843    |                     |
| Communication   | 19,180   | 3,772    | —          | 22,952      | 64                   | 27               | 26                | 710         | 107      | 5,110             | 13,213           | 291             | 16    | 350        | 821    | 43,687    |                     |
| Legal and professional charges  | 172,929  | 31,633   | 22,204     | 226,766     | 500                  | 218              | 187               | 5,243       | 118      | 43,889            | 114,845          | 2,037           | 144   | 2,190      | 8,613  | 404,750   |                     |
| Auditors' fees, expenses etc  | —        | —        | —          | —           | —                    | —                | —                 | —           | —        | —                 | —                | —               | —     | —          | —      | —         |                     |
| (a) as auditors   | 1,189    | 182      | —          | 1,371       | 3                    | 2                | 1                 | 37          | 1        | 286               | 813              | 16              | 1     | 17         | 42     | 2,591     |                     |
| (b) as advisor or in any other capacity, in respect of :  | —        | —        | —          | —           | —                    | —                | —                 | —           | —        | —                 | —                | —               | —     | —          | —      | —         |                     |
| (i) Taxation matters  | —        | —        | —          | —           | —                    | —                | —                 | —           | —        | —                 | —                | —               | —     | —          | —      | —         |                     |
| (ii) Insurance matters  | —        | —        | —          | —           | —                    | —                | —                 | —           | —        | —                 | —                | —               | —     | —          | —      | —         |                     |
| (iii) Management services   | —        | —        | —          | —           | —                    | —                | —                 | —           | —        | —                 | —                | —               | —     | —          | —      | —         |                     |
| (c) in any other capacity   | —        | —        | —          | —           | —                    | —                | —                 | —           | —        | —                 | —                | —               | —     | —          | —      | —         |                     |
| Advertisement and publicity   | 52,341   | 8,978    | —          | 61,319      | 211                  | 100              | 103               | 2,573       | 698      | 13,460            | 38,403           | 1,190           | 45    | 1,548      | 1,989  | 121,639   |                     |
| Interest and Bank Charges   | 50,634   | 7,747    | —          | 58,381      | 148                  | 72               | 61                | 1,587       | 24       | 12,166            | 34,608           | 669             | 44    | 719        | 1,793  | 110,272   |                     |
| Others :-   |          |          |            |             |                      |                  |                   |             |          |                   |                  |                 |       |            |        |           |                     |
| Electricity expenses  | 13,367   | 2,045    | —          | 15,412      | 39                   | 19               | 16                | 419         | 6        | 3,212             | 9,136            | 177             | 12    | 190        | 473    | 29,111    |                     |
| Office Expenses   | 4,287    | 694      | —          | 4,981       | 13                   | 6                | 5                 | 143         | 9        | 1,054             | 2,944            | 61              | 4     | 68         | 162    | 9,451     |                     |
| Miscellaneous expenses  | 3,587    | 753      | —          | 4,340       | 99                   | 51               | 69                | 1,559       | 1,014    | 1,458             | 6,711            | 859             | 4     | 1,332      | 329    | 17,825    |                     |
| Service Charges   | 80,196   | —        | —          | 80,196      | —                    | —                | —                 | —           | —        | 12,241            | 4,442            | —               | —     | —          | —      | 96,879    |                     |
| Information Technology Expenses   | 37,575   | 5,751    | —          | 43,326      | 110                  | 54               | 45                | 1,178       | 18       | 9,030             | 25,682           | 496             | 33    | 533        | 1,330  | 81,835    |                     |
| Postage & courier   | 15,822   | 2,673    | —          | 18,495      | 48                   | 22               | 19                | 515         | 27       | 3,957             | 10,831           | 212             | 14    | 235        | 570    | 34,945    |                     |
| Loss on sale of assets (net)  | 459      | 127      | —          | 586         | 3                    | 1                | 1                 | 35          | 16       | 144               | 346              | 16              | —     | 23         | 44     | 1,215     |                     |
| Depreciation  | 25,802   | 3,947    | —          | 29,749      | 76                   | 37               | 31                | 809         | 12       | 6,199             | 17,635           | 341             | 23    | 366        | 914    | 56,192    |                     |
| Total Operating Expenses  | 955,759  | 171,365  | 22,204     | 1,149,328   | 3,282                | 1,442            | 1,456             | 38,487      | 9,115    | 246,705           | 624,787          | 16,721          | 730   | 21,383     | 39,432 | 2,152,870 |                     |

\*Miscellaneous Operating expenses related to Insurance business Breakup for financial year 2010-11

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

| **** Miscellaneous Operating expenses related to Insurance business Breakup for financial year 2009- 10 |          |          |            |             |                         |                  |                   |               |          |                   |                  |                 |      |            |        |                       | (₹ '000) |  |
|---|----------|----------|------------|-------------|-------------------------|------------------|-------------------|---------------|----------|-------------------|------------------|-----------------|------|------------|--------|-----------------------|----------|--|
| Particulars   | Motor    |          |            |             |                         |                  | Miscellaneous     |               |          |                   |                  |                 |      |            | Other  |                       |          |  |
|   | Motor-OD | Motor-TP | Motor Pool | Motor Total | Workmens Compen- sation | Public Liability | Product Liability | Engi- neering | Aviation | Personal Accident | Health Insurance | Other Liability | Home | Speciality | Other  | Total Miscell- aneous |          |  |
| Employees' remuneration and welfare benefits  | 228,209  | 75,779   | —          | 303,988     | 1,017                   | 408              | 934               | 9,077         | 3,427    | 42,259            | 216,400          | 6,260           | 375  | 10,967     | 6,439  | 601,551               |          |  |
| Travel, conveyance and vehicle running expenses   | 19,205   | 7,302    | —          | 26,507      | 76                      | 30               | 67                | 696           | 274      | 3,027             | 15,641           | 464             | 25   | 843        | 602    | 48,252                |          |  |
| Training expenses   | 7,332    | 1,342    | —          | 8,674       | 27                      | 12               | 10                | 160           | 6        | 884               | 8,638            | 118             | 10   | 153        | 140    | 18,832                |          |  |
| Rents, rates and taxes  | 100,612  | 14,541   | —          | 115,153     | 380                     | 171              | 78                | 2,217         | 45       | 12,405            | 125,418          | 1,645           | 139  | 2,127      | 1,863  | 261,641               |          |  |
| Repairs   | 11,294   | 1,655    | —          | 12,949      | 43                      | 19               | 9                 | 255           | 10       | 1,406             | 14,075           | 189             | 16   | 249        | 211    | 29,431                |          |  |
| Printing and stationery   | 12,578   | 2,515    | —          | 15,093      | 47                      | 21               | 18                | 303           | 33       | 1,625             | 14,309           | 215             | 17   | 304        | 242    | 32,227                |          |  |
| Communication   | 16,413   | 3,974    | —          | 20,387      | 60                      | 26               | 32                | 408           | 68       | 2,225             | 17,336           | 286             | 23   | 423        | 334    | 41,608                |          |  |
| Legal and professional charges  | 123,716  | 23,139   | 86,527     | 233,382     | 461                     | 195              | 158               | 2,774         | 149      | 17,058            | 144,816          | 1,980           | 178  | 2,602      | 2,796  | 406,549               |          |  |
| Auditors' fees, expenses etc  | —        | —        | —          | —           | —                       | —                | —                 | —             | —        | —                 | —                | —               | —    | —          | —      | —                     |          |  |
| (a) as auditors   | 679      | 98       | —          | 777         | 3                       | 1                | 1                 | 15            | —        | 84                | 847              | 11              | 1    | 14         | 13     | 1,767                 |          |  |
| (b) as advisor or in any other capacity, in respect of :  | —        | —        | —          | —           | —                       | —                | —                 | —             | —        | —                 | —                | —               | —    | —          | —      | —                     |          |  |
| (i) Taxation matters  | —        | —        | —          | —           | —                       | —                | —                 | —             | —        | —                 | —                | —               | —    | —          | —      | —                     |          |  |
| (ii) Insurance matters  | —        | —        | —          | —           | —                       | —                | —                 | —             | —        | —                 | —                | —               | —    | —          | —      | —                     |          |  |
| (iii) Management services   | —        | —        | —          | —           | —                       | —                | —                 | —             | —        | —                 | —                | —               | —    | —          | —      | —                     |          |  |
| (c) in any other capacity   | —        | —        | —          | —           | —                       | —                | —                 | —             | —        | —                 | —                | —               | —    | —          | —      | —                     |          |  |
| Advertisement and publicity   | 21,179   | 3,475    | —          | 24,654      | 111                     | 56               | 46                | 1,076         | 452      | 3,081             | 30,124           | 827             | 30   | 1,498      | 611    | 62,566                |          |  |
| Interest and Bank Charges   | 2,263    | 1,212    | —          | 3,475       | 9                       | 4                | 2                 | 50            | 1        | 279               | 2,821            | 37              | 3    | 48         | 42     | 6,771                 |          |  |
| Others :-   |          |          |            |             |                         |                  |                   |               |          |                   |                  |                 |      |            |        |                       |          |  |
| Electricity expenses  | 13,136   | 1,898    | —          | 15,034      | 50                      | 22               | 10                | 289           | 6        | 1,620             | 16,374           | 215             | 18   | 278        | 243    | 34,159                |          |  |
| Office Expenses   | 1,159    | 685      | —          | 1,844       | 5                       | 2                | 9                 | 59            | 29       | 317               | 424              | 35              | 2    | 70         | 40     | 2,836                 |          |  |
| Miscellaneous expenses  | 1,601    | 288      | —          | 1,889       | 7                       | 9                | 8                 | 1,224         | 2,137    | 326               | 2,497            | 439             | 2    | 659        | 691    | 9,888                 |          |  |
| Service Charges   | 49,263   | —        | —          | 49,263      | —                       | —                | —                 | —             | —        | 4,833             | 4,310            | —               | —    | —          | —      | 58,406                |          |  |
| Information Technology Expenses   | 21,581   | 3,195    | —          | 24,776      | 81                      | 37               | 18                | 478           | 13       | 2,643             | 26,733           | 354             | 30   | 461        | 398    | 56,022                |          |  |
| Postage & courier   | 8,852    | 1,452    | —          | 10,304      | 33                      | 15               | 9                 | 203           | 14       | 1,086             | 10,665           | 150             | 12   | 203        | 169    | 22,863                |          |  |
| Loss on sale of assets (net)  | 990      | 377      | —          | 1,367       | 4                       | 2                | 3                 | 36            | 14       | 156               | 806              | 24              | 1    | 43         | 31     | 2,487                 |          |  |
| Depreciation  | 17,900   | 2,587    | —          | 20,487      | 68                      | 31               | 14                | 394           | 8        | 2,207             | 22,313           | 293             | 25   | 378        | 331    | 46,549                |          |  |
| Total Operating Expenses  | 657,962  | 145,514  | 86,527     | 890,003     | 2,482                   | 1,061            | 1,426             | 19,714        | 6,686    | 97,521            | 674,547          | 13,542          | 907  | 21,320     | 15,196 | 1,744,405             |          |  |

## Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

### Schedule - 5

#### SHARE CAPITAL

| Particulars   | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|---|-------------------------------------|-------------------------------------|
| <b>Authorised Capital</b>   |                                     |                                     |
| 600,000,000 Equity Shares of ₹ 10/- each<br>(Previous Year: 600,000,000 Equity Shares of ₹ 10/- each) | 6,000,000                           | 6,000,000                           |
| <b>Issued Capital</b>   |                                     |                                     |
| 486,000,000 Equity Shares of ₹ 10/-each<br>(Previous Year: 415,000,000 Equity Shares of ₹ 10/- each)  | 4,860,000                           | 4,150,000                           |
| <b>Subscribed Capital</b>   |                                     |                                     |
| 486,000,000 Equity Shares of ₹ 10/-each<br>(Previous Year: 415,000,000 Equity Shares of ₹ 10/- each)  | 4,860,000                           | 4,150,000                           |
| <b>Called-up Capital</b>  |                                     |                                     |
| 486,000,000 Equity Shares of ₹ 10/-each<br>(Previous Year: 415,000,000 Equity Shares of ₹ 10/- each)  | 4,860,000                           | 4,150,000                           |
| Less: Calls unpaid  | —                                   | —                                   |
| Add: Equity Shares forfeited (Amount originally paid up)  | —                                   | —                                   |
| Less: Par Value of Equity Shares bought back  | —                                   | —                                   |
| Less: Preliminary Expenses  | —                                   | —                                   |
| <b>Total</b>  | <b>4,860,000</b>                    | <b>4,150,000</b>                    |

Of the above, 359,640,000 (Previous Year 307,100,000) equity shares of ₹ 10/- each are held by Housing Development Finance Corporation Limited, the holding company.

### Schedule - 5A

#### SHARE CAPITAL

#### PATTERN OF SHAREHOLDING

[As certified by the Management]

|   | As at March 31, 2011 |              | As at March 31, 2010 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | Number of Shares     | % of Holding | Number of Shares     | % of Holding |
| Promoters:  |                      |              |                      |              |
| Indian: Housing Development Finance Corporation Limited | 359,640,000          | 74%          | 307,100,000          | 74%          |
| Foreign: ERGO International AG                          | 126,360,000          | 26%          | 107,900,000          | 26%          |
| Others  | —                    | 0%           | —                    | 0%           |
| <b>Total</b>  | <b>486,000,000</b>   | <b>100%</b>  | <b>415,000,000</b>   | <b>100%</b>  |

## Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

### Schedule - 6

#### RESERVES AND SURPLUS

| Particulars                                    | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|--|-------------------------------------|-------------------------------------|
| Capital Reserve                                | —                                   | —                                   |
| Capital Redemption Reserve                     | —                                   | —                                   |
| Share Premium                                  | 1,040,000                           | —                                   |
| General Reserves                               | —                                   | —                                   |
| Less: Debit balance in Profit and Loss Account | —                                   | —                                   |
| Less: Amount utilised for buy-back             | —                                   | —                                   |
| Contingency Reserve for Unexpired Risk         | —                                   | —                                   |
| Catastrophe Reserve                            | —                                   | —                                   |
| Other Reserves                                 | —                                   | —                                   |
| Balance of Profit in Profit and Loss Account   | —                                   | —                                   |
| <b>Total</b>                                   | <b>1,040,000</b>                    | —                                   |

### Schedule - 7

#### BORROWINGS

| Particulars                                       | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|---|-------------------------------------|-------------------------------------|
| Debentures / Bonds                                | —                                   | —                                   |
| Banks   | —                                   | —                                   |
| Financial Institutions                            | —                                   | —                                   |
| Others:   |                                     |                                     |
| Orix Auto Infrastructure & Business Solution Ltd. | 6,086                               | 7,011                               |
| <b>Total</b>                                      | <b>6,086</b>                        | <b>7,011</b>                        |

### Schedule - 8

#### INVESTMENTS

##### LONG TERM INVESTMENTS

|   | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|---|-------------------------------------|-------------------------------------|
| Government securities and Government guaranteed bonds<br>including treasury bills | 2,451,743                           | 1,321,027                           |
| Other Approved Securities:  | —                                   | —                                   |
| Non-Convertible Debentures  | —                                   | —                                   |
| Investments in Housing Bonds  | —                                   | —                                   |
| Other Investment:   |                                     |                                     |
| Shares  | —                                   | —                                   |
| — Equity  | 40,642                              | 4,170                               |
| — Preference  | —                                   | —                                   |
| Mutual Funds  | —                                   | —                                   |

## Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

### Schedule - 8 (Continued)

#### INVESTMENTS

##### LONG TERM INVESTMENTS

|   | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|---|-------------------------------------|-------------------------------------|
| Derivative Instruments                                | —                                   | —                                   |
| Debentures / Bonds                                    | 3,318,267                           | 1,564,398                           |
| Other Securities (Bank Deposits)                      | 500,000                             | —                                   |
| Subsidiaries  | —                                   | —                                   |
| Investment Properties-Real Estate                     | —                                   | —                                   |
| Investments in Infrastructure and Social Sector Bonds | 2,114,410                           | 1,682,952                           |
| Other than Approved Investments - Equity              | 4,295                               | —                                   |
| <b>Sub-total A</b>                                    | <b>8,429,357</b>                    | <b>4,572,547</b>                    |

##### SHORT TERM INVESTMENTS

|   |                   |                  |
|---|-------------------|------------------|
| Government securities and Government guaranteed bonds<br>including treasury bills | 1,316,509         | 796,612          |
| Other Approved Securities:  | —                 | —                |
| Non-Convertible Debentures  | —                 | —                |
| Investments in Housing Bonds  | —                 | —                |
| Bank deposits   | —                 | —                |
| Other Investment:   |                   |                  |
| Shares  |                   |                  |
| – Equity  | —                 | —                |
| – Preference  | —                 | —                |
| Mutual Funds  | —                 | —                |
| Derivative Instruments  | —                 | —                |
| Debentures / Bonds  | 215,000           | 169,715          |
| Other Securities (Commercial Papers & Certificate of Deposits)                    | 2,023,056         | 495,572          |
| Subsidiaries  | —                 | —                |
| Investment Properties-Real Estate   | —                 | —                |
| Investments in Infrastructure and Social Sector Bonds                             | 119,659           | 30,000           |
| Other than Approved Investments   |                   |                  |
| – Mutual Fund   | 132,540           | 172,323          |
| – Corporate Deposits  | —                 | —                |
| <b>Sub-total B</b>  | <b>3,806,764</b>  | <b>1,664,222</b> |
| <b>Total A+B</b>  | <b>12,236,121</b> | <b>6,236,769</b> |

|   |           |           |
|---|-----------|-----------|
| Note: Aggregate value of the investments other than Mutual Fund | (₹ '000)  | (₹ '000)  |
| Long term investments – Book Value                              | 8,384,420 | 4,568,377 |
| Market Value  | 8,209,723 | 4,561,880 |
| Short term investments – Book Value                             | 3,674,225 | 1,491,899 |
| Market Value  | 3,672,697 | 1,493,857 |

## Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

### Schedule - 9

#### LOANS

|  | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|--|-------------------------------------|-------------------------------------|
| SECURITY-WISE CLASSIFICATION             |                                     |                                     |
| Secured                                  |                                     |                                     |
| (a) On mortgage of property              |                                     |                                     |
| (aa) In India                            | —                                   | —                                   |
| (bb) Outside India                       | —                                   | —                                   |
| (b) On Shares, Bonds, Govt. Securities   | —                                   | —                                   |
| (c) Others                               | —                                   | —                                   |
| Unsecured                                | —                                   | —                                   |
| <b>Total</b>                             | <u>—</u>                            | <u>—</u>                            |
| BORROWER-WISE CLASSIFICATION             |                                     |                                     |
| (a) Central and State Governments        | —                                   | —                                   |
| (b) Banks and Financial Institutions     | —                                   | —                                   |
| (c) Subsidiaries                         | —                                   | —                                   |
| (d) Industrial Undertakings              | —                                   | —                                   |
| (e) Others                               | —                                   | —                                   |
| <b>Total</b>                             | <u>—</u>                            | <u>—</u>                            |
| PERFORMANCE-WISE CLASSIFICATION          |                                     |                                     |
| (a) Loans classified as standard         |                                     |                                     |
| (aa) In India                            | —                                   | —                                   |
| (bb) Outside India                       | —                                   | —                                   |
| (b) Non-performing loans less provisions |                                     |                                     |
| (aa) In India                            | —                                   | —                                   |
| (bb) Outside India                       | —                                   | —                                   |
| <b>Total</b>                             | <u>—</u>                            | <u>—</u>                            |
| MATURITY-WISE CLASSIFICATION             |                                     |                                     |
| (a) Short-term                           | —                                   | —                                   |
| (b) Long-Term                            | —                                   | —                                   |
| <b>Total</b>                             | <u>—</u>                            | <u>—</u>                            |



## Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

Schedule – 10

FIXED ASSETS (Refer notes 4, 5 and 13 of Schedule 16)

(₹ '000)

| Description                             | Cost / Gross Block |           |            | Depreciation |                |              | Net Block              |         |                |               |
|---|--------------------|-----------|------------|--------------|----------------|--------------|------------------------|---------|----------------|---------------|
|   | Opening            | Additions | Deductions | Closing      | Upto Last Year | For The Year | On Sales / Adjustments | To Date | As at Year end | Previous Year |
| Goodwill                                | —                  | —         | —          | —            | —              | —            | —                      | —       | —              | —             |
| Building                                | —                  | 575,856   | —          | 575,856      | —              | 5,940        | —                      | 5,940   | 569,916        | —             |
| Intangibles -                           |                    |           |            |              |                |              |                        |         |                |               |
| Computer Software                       | 204,768            | 50,050    | —          | 254,818      | 99,139         | 23,936       | —                      | 123,075 | 131,743        | 105,629       |
| Land-Freehold                           | —                  | —         | —          | —            | —              | —            | —                      | —       | —              | —             |
| Leasehold Property                      | 17,457             | 217       | 4,657      | 13,017       | 14,950         | 1,232        | 4,657                  | 11,525  | 1,492          | 2,507         |
| Furniture and Fittings                  | 7,030              | 1,330     | —          | 8,360        | 2,645          | 594          | —                      | 3,239   | 5,121          | 4,385         |
| Information Technology Equipment        | 216,179            | 8,757     | 18,287     | 206,649      | 117,664        | 23,039       | 18,000                 | 122,703 | 83,946         | 98,516        |
| Vehicles                                | 1,175              | —         | 1,175      | —            | 1,175          | —            | 1,175                  | —       | —              | —             |
| Office Equipment                        | 33,489             | 5,125     | 3,154      | 35,460       | 7,885          | 1,842        | 1,471                  | 8,256   | 27,204         | 25,604        |
| Leased Vehicles                         | 9,526              | 894       | 424        | 9,996        | 3,197          | 1,966        | 424                    | 4,739   | 5,257          | 6,329         |
| Leased Information Technology Equipment | —                  | —         | —          | —            | —              | —            | —                      | —       | —              | —             |
| Leased Software                         | —                  | —         | —          | —            | —              | —            | —                      | —       | —              | —             |
| Total                                   | 489,624            | 642,229   | 27,697     | 1,104,156    | 246,655        | 58,549       | 25,727                 | 279,477 | 824,679        | 242,970       |
| Capital Work-in-progress                | 3,869              | 7,996     | 3,871      | 7,994        | —              | —            | —                      | —       | 7,994          | 3,869         |
| Grand Total                             | 493,493            | 650,225   | 31,568     | 1,112,150    | 246,655        | 58,549       | 25,727                 | 279,477 | 832,673        | 246,839       |
| Previous Year                           | 403,693            | 165,472   | 75,673     | 493,492      | 234,023        | 47,427       | 34,796                 | 246,654 | 246,839        | 169,671       |

## Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

### Schedule - I I

#### CASH AND BANK BALANCES

|   | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|---|-------------------------------------|-------------------------------------|
| Cash (including cheques, drafts and stamps) | 557,938                             | 368,806                             |
| Bank balances                               |                                     |                                     |
| (a) Deposit Accounts                        |                                     |                                     |
| (aa) Short-term (due within 12 months)      | 150,000                             | —                                   |
| (bb) Others                                 | —                                   | —                                   |
| (b) Current Accounts                        | 324,519                             | 302,060                             |
| (c) Others                                  | —                                   | —                                   |
| Money at Call and Short Notice              |                                     |                                     |
| (a) With Banks                              | —                                   | —                                   |
| (b) With Other Institutions                 | —                                   | —                                   |
| Others                                      | —                                   | —                                   |
| <b>Total</b>                                | <b>1,032,457</b>                    | <b>670,866</b>                      |

### Schedule - 12

#### ADVANCES AND OTHER ASSETS

|  | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|--|-------------------------------------|-------------------------------------|
| <b>ADVANCES</b>  |                                     |                                     |
| Reserve deposits with ceding companies   | —                                   | —                                   |
| Application money for investments  | —                                   | —                                   |
| Prepayments  | 157,678                             | 149,315                             |
| Advance to Directors / Officers  | —                                   | —                                   |
| Advance tax paid and taxes deducted at source (net of provision net of taxation)     | 8,224                               | 3,898                               |
| Others:  |                                     |                                     |
| Advances to employees  | 1,588                               | 232                                 |
| Advances to suppliers  | 47,802                              | 32,177                              |
| Advances payment for Service Tax   | —                                   | 28,379                              |
| <b>Sub-total A</b>   | <b>215,292</b>                      | <b>214,001</b>                      |
| <b>OTHER ASSETS</b>  |                                     |                                     |
| Income accrued on investments  | 326,524                             | 192,491                             |
| Outstanding Premiums   | 45,585                              | —                                   |
| Agents' Balances   | —                                   | —                                   |
| Foreign Agents' Balances   | —                                   | —                                   |
| Due from other entities carrying on insurance business<br>(including reinsurers)     | 552,814                             | 1,365,904                           |
| Due from subsidiaries / holding  | 14                                  | 181                                 |
| Deposit with Reserve Bank of India<br>(Pursuant to section 7 of Insurance Act, 1938) | —                                   | —                                   |
| Others:  |                                     |                                     |
| Deposits for premises  | 46,036                              | 46,886                              |
| Stock of Salvaged Cars   | 1,325                               | 1,587                               |
| <b>Sub-total B</b>   | <b>972,298</b>                      | <b>1,607,049</b>                    |
| <b>Total A+B</b>   | <b>1,187,590</b>                    | <b>1,821,050</b>                    |

## Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

### Schedule - 13

#### CURRENT LIABILITIES

|  | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|--|-------------------------------------|-------------------------------------|
| Agents' Balances   | 96,709                              | 21,373                              |
| Balances due to other insurance companies                              | 594,538                             | 554,978                             |
| Deposits held on re-insurance ceded                                    | —                                   | —                                   |
| Premiums received in advance   | 512,652                             | 279,489                             |
| Unallocated Premium  | 594,814                             | 281,880                             |
| Unclaimed amount of Policy holder's (Refer Note no. 28 of Schedule 16) | 29,777                              | 13,405                              |
| Sundry creditors   | 520,722                             | 334,618                             |
| Due to subsidiaries / holding company                                  | —                                   | —                                   |
| Claims outstanding (Refer Note no. 23(b) and 27 of Schedule 16)        | 4,038,848                           | 2,100,094                           |
| Due to Officers / Directors  | —                                   | —                                   |
| Others:  |                                     |                                     |
| Service tax liability  | 44,348                              | —                                   |
| Tax deducted payable   | 22,070                              | 7,248                               |
| Other statutory dues   | 262                                 | 20                                  |
| <b>Total</b>   | <b>6,454,740</b>                    | <b>3,593,105</b>                    |

### Schedule - 14

#### PROVISIONS

|   | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|---|-------------------------------------|-------------------------------------|
| Reserve for Unexpired Risk  | 4,582,816                           | 2,894,991                           |
| For taxation (less advance tax paid and taxes deducted at source) | —                                   | —                                   |
| For proposed dividends  | —                                   | —                                   |
| For dividend distribution tax                                     | —                                   | —                                   |
| Others:   |                                     |                                     |
| Provision for Employee benefits                                   | 7,076                               | 1,517                               |
| <b>Total</b>  | <b>4,589,892</b>                    | <b>2,896,508</b>                    |

### Schedule - 15

#### MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

|  | As at<br>March 31, 2011<br>(₹ '000) | As at<br>March 31, 2010<br>(₹ '000) |
|--|-------------------------------------|-------------------------------------|
| Discount Allowed in issue of shares / debentures | —                                   | —                                   |
| Others:  |                                     |                                     |
| Pre-operative expenses:                          |                                     |                                     |
| Opening balance                                  | —                                   | —                                   |
| Incurred during the year                         | —                                   | —                                   |
| Less :Amortisation during the year               | —                                   | —                                   |
| <b>Total</b>                                     | <b>—</b>                            | <b>—</b>                            |

**Schedule – 16****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****1. BACKGROUND**

HDFC ERGO General Insurance Company Limited ('the Company') was incorporated on February 8, 2002 as a Company under the Companies Act, 1956 ('the Act'). As on March 31, 2011, the shareholders of the Company are Housing Development Finance Corporation Limited (HDFC) (74%) and Ergo International AG (ERGO) (26%). The Company is registered with the Insurance Regulatory and Development Authority ('IRDA') and continues to be in the business of underwriting general insurance policies and has launched general insurance products in Motor, Home, Accident & Health, Commercial and Specialty business lines.

The IRDA has renewed the Company's Certificate of Registration to sell general insurance products in India for the year 2011-12 vide its Certificate of Renewal of Registration dated February 28, 2011. The renewed registration is with effect from April 1, 2011 and is valid up to March 31, 2012.

**2. SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, on an accrual basis and in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDA from time to time, the Companies Act, 1956, to the extent applicable and the Accounting Standards notified under the Companies Accounting Standard Rules 2006 to the extent applicable.

**(b) Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the balance sheet date, reported amount of revenues and expenses for the year and disclosures of contingent liabilities as of the balance sheet date. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**(c) Revenue Recognition****Premium Income**

Premium (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Premium received in advance represents premium received prior to commencement of the risk.

**Income earned on investments**

Interest income on investments is recognised on an accrual basis. Accretion of discount and amortisation of premium relating to debt securities is recognised over holding/maturity period on a constant yield to maturity basis.

Dividend income is recognised when the right to receive dividend is established.

The net realised gains or losses on the debt securities are the difference between the net sale consideration and the amortised cost, which is computed on a weighted average basis, as on the date of sale. In case of listed equity shares / mutual funds units, the profit or loss on actual sale of investment includes the accumulated changes in the fair value previously recognised under "Fair Value Change Account". The difference between the acquisition price and the maturity value of treasury bills is recognised as income in the revenue account or the profit and loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis.

Sale consideration for the purpose of realised gain / loss is net of brokerage and taxes, if any, and excludes interest received on sales.

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011**

**(d) Reinsurance ceded**

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

**(e) Commission received**

Commission on reinsurance ceded is recognized as income on ceding of reinsurance premium.

Profit commission under re-insurance treaties, wherever applicable, is recognized in the year of final determination of the profits and as intimated by the Reinsurer.

**(f) Reserve for Unexpired risk**

Reserve for unexpired risk represents proportion of net premium written relating to the period of insurance subsequent to the balance sheet date, calculated on the basis of 1/365<sup>th</sup> method, or as required under section 64V(1)(ii)(b) of The Insurance Act, 1938, whichever is higher.

**(g) Premium deficiency**

Premium deficiency is recognised if the sum of expected claim costs, related expenses and maintenance cost exceeds related reserve for unexpired risk. Premium Deficiency is calculated at business segment level.

**(h) Claims incurred**

Claims incurred comprises of claims paid (net of salvage & other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) & claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the balance sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivables from reinsurers/coinsurers) are recognized on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by Appointed Actuary in compliance with guidelines issued by IRDA vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of the guidance note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data.

The Basic Chain Ladder (BCL) Method has been adopted for those lines of business where claims development in the past years is considered to be representative for the future claims development. The liability has been arrived at by using BCL method for Motor (OD&PA), Personal Accident, Health and Travel Insurance and Bornhuetter-Ferguson Method (BF) for Motor TP where reasonable volume of claims paid data is available.

For other classes of business such as Commercial Insurance (consisting of Fire, Marine, Engineering, Public Liability, Product liability, Workmen compensation and Miscellaneous), Specialty Insurance, Cattle and Home Insurance, the available claims paid data are very small and hence not sufficient to apply any statistical method. For such classes of business, the liability has been arrived at by using Loss Ratio method by multiplying the Net Earned premium and the excess of the estimated claims ratio over the actual incurred claims ratio.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****(i) Salvage Recoveries**

Salvaged vehicles are recognised at net realizable value and are deducted from the claim settlement made against the same. Salvaged vehicles on hand are treated as stock-in-trade and are recognised at estimated net realizable value based on independent valuer's report.

**(j) Acquisition Costs**

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed in the period in which they are incurred.

**(k) Fixed Assets and Depreciation**

Fixed assets are stated at cost of acquisition (including incidental expenses relating to acquisition and installation of assets) and expenses directly attributable to bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment of assets, if any. Salvaged vehicles, transferred and registered in the name of the Company are stated at fair market value determined based on the independent valuer's report as on the date of capitalization less accumulated depreciation.

Depreciation on fixed assets is provided using higher of the rates based on economic useful lives of assets as estimated by the management and the Straight Line Method ('SLM') specified by the Schedule XIV to the Companies Act, 1956.

The depreciation rates used are as under

| Nature of Asset                  | Depreciation rate used | Depreciation rate as per Schedule XIV |
|----------------------------------|------------------------|---------------------------------------|
| Building                         | 1.63%                  | 1.63%                                 |
| Computer Software                | 16.21%                 | 16.21%                                |
| Furniture and Fittings           | 6.33%                  | 6.33%                                 |
| Information Technology Equipment | 16.21%                 | 16.21%                                |
| Office Equipment                 | 4.75%                  | 4.75%                                 |
| Salvaged Vehicles Capitalized    | 25.00%                 | 9.50%                                 |

Leasehold improvements are depreciated over the primary lease period. Depreciation is charged on assets from the date the asset is capitalized on a pro-rata basis.

**Impairment of assets**

The carrying values of assets forming part of any cash generating units at balance sheet date are reviewed for impairment at each balance sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**(l) Finance leases**

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Revenue Accounts.

Leased assets capitalised under finance lease are depreciated on a straight line basis over the lease term unless the period derived on the basis of straight line method rates prescribed in Schedule XIV to the Companies Act, 1956 is shorter.

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011**

**(m) Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the revenue account as per the lease terms.

**(n) Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

At the balance sheet date monetary items denominated in foreign currencies are converted into rupee equivalents at the exchange rates prevailing at that date.

All exchange differences arising on settlement/conversion on foreign currency transactions are included in the revenue account.

**(o) Investments**

Investments are made in accordance with the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001 (the Regulation) and various other circulars / notifications issued by IRDA in this context from time to time.

Investments are recorded at cost, which include brokerage, taxes, if any, stamp duty and excludes broken period interest.

Investments maturing within twelve months from the balance sheet date and investments made with the specific intention to be disposed off within twelve months from the balance sheet date are classified as short-term investments.

Investments other than short term investments are classified as long term investments.

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the revenue accounts and in the profit and loss account over the period of maturity / holding. All mutual fund investments are valued at net asset value as at balance sheet date.

Equities actively traded and convertible preference shares as at the balance sheet date are stated at fair value, being the lowest of last quoted closing price on the National Stock Exchange or Bombay Stock Exchange Limited.

In accordance with the Regulations any unrealized gains / losses arising due to change in fair value of mutual fund investments or listed equity shares are accounted in "Fair Value Change Account" and carried forward in the balance sheet and is not available for distribution.

**(p) Employee Benefits**

**(i) Long term benefits**

The Company has both defined-contribution and defined-benefit plans, of which some have assets in Special funds or similar securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

**(ii) Defined-contribution plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****(iii) Defined-benefit plans**

Expenses for defined-benefit gratuity and supplemental payment plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

**(iv) Short term benefits**

Short term employee benefits are recognised at the undiscounted amount expected to be paid as an expense over the period of services rendered to the Company.

**(v) Other long term benefits**

Provision for Other long term benefits is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

**(q) Taxation**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realised.

**(r) Terrorism Pool**

In accordance with the requirements of IRDA, the Company, together with other insurance companies, participates in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ('TAC') are ceded at 100% of the terrorism premium collected to the Terrorism Pool.

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from GIC.

The Company has ensured that it has created liability, to the extent of premium retroceded to the Company, through reserve for unexpired risks.

**(s) Motor Pool**

As per the directions of the IRDA, the Company has collectively, mandatorily and automatically participated in pooling arrangement to share in all Motor Third Party insurance business underwritten in respect of commercial vehicles. The pooling arrangement was made effective in respect of insurances and renewals commencing on or after April 1, 2007. The General Insurance Corporation of India (GIC) is the administrator of the pooling arrangement. It acts under the guidance of the General Insurance Council (Council). The pooling amongst all the insurers is achieved through a multi-



**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011**

lateral reinsurance arrangement between the underwriting insurer and all other registered insurers carrying on general insurance/reinsurance business. Under the arrangement, GIC's participation shall be to the extent of the statutory cessions from the pool. All the business remaining after deducting such cessions to GIC, is shared amongst members in the same proportion as the total gross direct premium in India of the insurer in respect of all classes of general insurance business for a Financial Year bears to the total Market gross direct premium in India in respect of all classes of general insurance business of all member insurers for that financial year (market share). Operating expenses of the pool incurred by GIC are borne by the members in proportion of their respective market share. The Company accounts for share in the income and expenditure based on the statement of account received from the pool.

**(t) Contributions to Solatium Fund**

In accordance with the requirements of IRDA circular dated March 18, 2003 and based on the decision made by the General Insurance Council in its meeting held on May 6, 2005 the Company provides for contribution to Solatium Fund established by the Central Government as a percentage of gross written premium for all motor policies written during the year till year ended March 31, 2010. Further, General Insurance Council in its meeting held on April 1, 2010 recommended the contribution should be a percentage of gross written third party premium including premium ceded to IMTPIP (Indian Motor Third Party Insurance Pool).

**(u) Segment Reporting**

**Allocation of Investment income:**

Investment income has been allocated on the basis of the ratio of average policyholders' funds comprising reserves for unexpired risks, IBNR, IBNER and outstanding claims to average shareholders funds, comprising share capital less accumulated losses, preliminary expenses and miscellaneous expenditure to the extent not written off or adjusted.

**Operating Expenses relating to insurance business:**

Expenses, which are directly attributable and identifiable to the business segments, are apportioned on actual basis.

Expenses, which are not directly identifiable though attributable to a class of business segments collectively, are apportioned amongst the respective segments on gross written premium basis.

Other allocable expenses are allocated on the basis of net earned premium.

The accounting policies used in segment reporting are same as those used in the preparation of financial statements.

**(v) Earnings per Share**

Earnings per share is calculated by dividing the Profit after Tax in the Profit and Loss account by the weighted average number of equity shares outstanding during the year.

**(w) Provisions and Contingencies**

A provision is recognised when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates. Contingent liabilities are not recognised. A Contingent asset is neither recognised nor disclosed.

**(x) Employee Stock Option Scheme ("ESOS")**

The Company follows the intrinsic method for computing the compensation cost, for options granted under the scheme(s). The difference if any, between the intrinsic value and the grant price, being the compensation cost is amortized over the vesting period of the options.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****3. CONTINGENT LIABILITIES**

| Sr. No. | Particulars   | March 31, 2011<br>(₹ '000) | March 31, 2010<br>(₹ '000) |
|---------|---|----------------------------|----------------------------|
| 1.      | Partly paid up investments  | 135,000                    | Nil                        |
| 2.      | Underwriting commitments outstanding<br>(in respect of shares and securities) | Nil                        | Nil                        |
| 3.      | Claims, other than those under policies, not acknowledged as debts            | Nil                        | Nil                        |
| 4.      | Guarantees given by or on behalf of the Company                               | Nil                        | Nil                        |
| 5.      | Statutory demands/liabilities in dispute, not provided for                    | Nil                        | Nil                        |
| 6.      | Reinsurance obligations to the extent not provided for in accounts            | Nil                        | Nil                        |

**4. ENCUMBRANCES ON ASSETS**

The assets of the Company are free from encumbrances, other than leased vehicles, leased software and leased information technology equipment, which constitutes the security in respect of the Company's finance lease arrangement.

**5. COMMITMENTS**

There are commitments made and outstanding of ₹ 50,000 thousand (Previous Year ₹ Nil) for investments and no commitments made and outstanding for loans.

Estimated amount of contracts remaining to be executed on capital account and not provided for, [net of payments of ₹ 7,994 thousand (Previous Year ₹ 3,871 thousand)] is ₹ 50,127 thousand (Previous Year ₹ 13,755 thousand).

**6. CLAIMS**

All claims, net of reinsurance are incurred and paid in India except for Marine Insurance where consignments are exported from India and Overseas Travel Insurance.

(₹ '000)

| Particulars   | As at March, 2011 | As at March, 2010 |
|---------------|-------------------|-------------------|
| Outside India | 46,045            | 29,616            |

There are no claims that have been settled and remaining unpaid for a period of more than six months as at the end of the year.

The Ageing of claims outstanding (unsettled) is as under :

(₹ '000)

| Particulars          | As at March, 2011 | As at March, 2010 |
|----------------------|-------------------|-------------------|
| More than six months | 1,148,704         | 316,262           |
| Others               | 2,562,042         | 1,275,983         |

**7. PREMIUM**

(a) All premiums net of reinsurance are written and received in India.

(b) Premium income recognized on "Varying Risk Pattern" is ₹ NIL (Previous Year ₹ Nil).

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****8. EXTENT OF RISKS RETAINED AND REINSURED**

Extent of risk retained and reinsured with respect to gross written premium is set out below:

For the year ended on March 31, 2011

| Particulars       | Basis             | Gross Premium<br>(₹ '000) | Retention<br>(₹ '000) | Ceded<br>(₹ '000) | Retention<br>% | Ceded<br>% |
|-------------------|-------------------|---------------------------|-----------------------|-------------------|----------------|------------|
| Motor             | Total sum insured | 5,264,663                 | 4,221,139             | 1,043,524         | 80             | 20         |
| Personal Accident | Value at Risk     | 1,291,727                 | 1,158,596             | 133,131           | 90             | 10         |
| Travel & Health   | Value at Risk     | 3,287,270                 | 1,718,162             | 1,569,108         | 52             | 48         |
| Specialty         | Value at Risk     | 418,346                   | 33,534                | 384,812           | 8              | 92         |
| Home              | Total sum insured | 2,218                     | 1,807                 | 411               | 81             | 19         |
| Fire              | Total sum insured | 1,943,247                 | 378,771               | 1,564,476         | 19             | 81         |
| Marine            | Value at Risk     | 485,192                   | 125,013               | 360,179           | 26             | 74         |
| Miscellaneous     | Value at Risk     | 1,385,541                 | 245,196               | 1,140,345         | 18             | 82         |

The above excludes Excess of Loss cover reinsurance premium of ₹ 130,812 thousand for the year ended on March 31, 2011.

For the year ended on March 31, 2010

| Particulars       | Basis             | Gross Premium<br>(₹ '000) | Retention<br>(₹ '000) | Ceded<br>(₹ '000) | Retention<br>% | Ceded<br>% |
|-------------------|-------------------|---------------------------|-----------------------|-------------------|----------------|------------|
| Motor             | Total sum insured | 3,661,208                 | 2,852,665             | 808,543           | 78             | 22         |
| Personal Accident | Value at Risk     | 7,28,950                  | 603,611               | 125,339           | 83             | 17         |
| Travel & Health   | Value at Risk     | 2,687,410                 | 2,069,251             | 618,159           | 77             | 23         |
| Specialty         | Value at Risk     | 446,409                   | 35,398                | 411,011           | 8              | 92         |
| Home              | Total sum insured | 2,120                     | 1,908                 | 212               | 90             | 10         |
| Fire              | Total sum insured | 1,427,838                 | 1,67,045              | 1,260,793         | 12             | 88         |
| Marine            | Value at Risk     | 250,130                   | 57,126                | 193,004           | 23             | 77         |
| Miscellaneous     | Value at Risk     | 842,092                   | 181,576               | 660,516           | 22             | 78         |

The above excludes Excess of Loss cover reinsurance premium of ₹ 81,760 thousand for the year ended March 31, 2010.

**9. INVESTMENTS**

There are no contracts outstanding in relation to purchases where deliveries are pending and sales where payments are outstanding / overdue at the end of the year.

Investments made are generally in accordance with the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001.

The Company has no non-performing assets for the purpose of income recognition as per the directions of IRDA.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011**

Historical cost of investments which have been valued on a fair value basis:

Mutual Funds – ₹ 132,500 thousand (Previous Year ₹ 172,314 thousand)

Equity Shares – ₹ 41,106 thousand (Previous Year ₹ 3,805 thousand)

(₹ '000)

|  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|--|-------------------------|-------------------------|
| Aggregate Market value of the Investments other than Mutual fund   | 11,927,357              | 6,059,906               |
| Aggregate amortized cost of the Investments other than Mutual fund | 12,099,750              | 6,064,081               |

**Investments under Section 7 of the Insurance Act, 1938 are as follows:**

(₹ '000)

| Particulars  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|--|-------------------------|-------------------------|
| 9.39% Govt. of India Securities (Maturity July 2, 2011)  | 50,141                  | 50,751                  |
| 7.99% Govt. of India Securities (Maturity July 9, 2017)  | 10,131                  | 10,146                  |
| 6.85% Govt. of India Securities (Maturity April 5, 2012) | 50,165                  | 50,319                  |
| 8.33% Govt. of India Securities (Maturity June 7, 2036)  | 19,524                  | 19,519                  |
| <b>TOTAL</b>   | <b>129,961</b>          | <b>130,735</b>          |

Note: The above Investments are held in the Constituent Subsidiary General Ledger Account with Citi-Bank N.A.

**10. MANAGERIAL REMUNERATION**

The Managing Director and Chief Executive Officer (MD & CEO) is remunerated in terms of the approval granted by Insurance Regulatory and Development Authority.

Details of the MD & CEO's remuneration included in employee remuneration and welfare benefits are as follows:

(₹ '000)

| Particulars                       | For the year ended<br>March 31, 2011 | For the year ended<br>March 31, 2010 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Salary, perquisites and bonus     | 17,559                               | 14,880                               |
| Contribution to Provident Fund    | 657                                  | 557                                  |
| Provision for Superannuation Fund | Nil                                  | Nil                                  |
| Other allowances and perquisites  | Nil                                  | Nil                                  |
| <b>Total</b>                      | <b>18,216</b>                        | <b>15,437</b>                        |

Expenses towards gratuity funding and leave encashment provision are determined actuarially on an overall company basis annually and accordingly have not been considered in the above information.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****11. SECTOR WISE BUSINESS (BASED ON GROSS DIRECT WRITTEN PREMIUM)**

| Business Sector | For the year ended<br>March 31, 2011 |              | For the year ended<br>March 31, 2010 |              |
|-----------------|--------------------------------------|--------------|--------------------------------------|--------------|
|                 | GWP<br>(₹ '000)                      | % of GWP     | GWP<br>(₹'000)                       | % of GWP     |
| Rural           | 1150,159                             | 9.0          | 979,132                              | 10.7         |
| Urban           | 11,648,984                           | 91.0         | 8,174,898                            | 89.3         |
| <b>Total</b>    | <b>12,799,143</b>                    | <b>100.0</b> | <b>9,154,030</b>                     | <b>100.0</b> |

| Social Sector | For the year ended<br>March 31, 2011 | For the year ended<br>March 31, 2010 |
|---------------|--------------------------------------|--------------------------------------|
| No. of lives  | 205,223                              | 53,098                               |

**12. REINSURANCE REGULATIONS**

As per Insurance Regulatory and Development Authority (General Insurance – Reinsurance) Regulations, 2000 (Reinsurance Regulations), prior approval from IRDA is required in case of placement of surplus over and above the domestic reinsurance arrangements with one reinsurer outside India in excess of 10% of the total reinsurance premium ceded. In term of IRDA Reinsurance Regulations, the Company has submitted details in respect of its reinsurance treaties including those where the reinsurance support exceeds 10% from overseas reinsurer.

**13. ASSETS TAKEN ON LEASE****Finance lease commitments:**

**Vehicles, information technology equipments and software**

(₹ '000)

| Particulars  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|--|-------------------------|-------------------------|
| Total commitment towards minimum lease payments  | 7,406                   | 9,232                   |
| Present Value of minimum lease payments  | 6,086                   | 7,011                   |
| Minimum Lease payments   |                         |                         |
| Not later than one year (Present value ₹ 1,924 thousand as on 31-03-2011)<br>(Previous Year ₹ 1,743 thousands)                               | 2,690                   | 2,717                   |
| Later than one year but not later than five years<br>(Present value ₹ 4,164 thousand as on 31-03-2011)<br>(Previous Year ₹ 52,681 thousands) | 4,716                   | 6,515                   |

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****Operating lease commitments****Premises and Furniture:**

The Company takes premises, both commercial and residential on lease (includes furniture taken on lease). The minimum lease payments to be made in future towards non-cancelable lease agreements are as follows:

(₹ '000)

| Particulars                                       | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---|-------------------------|-------------------------|
| Not later than one year                           | 132,581                 | 227,682                 |
| Later than one year but not later than Five Years | 133,293                 | 445,718                 |
| Later than Five Years                             | 706                     | 176,654                 |

The aggregate, operating lease rental, charged to the Revenue Account in the current year is ₹ 174,801 thousand (Previous Year: ₹ 145,471 thousand).

The lease terms do not contain any exceptional / restrictive covenants nor are there any options given to the Company to renew the lease or purchase the asset.

**14. TAXATION**

Accounting Standard (AS) 22 – 'Accounting for Taxes on Income', requires the Company to accrue taxes on income in the same period as the revenue and expenses to which they relate. As the taxable income is different from the reported income due to timing differences, there arises a potential deferred tax asset or deferred tax liability, as the case may be. The components of the Company's deferred tax liabilities and assets are tabulated below. In view of the existence of unabsorbed depreciation and carried forward business loss as at the year end, the recognition of deferred tax assets is restricted to the extent of deferred tax liability arising from timing differences on account of depreciation, reversal of which is virtually certain.

(₹ '000)

|                                       | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Deferred Tax Assets:</b>           |                         |                         |
| Section 43B & 40(a) of Income Tax Act | 2,296                   | 932                     |
| Unabsorbed Depreciation               | 57,609                  | 28,657                  |
| <b>Total</b>                          | <b>59,905</b>           | <b>29,590</b>           |
| <b>Deferred Tax Liabilities:</b>      |                         |                         |
| Depreciation                          | 59,905                  | 29,590                  |
| <b>Total</b>                          | <b>59,905</b>           | <b>29,590</b>           |
| <b>Net Deferred Tax Liability</b>     | <b>Nil</b>              | <b>Nil</b>              |

**15. EMPLOYEE STOCK OPTION PLAN (ESOP)**

The Company had introduced an Employee Stock Option Scheme 2009 ('ESOP 2009') in previous year. ESOP 2009 provides that eligible employees are granted options to acquire equity shares of the Company that vest in graded manner. The vested options may be exercised within a specified period.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011**

Under ESOP 2009, during the year 2,984,000 options (Previous Year 2,640,000 options) were granted at an exercise price of ₹ 10 per option. The options will vest over a period of two to four years from the date of grant as given below and are exercisable over a period of five years from the respective dates of vesting. Hence no options have vested/exercised during the year.

| Vesting (%) | Vesting Period              |
|-------------|-----------------------------|
| 25%         | 2 years after date of grant |
| 25%         | 3 years after date of grant |
| 50%         | 4 years after date of grant |

*Method used for accounting*

The Company has adopted intrinsic value method for computing the compensation cost for the Options granted. Since the exercise price is more than the fair value of shares on the date of grant, value of options is ₹ Nil and accordingly, no compensation cost is recognized in the books.

Had the Company followed the fair value method for valuing its options for the year, the charge to the Revenue and Profit & Loss Account would have been higher by ₹10,768 thousand (previous year ₹11,418 thousand) and loss after tax would have been higher by same amount. Consequently Company's basic and diluted earnings per share would have been (₹ 0.81) (Previous Year (₹ 3.04)).

Movement in the options under ESOP 2009

(No. of Options)

| Particulars                              | Tranche II              |                         | Tranche I               |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2011 | As at<br>March 31, 2010 | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
| Outstanding at the beginning of the year | —                       | —                       | 2,640,000               | —                       |
| Granted during the year                  | 2,984,000               | —                       | —                       | 2,640,000               |
| Exercise during the year                 | —                       | —                       | —                       | —                       |
| Lapsed during the year                   | 60,000                  | —                       | 156,000                 | —                       |
| Outstanding at the end of the year       | 2,924,000               | —                       | 2,484,000               | 2,640,000               |
| Unvested at the end of the year          | 2,924,000               | —                       | 2,484,000               | 2,640,000               |
| Exercisable at the end of the year       | —                       | —                       | —                       | —                       |
| Weighted average price per option (₹)    | 10                      | —                       | 10                      | 10                      |

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011**Fair Value Methodology:

The fair value of options on date of grant has been estimated using Black-Scholes model. The key assumptions used in Black-Scholes model for calculating fair value under ESOP 2009 Tranche I and Tranche II as on the date of grant viz. February 10, 2010 and May 25, 2010, are as follows:

| Particulars             | Tranche II  | Tranche I   |
|-------------------------|-------------|-------------|
| Risk-free interest rate | 6.92%-7.42% | 7.29%-7.72% |
| Expected life           | 4-6 years   | 4-6 years   |
| Expected volatility*    | 22%         | 32%         |
| Expected dividend yield | Nil         | Nil         |

\*Volatility of BSE Sensex for one year has been considered.

| Particulars  | Fair Value Method       |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
| A Net Profit After Tax (₹ '000)<br>Less Preference dividend                      | (375,043)               | (954,451)               |
| B Weighted Average number of Equity Shares of ₹ 10/- each<br>(Basic) (in '000)   | 464,625                 | 313,068                 |
| C Weighted Average number of Equity Shares of ₹ 10/- each<br>(Diluted) (in '000) | 464,625                 | 313,068                 |
| D Basic Earning per Share (₹)  | (0.81)                  | (3.04)                  |
| E Diluted Earning per Share (₹)  | (0.81)                  | (3.04)                  |

**Information in respect of Option outstanding**

| Particulars                     | Tranche II              |                         | Tranche I               |                         |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                 | As at<br>March 31, 2011 | As at<br>March 31, 2010 | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
| Exercise Price (₹)              | 10                      | —                       | 10                      | 10                      |
| No. of Options                  | 2,924,000               | —                       | 2,484,000               | 2,640,000               |
| Weighted Average remaining life | 29 months               | —                       | 26 months               | 38 months               |

**16. SEGMENT REPORTING**

The statement on segment reporting is included in Annexure 1.

**17. ACCOUNTING RATIOS**

The statement on accounting ratios is provided in Annexure 2.



**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****18. EMPLOYEE BENEFITS**

Disclosures as per AS-15 (Revised) "Employee Benefits" for the year ended on March 31, 2011:

(₹ '000)

|  | Gratuity  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|--|---|-------------------------|-------------------------|
| <b>I. Assumptions</b>  |   |                         |                         |
|  | Discount Rate as on 31-3-11   | 8.00%                   | 8.00%                   |
|  | Rate of increase in Compensation levels as on 31-3-11                             | 6.50%                   | 6.25%                   |
|  | Rate of Return on Plan Assets p.a.  | 8.00%                   | 9.00%                   |
|  | Average Future Working life (years)   | 31.27                   | 30.42                   |
| <b>II. Table Showing Change in Benefit Obligation :</b>                                    |   |                         |                         |
|  | Net liability as per books (A)  | Nil                     | Nil                     |
|  | Fair value of Assets at the beginning of the period (B)                           | 13,120                  | 6,358                   |
|  | Shortfall/(Excess) in opening liability determined as per actuarial valuation (C) | Nil                     | Nil                     |
|  | Opening net Liability as per actuarial valuation (A)+(B)+(C)                      | 13,120                  | 6,358                   |
|  | Interest Cost for the period  | 1,050                   | 477                     |
|  | Service Cost for the period   | 7,391                   | 6,632                   |
|  | Benefits paid during the period   | (613)                   | (262)                   |
|  | Actuarial (gain) / loss on obligations  | (981)                   | (86)                    |
|  | Plan Benefit Obligation at the end of the period                                  | 19,967                  | 13,120                  |
| <b>III. Tables of Fair value of Plan Assets</b>  |   |                         |                         |
|  | Fair Value of plan Assets at the beginning of the period                          | 13,120                  | 6,358                   |
|  | Expected Return on Plan Assets for the period                                     | 1,050                   | 572                     |
|  | Contributions during the period   | 6,855                   | 6,503                   |
|  | Benefits Paid during the period   | (613)                   | (262)                   |
|  | Actuarial Gain / (loss) on Plan Assets  | (470)                   | (52)                    |
|  | Fair Value of Plan Assets at the end of the period                                | 19,940                  | 13,120                  |
| <b>IV. The Amounts to be recognised in balance Sheet</b>                                   |   |                         |                         |
|  | Present Value of Obligation as on 31-3-11   | 19,966                  | 13,120                  |
|  | Fair value of plan assets   | (19,940)                | (13,120)                |
|  | Liability Recognised in Balance Sheet as on 31-3-11                               | 26                      | NIL                     |
| <b>V. Amounts to be recognised in the statement of Profit and Loss (Net Periodic Cost)</b> |   |                         |                         |
|  | Current Service Cost  | 7,392                   | 6,632                   |
|  | Interest Cost   | 1,050                   | 477                     |
|  | Expected Return on Plan assets  | (1,050)                 | (572)                   |
|  | Net actuarial gain / (loss) recognised in the period                              | (511)                   | (33)                    |
|  | Actuarial Determined charge for the year (A)                                      | 6,881                   | 6,503                   |
|  | Shortfall / (Excess) (B)  | Nil                     | Nil                     |
|  | Total Charge as per books (A+B)   | 6,881                   | 6,503                   |

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011**

(₹ '000)

|              |   |         |         |
|--------------|---|---------|---------|
| <b>VI.</b>   | <b>Movements in the liability recognised in the balance sheet:</b>                  |         |         |
|              | Net Liability as per books (A)  | Nil     | Nil     |
|              | Shortfall / (Excess) in opening liability determined as per actuarial valuation (B) | Nil     | Nil     |
|              | Opening net liability (A+B)   | Nil     | Nil     |
|              | Expense as above  | 6,881   | 6,503   |
|              | Contribution paid   | (6,855) | (6,503) |
|              | Closing net Liability   | 26      | NIL     |
| <b>VII.</b>  | <b>Actual Return on Plan Assets</b>   |         |         |
|              | Expected return on plan assets  | 1,050   | 572     |
|              | Actuarial Gain /(Loss) on Plan Assets   | (470)   | (52)    |
|              | Actual return on Plan assets  | 579     | 520     |
| <b>VIII.</b> | <b>Experience Adjustments</b>   |         |         |
|              | Plan Liabilities  | 2,307   | (351)   |

As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The contribution expected to be made by the Company during the financial year 2011-12, amounts to ₹ 7,814 thousand.

**19. RELATED PARTY DISCLOSURE**

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties of the Company are as follows:

**(a) Names of the related parties and description of relationship:****Holding Company**

Housing Development Finance Corporation Limited (HDFC Ltd)

**Fellow subsidiaries**

HDFC Standard Life Insurance Company Ltd.

HDFC Property Ventures Limited (HDFC Property Ventures)

HDFC Sales Pvt Ltd

HDFC Asset Management Co Ltd.

Gruh Finance Ltd.

**Entities over which control is exercised**

HDFC PROPERTY FUND – SCHEME- HDFC IT Corridor Fund

HDFC Investment Trust

**Investing Party and its group companies**

ERGO International AG

Munich Re

**Key Management Personnel**

Mr. Ritesh Kumar, Managing Director and CEO

Mr. Amish Kumar Agarwal (Relative of Key Management Personnel)

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****(b) Details of Transactions:**

(₹ '000)

| Particulars                     | Holding Company           |                           | Fellow subsidiaries       |                           | Investing Party and its group companies |                           | Key Mgmt. Personnel (incl. relatives) |                           |
|---------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---|---------------------------|---------------------------------------|---------------------------|
|                                 | Year ended March 31, 2011 | Year ended March 31, 2010 | Year ended March 31, 2011 | Year ended March 31, 2010 | Year ended March 31, 2011               | Year ended March 31, 2010 | Year ended March 31, 2011             | Year ended March 31, 2010 |
| <b>INCOME</b>                   |                           |                           |                           |                           |   |                           |                                       |                           |
| Interest                        | 9,952                     | 7,775                     | —                         | —                         | —                                       | —                         | —                                     | —                         |
| Insurance Premium               | 47,603                    | 22,893                    | 55,876                    | 115,862                   | —                                       | —                         | 8                                     | —                         |
| Commission on Reinsurance ceded | —                         | —                         | —                         | —                         | 19,509                                  | 12,867                    | —                                     | —                         |
| <b>Total</b>                    | <b>57,555</b>             | <b>30,668</b>             | <b>55,876</b>             | <b>115,862</b>            | <b>19,509</b>                           | <b>12,867</b>             | <b>8</b>                              | <b>—</b>                  |
| <b>EXPENSES</b>                 |                           |                           |                           |                           |   |                           |                                       |                           |
| Rent paid                       | 3,516                     | 3,159                     | —                         | —                         | —                                       | —                         | —                                     | —                         |
| Claims *                        | 32,810                    | 29,486                    | 27,188                    | 125,994                   | —                                       | —                         | —                                     | —                         |
| Commission paid                 | 7,624                     | 47,927                    | 125,267                   | 43,570                    | —                                       | —                         | —                                     | —                         |
| Premium on Reinsurance ceded    | —                         | —                         | —                         | —                         | 85,531                                  | 57,072                    | —                                     | —                         |
| Advisory fees                   | —                         | —                         | 360                       | 360                       | —                                       | —                         | —                                     | —                         |
| Remuneration                    | —                         | —                         | —                         | —                         | —                                       | —                         | 18,216                                | 15,437                    |
| Others                          | —                         | 1,600                     | 2,759                     | 9,338                     | —                                       | —                         | —                                     | —                         |
| Reinsurance claims recovery     | —                         | —                         | —                         | —                         | (147)                                   | —                         | —                                     | —                         |
| <b>Total</b>                    | <b>43,950</b>             | <b>82,172</b>             | <b>155,574</b>            | <b>1,79,262</b>           | <b>85,384</b>                           | <b>57,072</b>             | <b>18,216</b>                         | <b>15,437</b>             |
| <b>ASSETS</b>                   |                           |                           |                           |                           |   |                           |                                       |                           |
| Investments                     | 350,000                   | 100,000                   | —                         | —                         | —                                       | —                         | —                                     | —                         |
| Interest accrued                | 11,556                    | 2,011                     | —                         | —                         | —                                       | —                         | —                                     | —                         |
| Expenses Recoverable            | 14                        | —                         | 3,083                     | 2,514                     | —                                       | —                         | —                                     | —                         |
| Reinsurance                     | —                         | —                         | —                         | —                         | 4,919                                   | 2,900                     | —                                     | —                         |
| <b>Total</b>                    | <b>361,570</b>            | <b>102,011</b>            | <b>3,083</b>              | <b>2,514</b>              | <b>4,919</b>                            | <b>2,900</b>              | <b>—</b>                              | <b>—</b>                  |
| <b>LIABILITIES</b>              |                           |                           |                           |                           |   |                           |                                       |                           |
| Equity Capital & Share Premium  | 4,366,000                 | 3,071,000                 | —                         | —                         | 1,534,000                               | 1,079,000                 | —                                     | —                         |
| Share Application Money         | 370,000                   | —                         | —                         | —                         | —                                       | —                         | —                                     | —                         |
| Reinsurance Balance due         | —                         | —                         | —                         | —                         | 18,529                                  | 10,202                    | —                                     | —                         |
| Others                          | 8,293                     | 4,339                     | 9,179                     | 7,759                     | —                                       | —                         | 13                                    | —                         |
| Premium received in Advance     | 8                         | 839                       | 204                       | 249                       | —                                       | —                         | —                                     | —                         |
| Commission                      | —                         | —                         | 11,710                    | —                         | —                                       | —                         | —                                     | —                         |
| <b>Total</b>                    | <b>4,744,301</b>          | <b>3,076,178</b>          | <b>21,093</b>             | <b>8,008</b>              | <b>1,552,529</b>                        | <b>1,089,202</b>          | <b>13</b>                             | <b>—</b>                  |

\* Includes amount paid to employees under group medical policy.

## Schedule – 16 (Continued)

## NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2010-2011:

(₹ '000)

| Particulars                     | Munich Re     | ERGO International AG | HDFC Ltd.        | HDFC Standard Life Insurance Company Ltd. | HDFC Asset Management Co. Ltd. | HDFC Sales Pvt. Ltd. |
|---------------------------------|---------------|-----------------------|------------------|---|--------------------------------|----------------------|
| <b>INCOME</b>                   |               |                       |                  |   |                                |                      |
| Interest                        | —             | —                     | 9,952            | —   | —                              | —                    |
| Insurance Premium               | —             | —                     | 47,603           | 47,897                                    | 3,917                          | 3,086                |
| Commission on Reinsurance ceded | 19,509        | —                     | —                | —   | —                              | —                    |
| <b>Total</b>                    | <b>19,509</b> | <b>NIL</b>            | <b>57,555</b>    | <b>47,897</b>                             | <b>3,917</b>                   | <b>3,086</b>         |
| <b>EXPENSES</b>                 |               |                       |                  |   |                                |                      |
| Rent paid                       | —             | —                     | 3,516            | —   | —                              | —                    |
| Claims *                        | —             | —                     | 32,810           | 13,564                                    | 11,334                         | 2,290                |
| Commission paid                 | —             | —                     | 7,624            | —   | —                              | 125,267              |
| Premium on Reinsurance ceded    | 85,531        | —                     | —                | —   | —                              | —                    |
| Advisory fees                   | —             | —                     | —                | —   | 360                            | —                    |
| Others                          | —             | —                     | —                | 2,759                                     | —                              | —                    |
| Reinsurance claims recovery     | (147)         | —                     | —                | —   | —                              | —                    |
| <b>Total</b>                    | <b>85,384</b> | <b>NIL</b>            | <b>43,950</b>    | <b>16,323</b>                             | <b>11,694</b>                  | <b>127,557</b>       |
| <b>ASSETS</b>                   |               |                       |                  |   |                                |                      |
| Interest accrued                | —             | —                     | 11,556           | —   | —                              | —                    |
| Expenses Recoverable            | —             | —                     | 14               | 3,083                                     | —                              | —                    |
| Reinsurance                     | 4,919         | —                     | —                | —   | —                              | —                    |
| Investment                      | —             | —                     | 350,000          | —   | —                              | —                    |
| Others                          | —             | —                     | —                | —   | —                              | —                    |
| <b>Total</b>                    | <b>4,919</b>  | <b>NIL</b>            | <b>361,571</b>   | <b>3,083</b>                              | <b>NIL</b>                     | <b>NIL</b>           |
| <b>LIABILITIES</b>              |               |                       |                  |   |                                |                      |
| Equity Capital & Share Premium  | —             | 1,534,000             | 4,366,000        | —   | —                              | —                    |
| Share Application Money         | —             | —                     | 370,000          | —   | —                              | —                    |
| Premium received in Advance     | —             | —                     | 8                | 90  | —                              | 112                  |
| Reinsurance                     | 18,529        | —                     | —                | —   | —                              | —                    |
| Commission                      | —             | —                     | —                | —   | —                              | 11,710               |
| Others                          | —             | —                     | 8,293            | 2,292                                     | 5,274                          | 950                  |
| <b>Total</b>                    | <b>18,529</b> | <b>1,534,000</b>      | <b>4,744,301</b> | <b>2,382</b>                              | <b>5,274</b>                   | <b>12,772</b>        |

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011**

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2009-2010 :

(₹ '000)

| Particulars                     | Munich Re     | ERGO International AG | HDFC Ltd.        | HDFC Standard Life Insurance Company Ltd. | HDFC Asset Management Co. Ltd. | HDFC Sales Pvt. Ltd. |
|---------------------------------|---------------|-----------------------|------------------|---|--------------------------------|----------------------|
| <b>INCOME</b>                   |               |                       |                  |   |                                |                      |
| Interest                        | —             | —                     | 7,775            | —   | —                              | —                    |
| Insurance Premium               | —             | —                     | 22,893           | 111,850                                   | 1,740                          | 1,899                |
| Commission on Reinsurance ceded | 12,867        | —                     | —                | —   | —                              | —                    |
| <b>Total</b>                    | <b>12,867</b> | <b>NIL</b>            | <b>30,668</b>    | <b>111,850</b>                            | <b>1,740</b>                   | <b>1,899</b>         |
| <b>EXPENSES</b>                 |               |                       |                  |   |                                |                      |
| Rent paid                       | —             | —                     | 3,159            | —   | —                              | —                    |
| Claims *                        | —             | —                     | 29,486           | 124,419                                   | —                              | 1,575                |
| Commission paid                 | —             | —                     | 47,927           | —   | —                              | 43,570               |
| Premium on Reinsurance ceded    | 57,072        | —                     | —                | —   | —                              | —                    |
| Advisory fees                   | —             | —                     | —                | —   | 360                            | —                    |
| Others                          | —             | —                     | 1,600            | 9,287                                     | —                              | 51                   |
| <b>Total</b>                    | <b>57,072</b> | <b>NIL</b>            | <b>82,172</b>    | <b>133,706</b>                            | <b>360</b>                     | <b>45,196</b>        |
| <b>ASSETS</b>                   |               |                       |                  |   |                                |                      |
| Interest accrued                | —             | —                     | 2,011            | —   | —                              | —                    |
| Expenses Recoverable            | —             | —                     | —                | 2,514                                     | —                              | —                    |
| Reinsurance                     | 2,900         | —                     | —                | —   | —                              | —                    |
| Investment                      | —             | —                     | 100,000          | —   | —                              | —                    |
| <b>Total</b>                    | <b>2,900</b>  | <b>NIL</b>            | <b>102,011</b>   | <b>2,514</b>                              | <b>NIL</b>                     | <b>NIL</b>           |
| <b>LIABILITIES</b>              |               |                       |                  |   |                                |                      |
| Equity Capital                  | —             | 1,079,000             | 3,071,000        | —   | —                              | —                    |
| Premium received in Advance     | —             | —                     | 839              | 91  | —                              | 158                  |
| Reinsurance                     | 10,202        | —                     | —                | —   | —                              | —                    |
| Others                          | —             | —                     | 4,339            | —   | —                              | 7,759                |
| <b>Total</b>                    | <b>10,202</b> | <b>1,079,000</b>      | <b>3,076,178</b> | <b>91</b>                                 | <b>NIL</b>                     | <b>7,917</b>         |

**20. LOAN RESTRUCTURING**

The Company has not given any loans during the Financial Year and in previous year.

**21. SUMMARY OF FINANCIAL STATEMENTS**

The summary of financial statements is provided in Annexure 3.

**22. FOREIGN EXCHANGE GAIN / LOSS**

- (a) During the year foreign exchange profit /(Loss) earned by the Company is ₹ 935 thousand (Previous Year ₹ 2,061 thousand).
- (b) The year end foreign currency exposures is Nil.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****23. (a) CONTRIBUTION TO TERRORISM POOL**

The company is a participant in and has received the Terrorism Pool retrocession of premium in the current financial year. Accordingly, as per the statement received from the Pool managers, the Company has recognized the pool retrocession for one quarter ended 31st March 2010 and for the three quarters ended 30th June 2010, 30th September 2010 and 31st December 2010, the accounts of which were received till the end of the financial year.

**(b) SOLATIUM FUND**

The IRDA had asked the General Insurance Council ('the council') to recommend the percentage of contribution to be made to a Solatium Fund and matters relating to the administration of the Fund. The Council has decided that New India Assurance Co Ltd would administer the fund. The Council in its meeting held on May 6, 2005 approved the contribution of 0.10% of the motor gross written premium with effect from the date of commencement of business, for private insurance companies.

Vide letter dated July 26, 2010, the Council recommended the companies w.e.f. April 1, 2010 to contribute of 0.10% of all the Third party premium written as solatium fund to the administrator on demand. During the year Company has made its contribution to the fund, for the financial year 2009-10. However the charge to the revenue account has been made on an accrual basis (see accounting policy in paragraph 2(v) above).

**(c) CONTRIBUTIONS TO ENVIRONMENT FUND**

During the year, an amount of ₹ 1,791 thousand (Previous Year ₹ 634 thousand) was collected towards Environment Fund for public liability policies. Out of which the amount of ₹ 1,422 thousand (Previous Year ₹ 536 thousand) has been transferred to "United India Insurance Company Limited, Environment Fund Account" as per Notification of Environment Relief Fund (ERF) scheme under the public liability insurance Act 1991/92. The balance amount of ₹ 369 thousand (Previous Year ₹ 98 thousand) is included under Sundry Creditors in Schedule 13.

**24. EARNINGS PER SHARE (EPS)**

|    | Particulars   | March 31, 2011 | March 31, 2010 |
|----|---|----------------|----------------|
| 1) | Net Profit / (Loss) After Tax for the year (₹ '000) | (364,275)      | (943,024)      |
| 2) | Weighted Average No. of Equity Shares (₹ '000)      | 464,625        | 313,068        |
| 3) | Basic and Diluted Earnings per Share (₹)            | (0.78)         | (3.01)         |
| 4) | Nominal Value Per Share (₹)                         | 10.00          | 10.00          |

There are no dilutive potential equity shares outstanding during the year.

25. According to the information available with the company there are no dues payable to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2011.

26. Professional fees include payments made for various outsourced services amounting to ₹ 133,333 thousand (Previous Year ₹ 107,016 thousand).

**27. INDIAN MOTOR THIRD PARTY INSURANCE POOL (IMTPIP)**

The Company's share in the Motor Third Party pooling arrangement as at for the twelve months period from 01.03.2010 to 28.02.2011, have been incorporated on the basis of unaudited financial statement received from the IMTPIP. The loss being Company's share in the arrangement after considering all the income and expenses for twelve months period is ₹ 691,316 thousand (Previous Year ₹ 149,721 thousand).

As the data for March 2011, is not available to the Company, the same could not be considered in preparing these financial statements. The Company does not expect any material change on this account.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011****28. Statement showing the Age-wise Analysis of the Unclaimed amount of Policyholders**

The statement of age-wise analysis of the unclaimed amount of policyholder's is provided in Annexure 4.

**29. Share Application Money**

During the year the Company issued 45,000,000 equity shares of ₹10 each for cash at par and 26,000,000 equity shares of ₹10 each for cash at a premium of ₹ 40 per share.

As on March 31, 2011, the company had received share application money amounting to ₹ 370,000 thousand (Previous Year ₹ Nil.) in respect of Right issue of equity shares, which has since been allotted.

**30. PENALTIES LEVIED BY VARIOUS GOVERNMENT AUTHORITIES DURING FINANCIAL YEAR 2010-11**

(₹ '000)

| Sl. No. | Authority  | Non-Compliance/<br>Violation  | Penalty<br>Awarded | Penalty<br>Paid | Penalty<br>Waived/<br>Reduced |
|---------|--|---|--------------------|-----------------|-------------------------------|
| 1       | Insurance Regulatory and Development Authority   | N.A.<br>(Social Sector compliance –<br>FY 2007-08)                                      | Nil<br>(500)       | Nil<br>(500)    | Nil<br>(Nil)                  |
| 2       | Service Tax Authorities  | Service tax not paid/<br>short paid for the period<br>from April 2005 to<br>March 2006. | 276<br>(N.A.)      | 276<br>(N.A.)   | Nil<br>(Nil)                  |
| 3       | Income Tax Authorities   | Nil<br>(Nil)  | N.A.<br>(N.A.)     | N.A.<br>(N.A.)  | N.A.<br>(N.A.)                |
| 4       | Any other Tax Authorities  | Nil<br>(Nil)  | N.A.<br>(N.A.)     | N.A.<br>(N.A.)  | N.A.<br>(N.A.)                |
| 5       | Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA                        | Nil<br>(Nil)  | N.A.<br>(N.A.)     | N.A.<br>(N.A.)  | N.A.<br>(N.A.)                |
| 6       | Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956 | Nil<br>(Nil)  | N.A.<br>(N.A.)     | N.A.<br>(N.A.)  | N.A.<br>(N.A.)                |
| 7       | Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation  | Nil<br>(Nil)  | N.A.<br>(N.A.)     | N.A.<br>(N.A.)  | N.A.<br>(N.A.)                |
| 8       | Securities and Exchange Board of India   | Nil<br>(Nil)  | N.A.<br>(N.A.)     | N.A.<br>(N.A.)  | N.A.<br>(N.A.)                |
| 9       | Competition Commission of India  | Nil<br>(Nil)  | N.A.<br>(N.A.)     | N.A.<br>(N.A.)  | N.A.<br>(N.A.)                |
| 10      | Any other Central/State/ Local Government / Statutory Authority  | Nil<br>(Nil)  | N.A.<br>(N.A.)     | N.A.<br>(N.A.)  | N.A.<br>(N.A.)                |

(Previous year's figures are in brackets)

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011**

- 31.** Previous year figures have been regrouped where possible and wherever necessary to make them comparable with those of the current year.
- (i) Pursuant to circular no. IRDA/F&I/CIR/CMP/174/11/2010 dated November 4, 2010 on treatment of Unclaimed amount of Policyholder's, issued by IRDA, In Schedule 13 of Current Liabilities, (a) an amount of ₹11,893 thousand which was classified under Sundry Creditors has been regrouped under Unclaimed amount of Policy holder's due (b) an amount of ₹ 1,512 thousand which was classified under Unallocated Premium has been regrouped under Unclaimed amount of Policy holder's due.
  - (ii) In Schedule 13 pertaining to Current Liabilities and amount of ₹181 thousand which was classified under Sundry Creditors has been regrouped under Due from subsidiaries / holding company in Schedule 12 of Current Asset.

On behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman

**Ritesh Kumar**  
Managing Director & CEO

**Samir H. Shah**  
CFO & Company Secretary

Directors  
**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Mark Lammerskitten**

Independent Directors  
**Jagdish Khattar**  
**Bernhard Steinruecke**

MUMBAI,  
May 2, 2011



**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2011****Annexure I****Segmental Breakup of the Balance Sheet as at March 31, 2011**

Segment revenue and segment results have been incorporated in the financial statements. However given the nature of business, segment assets and liabilities, have been allocated amongst various segments to the extent possible.

(₹ '000)

| Particulars   | Fire      | Marine   | Miscellaneous | Total              |
|---|-----------|----------|---------------|--------------------|
| Claims Outstanding<br>(refer note 2 (w) of Schedule 16) | 133,691   | 54,033   | 3,851,124     | <b>4,038,848</b>   |
|   | (41,502)  | (32,389) | (2,026,203)   | <b>(2,100,094)</b> |
| Reserve for Unexpired Risk                              | 359,651   | 70,665   | 4,152,500     | <b>4,582,816</b>   |
|   | (607,642) | (90,523) | (2,196,826)   | <b>(2,894,991)</b> |

Previous year's figures are in brackets.

## SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2011

## Annexure I

|   | Fire      | Marine - Cargo | Marine - Hull | Motor     | Motor OD  | Motor TP | Motor Pool | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engi-<br>neering | Aviation | Personal<br>Accident | Health    | Home  | Speci-<br>ality | Others   | Total     |
|---|-----------|----------------|---------------|-----------|-----------|----------|------------|----------------------|------------------|-------------------|-------------------|------------------|----------|----------------------|-----------|-------|-----------------|----------|-----------|
|   |           |                |               |           |           |          |            |                      |                  |                   |                   |                  |          |                      |           |       |                 |          | (₹ '000)  |
| Premium earned (Net)<br>(Schedule - A)                                | 140,068   | 73,817         | 3,928         | 3,522,493 | 2,263,969 | 346,361  | 912,163    | 6,632                | 3,226            | 2,728             | 29,917            | 74,060           | 1,073    | 543,954              | 1,547,405 | 1,977 | 32,142          | 80,161   | 6,063,581 |
| Profit on Sale of Investments   | 1,698     | 421            | 66            | 22,347    | 7,540     | 14,807   | -          | 21                   | 9                | 9                 | 106               | 405              | 3        | 4,474                | 5,200     | 7     | 133             | 318      | 35,217    |
| Interest and Dividend<br>(Net of Amortisation)                        | 22,790    | 5,655          | 886           | 299,887   | 101,181   | 198,706  | -          | 282                  | 115              | 123               | 1,420             | 5,429            | 44       | 60,038               | 69,787    | 90    | 1,782           | 4,270    | 472,598   |
| Investment Income from Pool<br>(Motor & Terrorism)                    | 4,446     | -              | -             | 37,109    | -         | -        | 37,109     | -                    | -                | -                 | -                 | -                | -        | -                    | -         | -     | -               | -        | 41,555    |
| Other Income  | 21        | 60             | 3             | 2,119     | 1,838     | 281      | -          | 5                    | 3                | 2                 | 24                | 58               | 1        | 442                  | 1,256     | 2     | 26              | 65       | 4,087     |
| Total Segmental Revenue   | 169,023   | 79,953         | 4,883         | 3,883,955 | 2,374,528 | 560,155  | 949,272    | 6,940                | 3,353            | 2,862             | 31,467            | 79,952           | 1,121    | 608,908              | 1,623,648 | 2,076 | 34,083          | 84,814   | 6,617,038 |
| Claims incurred (Net)<br>(Schedule - B)                               | 137,023   | 58,005         | 5,287         | 3,575,580 | 1,600,713 | 356,483  | 1,618,384  | 384                  | 148              | 256               | 3,715             | 56,363           | 794      | 301,191              | 1,105,684 | 7     | 7,400           | 71,127   | 5,322,964 |
| Commission Paid (Net)<br>(Schedule - C)                               | (173,384) | (15,448)       | (5,205)       | 133,078   | 133,078   | -        | -          | (4,938)              | (7,588)          | 390               | (5,312)           | (85,179)         | 5,714    | 145,872              | (347,587) | 204   | (15,026)        | (12,037) | (386,446) |
| Operating Expenses Related<br>To Insurance Business<br>(Schedule - D) | 101,804   | 31,171         | 6,191         | 1,149,328 | 955,759   | 171,365  | 22,204     | 3,282                | 1,442            | 1,456             | 16,721            | 38,487           | 9,115    | 246,705              | 624,787   | 730   | 21,383          | 39,432   | 2,292,036 |
| Premium Deficiency  | -         | -              | -             | -         | -         | -        | -          | -                    | -                | -                 | -                 | -                | -        | -                    | -         | -     | -               | -        | -         |
| Total Segmental Expenditure   | 65,443    | 73,728         | 6,273         | 4,857,986 | 2,689,550 | 527,848  | 1,640,588  | (1,272)              | (5,998)          | 2,102             | 15,124            | 9,671            | 15,623   | 693,768              | 1,382,884 | 941   | 13,757          | 98,522   | 7,228,554 |
| Segmental Profit (Loss)   | 103,580   | 6,225          | (1,390)       | (974,031) | (315,022) | 32,307   | (691,316)  | 8,212                | 9,351            | 760               | 16,343            | 70,281           | (14,502) | (84,860)             | 240,764   | 1,135 | 20,326          | (13,708) | (611,516) |

\* Includes - 1. Directors' and officers' liability  
2. Mutual fund assets protection

**SCHEDULE - A to Annexure I**

|  | Fire           | Marine - Cargo | Marine - Hull | Motor OD         | Motor TP         | Motor Pool     | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engineering   | Aviation      | Personal Accident | Health         | Home             | Speci-ality  | Others        | Total                          |
|--|----------------|----------------|---------------|------------------|------------------|----------------|----------------------|------------------|-------------------|-------------------|---------------|---------------|-------------------|----------------|------------------|--------------|---------------|--------------------------------|
| <b>PREMIUM EARNED [NET]</b>                                  |                |                |               |                  |                  |                |                      |                  |                   |                   |               |               |                   |                |                  |              |               |                                |
| (Refer notes 7 and 8 of Schedule 16)                         |                |                |               |                  |                  |                |                      |                  |                   |                   |               |               |                   |                |                  |              |               |                                |
| Premium from direct business written                         | 1,801,694      | 300,792        | 183,378       | 4,206,999        | 3,042,587        | 1,164,412      | -                    | 36,758           | 15,466            | 21,751            | 263,404       | 475,204       | 326,079           | 1,291,727      | 3,287,267        | 2,218        | 408,683       | 177,723 12,799,143             |
| Add : Premium on reinsurance accepted                        | 141,553        | 252            | 770           | 1,057,664        | -                | -              | 1,057,664            | -                | 100               | -                 | 5,608         | 63,449        | -                 | -              | 2                | -            | 9,663         | - 1,279,061                    |
| Less : Premium on reinsurance ceded                          | (1,602,463)    | (197,926)      | (169,901)     | (1,066,705)      | (328,187)        | (738,518)      | -                    | (29,845)         | (11,488)          | (19,192)          | (237,009)     | (444,671)     | (325,177)         | (163,187)      | (1,571,812)      | (411)        | (384,812)     | (102,198) (6,326,797)          |
| Net Premium  | 340,784        | 103,118        | 14,247        | 4,197,958        | 2,714,400        | 425,894        | 1,057,664            | 6,913            | 4,078             | 2,559             | 32,003        | 93,982        | 902               | 1,128,540      | 1,715,457        | 1,807        | 33,534        | 75,525 7,751,407               |
| Less : Adjustment for changes in reserve for unexpired risks | (200,716)      | (29,301)       | (10,319)      | (675,465)        | (450,431)        | (79,533)       | (145,501)            | (281)            | (852)             | 169               | (2,086)       | (19,922)      | 171               | (584,586)      | (168,052)        | 170          | (1,392)       | 4,636 (1,687,826)              |
| <b>Total Premium earned</b>                                  | <b>140,068</b> | <b>73,817</b>  | <b>3,928</b>  | <b>3,522,493</b> | <b>2,263,969</b> | <b>346,361</b> | <b>912,163</b>       | <b>6,632</b>     | <b>3,226</b>      | <b>2,728</b>      | <b>29,917</b> | <b>74,060</b> | <b>1,073</b>      | <b>543,954</b> | <b>1,547,405</b> | <b>1,977</b> | <b>32,142</b> | <b>80,161</b> <b>6,063,581</b> |

**SCHEDULE - B to Annexure I**

|   | Fire           | Marine - Cargo | Marine - Hull | Motor OD         | Motor TP         | Motor Pool     | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engineering  | Aviation      | Personal Accident | Health         | Home             | Speci-ality | Others       | Total                          |
|---|----------------|----------------|---------------|------------------|------------------|----------------|----------------------|------------------|-------------------|-------------------|--------------|---------------|-------------------|----------------|------------------|-------------|--------------|--------------------------------|
| <b>CLAIMS INCURRED [NET]</b>                            |                |                |               |                  |                  |                |                      |                  |                   |                   |              |               |                   |                |                  |             |              |                                |
| (Refer note 6 of Schedule 16)                           |                |                |               |                  |                  |                |                      |                  |                   |                   |              |               |                   |                |                  |             |              |                                |
| Claims paid direct                                      | 492,170        | 96,022         | 84,510        | 1,815,902        | 1,566,417        | 249,485        | -                    | 461              | -                 | -                 | 18,032       | 51,864        | 576,656           | 236,206        | 1,720,066        | 84          | 42,628       | 72,614 5,207,215               |
| Add: Claims on Re-insurance accepted                    | 49,713         | -              | -             | 224,540          | -                | -              | 224,540              | -                | -                 | -                 | -            | 1,772         | -                 | -              | -                | -           | -            | - 276,025                      |
| Less :Re-insurance ceded                                | (497,049)      | (55,322)       | (83,562)      | (315,057)        | (157,182)        | (157,875)      | -                    | (314)            | -                 | (17,854)          | (31,496)     | (576,369)     | (25,112)          | (450,125)      | (8)              | (39,158)    | (7,603)      | (2,099,029)                    |
| Net Claims paid   | 44,834         | 40,700         | 948           | 1,725,385        | 1,409,235        | 91,610         | 224,540              | 147              | -                 | -                 | 178          | 22,140        | 287               | 211,094        | 1,269,941        | 76          | 3,470        | 65,011 3,384,211               |
| Add: Claims Outstanding at the end of the period        | 133,691        | 48,845         | 5,188         | 3,352,214        | 327,913          | 695,988        | 2,328,313            | 1,449            | 484               | 421               | 8,149        | 47,008        | 565               | 158,699        | 251,196          | 320         | 11,110       | 19,508 4,038,847               |
| Less: Claims Outstanding at the beginning of the period | 41,502         | 31,540         | 849           | 1,502,019        | 136,435          | 431,115        | 934,469              | 1,212            | 336               | 165               | 4,612        | 12,785        | 58                | 68,602         | 415,453          | 389         | 7,180        | 13,392 2,100,094               |
| <b>Total Claims incurred</b>                            | <b>137,023</b> | <b>58,005</b>  | <b>5,287</b>  | <b>3,575,580</b> | <b>1,600,713</b> | <b>356,483</b> | <b>1,618,384</b>     | <b>384</b>       | <b>148</b>        | <b>256</b>        | <b>3,715</b> | <b>56,363</b> | <b>794</b>        | <b>301,191</b> | <b>1,105,684</b> | <b>7</b>    | <b>7,400</b> | <b>71,127</b> <b>5,322,964</b> |

## SCHEDULE - C to Annexure I

|  | Fire             | Marine - Cargo  | Marine - Hull  | Motor          | Motor OD       | Motor TP | Motor Pool | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engineering     | Aviation     | Personal Accident | Health           | Home       | Specialty       | Others          | Total            |
|--|------------------|-----------------|----------------|----------------|----------------|----------|------------|----------------------|------------------|-------------------|-------------------|-----------------|--------------|-------------------|------------------|------------|-----------------|-----------------|------------------|
|  | (₹ '000)         |                 |                |                |                |          |            |                      |                  |                   |                   |                 |              |                   |                  |            |                 |                 |                  |
| COMMISSION PAID [NET]                            |                  |                 |                |                |                |          |            |                      |                  |                   |                   |                 |              |                   |                  |            |                 |                 |                  |
| Commission paid direct                           | 132,173          | 27,568          | 11,754         | 197,115        | 197,115        | -        | -          | 3,386                | 1,013            | 2,714             | 26,202            | 39,167          | 5,970        | 175,952           | 352,462          | 255        | 45,240          | 9,780           | 1,030,751        |
| Add : Commission paid on re-insurance accepted   | 5,353            | 113             | 15             | -              | -              | -        | -          | -                    | -                | -                 | 1,473             | 8,618           | -            | -                 | -                | -          | 1,150           | -               | 16,722           |
| Less : Commission received on re-insurance ceded | (310,910)        | (43,129)        | (16,974)       | (64,037)       | (64,037)       | -        | -          | (8,324)              | (8,601)          | (2,324)           | (32,987)          | (132,964)       | (256)        | (30,080)          | (700,049)        | (51)       | (61,416)        | (21,817)        | (1,433,919)      |
| <b>Net commission paid / (received)</b>          | <b>(173,384)</b> | <b>(15,448)</b> | <b>(5,205)</b> | <b>133,078</b> | <b>133,078</b> | <b>-</b> | <b>-</b>   | <b>(4,938)</b>       | <b>(7,588)</b>   | <b>390</b>        | <b>(5,312)</b>    | <b>(85,179)</b> | <b>5,714</b> | <b>145,872</b>    | <b>(347,587)</b> | <b>204</b> | <b>(15,026)</b> | <b>(12,037)</b> | <b>(386,446)</b> |

## SCHEDULE - D to Annexure I

|  | Fire           | Marine - Cargo | Marine - Hull | Motor            | Motor OD       | Motor TP       | Motor Pool    | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engineering   | Aviation     | Personal Accident | Health         | Home       | Specialty     | Others        | Total            |
|--|----------------|----------------|---------------|------------------|----------------|----------------|---------------|----------------------|------------------|-------------------|-------------------|---------------|--------------|-------------------|----------------|------------|---------------|---------------|------------------|
|  | (₹ '000)       |                |               |                  |                |                |               |                      |                  |                   |                   |               |              |                   |                |            |               |               |                  |
| OPERATING EXPENSES RELATED TO INSURANCE BUSINESS     |                |                |               |                  |                |                |               |                      |                  |                   |                   |               |              |                   |                |            |               |               |                  |
| Employees' remuneration and welfare benefits         | 52,712         | 11,785         | 3,765         | 363,671          | 294,083        | 69,588         | -             | 1,363                | 563              | 639               | 7,532             | 16,939        | 6,165        | 87,009            | 217,867        | 235        | 10,462        | 14,734        | 795,441          |
| (Refer note 10 of Schedule 16)                       |                |                |               |                  |                |                |               |                      |                  |                   |                   |               |              |                   |                |            |               |               |                  |
| Travel, conveyance and vehicle running expenses      | 4,391          | 798            | 346           | 21,572           | 16,917         | 4,655          | -             | 97                   | 39               | 49                | 587               | 1,279         | 592          | 5,293             | 12,733         | 12         | 862           | 1,616         | 50,266           |
| Training expenses                                    | 822            | 268            | 39            | 10,243           | 8,533          | 1,710          | -             | 29                   | 12               | 12                | 130               | 320           | 51           | 2,304             | 5,917          | 7          | 158           | 329           | 20,641           |
| Rents, rates and taxes                               | 6,939          | 3,968          | 211           | 140,324          | 121,705        | 18,619         | -             | 356                  | 173              | 147               | 1,608             | 3,816         | 58           | 29,241            | 83,184         | 106        | 1,728         | 4,309         | 276,168          |
| Repairs  | 2,183          | 408            | 84            | 23,076           | 18,098         | 4,978          | -             | 62                   | 19               | 20                | 223               | 654           | 123          | 5,709             | 12,367         | 14         | 280           | 616           | 45,838           |
| Printing and stationery                              | 1,576          | 603            | 68            | 22,568           | 19,055         | 3,513          | -             | 61                   | 27               | 25                | 276               | 671           | 76           | 4,943             | 13,110         | 16         | 322           | 748           | 45,090           |
| Communication  | 1,801          | 603            | 84            | 22,952           | 19,180         | 3,772          | -             | 64                   | 27               | 26                | 291               | 710           | 107          | 5,110             | 13,213         | 16         | 350           | 821           | 46,175           |
| Legal and professional charges                       | 10,917         | 4,692          | 275           | 226,766          | 172,929        | 31,633         | 22,204        | 500                  | 218              | 187               | 2,037             | 5,243         | 118          | 43,889            | 114,845        | 144        | 2,190         | 8,613         | 420,634          |
| Auditors' fees, expenses etc as auditors             | 68             | 39             | 2             | 1,371            | 1,189          | 182            | -             | 3                    | 2                | 1                 | 16                | 37            | 1            | 286               | 813            | 1          | 17            | 42            | 2,700            |
| as advisor or in any other capacity, in respect of : |                |                |               |                  |                |                |               |                      |                  |                   |                   |               |              |                   |                |            |               |               |                  |
| (i) Taxation matters                                 | -              | -              | -             | -                | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| (ii) Insurance matters                               | -              | -              | -             | -                | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| (iii) Management services                            | -              | -              | -             | -                | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| in any other capacity                                | -              | -              | -             | -                | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| Advertisement and publicity                          | 6,501          | 2,187          | 464           | 61,319           | 52,341         | 8,978          | -             | 211                  | 100              | 103               | 1,190             | 2,573         | 698          | 13,460            | 38,403         | 45         | 1,548         | 1,989         | 130,791          |
| Interest and Bank charges                            | 2,887          | 1,651          | 88            | 58,381           | 50,634         | 7,747          | -             | 148                  | 72               | 61                | 669               | 1,587         | 24           | 12,166            | 34,608         | 44         | 719           | 1,793         | 114,898          |
| Others : -   | -              | -              | -             | -                | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| Electricity expenses                                 | 762            | 436            | 23            | 15,412           | 13,367         | 2,045          | -             | 39                   | 19               | 16                | 177               | 419           | 6            | 3,212             | 9,136          | 12         | 190           | 473           | 30,332           |
| Office expenses                                      | 291            | 141            | 11            | 4,981            | 4,287          | 694            | -             | 13                   | 6                | 5                 | 61                | 143           | 9            | 1,054             | 2,944          | 4          | 68            | 162           | 9,894            |
| Miscellaneous expenses                               | 5,154          | 1,003          | 575           | 4,340            | 3,587          | 753            | -             | 99                   | 51               | 69                | 859               | 1,559         | 1,014        | 1,458             | 6,711          | 4          | 1,332         | 329           | 24,557           |
| Service charges                                      | -              | -              | -             | 80,196           | 80,196         | -              | -             | -                    | -                | -                 | -                 | -             | -            | 12,241            | 4,442          | -          | -             | -             | 96,879           |
| Technical service charges                            | -              | -              | -             | -                | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| Information technology expenses                      | 2,144          | 1,225          | 65            | 43,326           | 37,575         | 5,751          | -             | 110                  | 54               | 45                | 496               | 1,178         | 18           | 9,030             | 25,682         | 33         | 533           | 1,330         | 85,269           |
| Postage & courier                                    | 1,066          | 501            | 37            | 18,495           | 15,822         | 2,673          | -             | 48                   | 22               | 19                | 212               | 515           | 27           | 3,957             | 10,831         | 14         | 235           | 570           | 36,549           |
| Loss on sale of assets (net)                         | 119            | 22             | 9             | 586              | 459            | 127            | -             | 3                    | 1                | 1                 | 16                | 35            | 16           | 144               | 346            | -          | 23            | 44            | 1,365            |
| Depreciation   | 1,471          | 841            | 45            | 29,749           | 25,802         | 3,947          | -             | 76                   | 37               | 31                | 341               | 809           | 12           | 6,199             | 17,635         | 23         | 366           | 914           | 58,549           |
| Service tax expenditure                              | -              | -              | -             | -                | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| <b>Total Operating Expenses</b>                      | <b>101,804</b> | <b>31,171</b>  | <b>6,191</b>  | <b>1,149,328</b> | <b>955,759</b> | <b>171,365</b> | <b>22,204</b> | <b>3,282</b>         | <b>1,442</b>     | <b>1,456</b>      | <b>16,721</b>     | <b>38,487</b> | <b>9,115</b> | <b>246,705</b>    | <b>624,787</b> | <b>730</b> | <b>21,383</b> | <b>39,432</b> | <b>2,292,036</b> |

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2010**

**Annexure I**

|   | Fire      | Marine - Cargo | Marine - Hull | Motor     | Motor OD  | Motor TP | Motor Pool | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engineering | Aviation | Personal Accident | Health    | Home  | Speciality | Others   | Total       |
|---|-----------|----------------|---------------|-----------|-----------|----------|------------|----------------------|------------------|-------------------|-------------------|-------------|----------|-------------------|-----------|-------|------------|----------|-------------|
| Premium earned (Net) (Schedule - A)                             | 33,210    | 30,571         | (485)         | 2,020,484 | 1,315,735 | 190,156  | 514,593    | 4,969                | 2,242            | 1,021             | 21,516            | 30,102      | 583      | 162,224           | 1,640,130 | 1,821 | 27,811     | 24,358   | 4,000,557   |
| Profit on Sale of Investments                                   | 819       | 282            | 19            | 16,183    | 6,247     | 9,936    | -          | 20                   | 7                | 7                 | 93                | 255         | 2        | 2,025             | 4,573     | 9     | 136        | 245      | 24,675      |
| Interest and Dividend (Net of Amortisation)                     | 7,569     | 2,602          | 178           | 149,465   | 57,694    | 91,771   | -          | 186                  | 69               | 66                | 860               | 2,358       | 16       | 18,704            | 42,236    | 85    | 1,259      | 2,267    | 227,920     |
| Investment Income from Pool (Motor & Terrorism)                 | -         | -              | -             | 74,489    | -         | -        | 74,489     | -                    | -                | -                 | -                 | -           | -        | -                 | -         | -     | -          | -        | 74,489      |
| Other Income  | 36        | 32             | (1)           | 2,118     | 1,379     | 739      | -          | 5                    | 2                | 1                 | 23                | (175)       | 1        | 170               | 1,719     | 2     | 29         | 26       | 3,988       |
| Total Segmental Revenue   | 41,634    | 33,487         | (289)         | 2,262,739 | 1,381,055 | 292,602  | 589,082    | 5,180                | 2,320            | 1,095             | 22,492            | 32,540      | 602      | 183,123           | 1,688,658 | 1,917 | 29,235     | 26,896   | 4,331,629   |
| Claims incurred (Net) (Schedule - B)                            | 52,157    | 45,660         | 849           | 1,740,752 | 878,999   | 209,477  | 652,276    | 670                  | 184              | 119               | 3,433             | 20,787      | 55       | 128,022           | 1,936,204 | 207   | 4,185      | 25,350   | 3,958,634   |
| Commission Paid (Net) (Schedule - C)                            | (182,203) | (10,023)       | (7,408)       | (27,453)  | 36,293    | (63,746) | -          | (2,267)              | (560)            | (623)             | (8,072)           | (54,036)    | (5,737)  | 44,846            | (103,553) | 198   | (18,136)   | 697      | (374,330)   |
| Operating Expenses Related to Insurance Business (Schedule - D) | 65,017    | 15,307         | 3,078         | 890,003   | 657,962   | 145,514  | 86,527     | 2,482                | 1,061            | 1,426             | 13,542            | 19,714      | 6,686    | 97,521            | 674,547   | 907   | 21,320     | 15,196   | 1,827,807   |
| Premium Deficiency  | -         | -              | -             | -         | -         | -        | -          | -                    | -                | -                 | -                 | -           | -        | -                 | -         | -     | -          | -        | -           |
| Total Segmental Expenditure                                     | (65,029)  | 50,944         | (3,481)       | 2,603,302 | 1,573,254 | 291,245  | 738,803    | 885                  | 685              | 922               | 8,903             | (13,535)    | 1,004    | 270,389           | 2,507,198 | 1,312 | 7,369      | 41,243   | 5,412,111   |
| Segmental Profit (Loss)   | 106,663   | (17,457)       | 3,192         | (340,563) | (192,199) | 1,357    | (149,721)  | 4,295                | 1,635            | 173               | 13,589            | 46,075      | (402)    | (87,266)          | (818,540) | 605   | 21,866     | (14,347) | (1,080,482) |

\* Includes - 1. Directors' and officers' liability  
2. Mutual fund assets protection

**SCHEDULE - A to Annexure I**

|   | Fire          | Marine - Cargo | Marine - Hull | Motor            | Motor OD         | Motor TP       | Motor Pool     | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engineering   | Aviation   | Personal Accident | Health           | Home         | Speciality    | Others        | Total            |
|---|---------------|----------------|---------------|------------------|------------------|----------------|----------------|----------------------|------------------|-------------------|-------------------|---------------|------------|-------------------|------------------|--------------|---------------|---------------|------------------|
| <b>PREMIUM EARNED [NET]</b><br>(Refer notes 7 and 8 of Schedule 16) |               |                |               |                  |                  |                |                |                      |                  |                   |                   |               |            |                   |                  |              |               |               |                  |
| Premium from direct business written                                | 1,329,678     | 153,664        | 95,193        | 2,899,215        | 2,009,951        | 889,264        | -              | 20,174               | 9,266            | 9,075             | 202,504           | 279,396       | 182,763    | 728,950           | 2,687,410        | 2,120        | 436,307       | 118,307       | 9,154,022        |
| Add : Premium on reinsurance accepted                               | 98,160        | 1,233          | 41            | 761,992          | -                | -              | 761,992        | -                    | -                | -                 | 4,402             | 13,700        | -          | -                 | -                | -            | 10,102        | 2,505         | 892,135          |
| Less : Premium on reinsurance ceded                                 | (1,291,583)   | (108,864)      | (91,131)      | (822,772)        | (214,869)        | (607,903)      | -              | (13,695)             | (7,004)          | (6,734)           | (179,758)         | (238,201)     | (181,779)  | (133,676)         | (620,056)        | (212)        | (411,011)     | (52,861)      | (4,159,337)      |
| Net Premium   | 136,255       | 46,033         | 4,103         | 2,838,435        | 1,795,082        | 281,361        | 761,992        | 6,479                | 2,262            | 2,341             | 27,148            | 54,895        | 984        | 595,274           | 2,067,354        | 1,908        | 35,398        | 67,951        | 5,886,820        |
| Less : Adjustment for changes in reserve for unexpired risks        | (103,045)     | (15,462)       | (4,588)       | (817,951)        | (479,347)        | (91,205)       | (247,399)      | (1,510)              | (20)             | (1,320)           | (5,632)           | (24,793)      | (401)      | (433,050)         | (427,224)        | (87)         | (7,587)       | (43,593)      | (1,886,263)      |
| <b>Total Premium earned</b>   | <b>33,210</b> | <b>30,571</b>  | <b>(485)</b>  | <b>2,020,484</b> | <b>1,315,735</b> | <b>190,156</b> | <b>514,593</b> | <b>4,969</b>         | <b>2,242</b>     | <b>1,021</b>      | <b>21,516</b>     | <b>30,102</b> | <b>583</b> | <b>162,224</b>    | <b>1,640,130</b> | <b>1,821</b> | <b>27,811</b> | <b>24,358</b> | <b>4,000,557</b> |

## SCHEDULE - B to Annexure I

|   | Fire          | Marine - Cargo | Marine - Hull | Motor            | Motor OD       | Motor TP       | Motor Pool     | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engineering   | Aviation  | Personal Accident | Health           | Home       | Speciality   | Others        | Total            |
|---|---------------|----------------|---------------|------------------|----------------|----------------|----------------|----------------------|------------------|-------------------|-------------------|---------------|-----------|-------------------|------------------|------------|--------------|---------------|------------------|
| <b>CLAIMS INCURRED [NET]</b><br>(Refer note 6 of Schedule 16) |               |                |               |                  |                |                |                |                      |                  |                   |                   |               |           |                   |                  |            |              |               | (₹ '000)         |
| Claims paid direct  | 132,199       | 46,177         | -             | 1,126,516        | 981,992        | 144,524        | -              | 346                  | 6                | -                 | -                 | 30,720        | 7,699     | 85,926            | 1,832,548        | 58         | 10,750       | 49,099        | 3,322,044        |
| Add: Claims on Re-insurance accepted                          | 5,225         | -              | -             | 71,965           | 580            | -              | 71,385         | -                    | -                | -                 | -                 | 5             | -         | -                 | -                | -          | -            | -             | 77,195           |
| Less :Re-insurance ceded                                      | (114,985)     | (22,006)       | -             | (194,570)        | (137,484)      | (57,086)       | -              | (105)                | (5)              | -                 | -                 | (15,492)      | (7,699)   | (9,220)           | (187,768)        | (6)        | (6,588)      | (32,553)      | (590,997)        |
| Net Claims paid   | 22,439        | 24,171         | -             | 1,003,911        | 845,088        | 87,438         | 71,385         | 241                  | 1                | -                 | -                 | 15,233        | -         | 76,706            | 1,644,780        | 52         | 4,162        | 16,546        | 2,808,242        |
| Add: Claims Outstanding at the end of the period              | 41,502        | 31,540         | 849           | 1,502,019        | 136,435        | 431,115        | 934,469        | 1,212                | 336              | 165               | 4,612             | 12,785        | 58        | 68,602            | 415,453          | 389        | 7,180        | 13,392        | 2,100,094        |
| Less: Claims Outstanding at the beginning of the period       | 11,784        | 10,051         | -             | 765,178          | 102,524        | 309,076        | 353,578        | 783                  | 153              | 46                | 1,179             | 7,231         | 3         | 17,286            | 124,029          | 234        | 7,157        | 4,588         | 949,702          |
| <b>Total Claims incurred</b>                                  | <b>52,157</b> | <b>45,660</b>  | <b>849</b>    | <b>1,740,752</b> | <b>878,999</b> | <b>209,477</b> | <b>652,276</b> | <b>670</b>           | <b>184</b>       | <b>119</b>        | <b>3,433</b>      | <b>20,787</b> | <b>55</b> | <b>128,022</b>    | <b>1,936,204</b> | <b>207</b> | <b>4,185</b> | <b>25,350</b> | <b>3,958,634</b> |

## SCHEDULE - C to Annexure I

|  | Fire             | Marine - Cargo  | Marine - Hull  | Motor           | Motor OD      | Motor TP        | Motor Pool | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engineering     | Aviation       | Personal Accident | Health           | Home       | Speciality      | Others     | Total            |
|--|------------------|-----------------|----------------|-----------------|---------------|-----------------|------------|----------------------|------------------|-------------------|-------------------|-----------------|----------------|-------------------|------------------|------------|-----------------|------------|------------------|
| <b>COMMISSION PAID [NET]</b>                     |                  |                 |                |                 |               |                 |            |                      |                  |                   |                   |                 |                |                   |                  |            |                 |            | (₹ '000)         |
| Commission paid direct                           | 76,725           | 14,097          | 2,506          | 76,648          | 76,648        | -               | -          | 1,521                | 797              | 663               | 22,385            | 20,851          | 171            | 97,418            | 161,388          | 240        | 43,041          | 6,340      | 524,791          |
| Add : Commission paid on re-insurance accepted   | 5,991            | 10              | -              | -               | -             | -               | -          | -                    | -                | -                 | 242               | 497             | -              | -                 | -                | -          | 1,160           | -          | 7,900            |
| Less : Commission received on re-insurance ceded | (264,919)        | (24,130)        | (9,914)        | (104,101)       | (40,355)      | (63,746)        | -          | (3,788)              | (1,357)          | (1,286)           | (30,699)          | (75,384)        | (5,908)        | (52,572)          | (264,941)        | (42)       | (62,337)        | (5,643)    | (907,021)        |
| <b>Net commission paid / (received)</b>          | <b>(182,203)</b> | <b>(10,023)</b> | <b>(7,408)</b> | <b>(27,453)</b> | <b>36,293</b> | <b>(63,746)</b> | <b>-</b>   | <b>(2,267)</b>       | <b>(560)</b>     | <b>(623)</b>      | <b>(8,072)</b>    | <b>(54,036)</b> | <b>(5,737)</b> | <b>44,846</b>     | <b>(103,553)</b> | <b>198</b> | <b>(18,136)</b> | <b>697</b> | <b>(374,330)</b> |

## SCHEDULE - D to Annexure I

|  | Fire          | Marine - Cargo | Marine - Hull | Motor          | Motor OD       | Motor TP       | Motor Pool    | Workmen Compensation | Public Liability | Product Liability | Other Liabilities | Engineering   | Aviation     | Personal Accident | Health         | Home       | Speciality    | Others        | Total            |
|--|---------------|----------------|---------------|----------------|----------------|----------------|---------------|----------------------|------------------|-------------------|-------------------|---------------|--------------|-------------------|----------------|------------|---------------|---------------|------------------|
|  | (₹ '000)      |                |               |                |                |                |               |                      |                  |                   |                   |               |              |                   |                |            |               |               |                  |
| <b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>                        |               |                |               |                |                |                |               |                      |                  |                   |                   |               |              |                   |                |            |               |               |                  |
| Employees' remuneration and welfare benefits<br>(Refer note 10 of Schedule 16) | 38,962        | 5,844          | 1,849         | 303,988        | 228,209        | 75,779         | -             | 1,017                | 408              | 934               | 6,260             | 9,077         | 3,427        | 42,259            | 216,400        | 375        | 10,967        | 6,439         | 648,206          |
| Travel, conveyance and vehicle running expenses                                | 3,167         | 436            | 150           | 26,507         | 19,205         | 7,302          | -             | 76                   | 30               | 67                | 464               | 696           | 274          | 3,027             | 15,641         | 25         | 843           | 602           | 52,005           |
| Training expenses  | 265           | 162            | 1             | 8,674          | 7,332          | 1,342          | -             | 27                   | 12               | 10                | 118               | 160           | 6            | 884               | 8,638          | 10         | 153           | 140           | 19,260           |
| Rents, rates and taxes   | 2,625         | 2,301          | -             | 115,153        | 100,612        | 14,541         | -             | 380                  | 171              | 78                | 1,645             | 2,217         | 45           | 12,405            | 125,418        | 139        | 2,127         | 1,863         | 266,567          |
| Repairs  | 331           | 263            | -             | 12,949         | 11,294         | 1,655          | -             | 43                   | 19               | 9                 | 189               | 255           | 10           | 1,406             | 14,075         | 16         | 249           | 211           | 30,025           |
| Printing and stationery  | 588           | 283            | 14            | 15,093         | 12,578         | 2,515          | -             | 47                   | 21               | 18                | 215               | 303           | 33           | 1,625             | 14,309         | 17         | 304           | 242           | 33,112           |
| Communication  | 1,062         | 352            | 32            | 20,387         | 16,413         | 3,974          | -             | 60                   | 26               | 32                | 286               | 408           | 68           | 2,225             | 17,336         | 23         | 423           | 334           | 43,054           |
| Legal and professional charges   | 6,059         | 2,690          | 36            | 233,382        | 123,716        | 23,139         | 86,527        | 461                  | 195              | 158               | 1,980             | 2,774         | 149          | 17,058            | 144,816        | 178        | 2,602         | 2,796         | 415,334          |
| Auditors' fees, expenses etc as auditors                                       | -             | -              | -             | -              | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| as advisors or in any other capacity, in respect of :                          | 18            | 16             | -             | 777            | 679            | 98             | -             | 3                    | 1                | 1                 | 11                | 15            | -            | 84                | 847            | 1          | 14            | 13            | 1,801            |
| (i) Taxation matters   | -             | -              | -             | -              | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| (ii) Insurance matters   | -             | -              | -             | -              | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| (iii) Management services in any other capacity                                | -             | -              | -             | -              | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| Advertisement and publicity  | 3,758         | 832            | 221           | 24,654         | 21,179         | 3,475          | -             | 111                  | 56               | 46                | 827               | 1,076         | 452          | 3,081             | 30,124         | 30         | 1,498         | 611           | 67,377           |
| Interest and Bank charges  | 59            | 52             | -             | 3,475          | 2,263          | 1,212          | -             | 9                    | 4                | 2                 | 37                | 50            | 1            | 279               | 2,821          | 3          | 48            | 42            | 6,882            |
| Others :-  | -             | -              | -             | -              | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| Electricity expenses   | 343           | 300            | -             | 15,034         | 13,136         | 1,898          | -             | 50                   | 22               | 10                | 215               | 289           | 6            | 1,620             | 16,374         | 18         | 278           | 243           | 34,802           |
| Office expenses  | 330           | 23             | 17            | 1,844          | 1,159          | 685            | -             | 5                    | 2                | 9                 | 35                | 59            | 29           | 317               | 424            | 2          | 70            | 40            | 3,206            |
| Miscellaneous expenses   | 5,853         | 622            | 747           | 1,889          | 1,601          | 288            | -             | 7                    | 9                | 8                 | 439               | 1,224         | 2,137        | 326               | 2,497          | 2          | 659           | 691           | 17,110           |
| Service charges  | 65            | -              | -             | 49,263         | 49,263         | -              | -             | -                    | -                | -                 | -                 | -             | -            | 4,833             | 4,310          | -          | -             | -             | 58,471           |
| Technical service charges  | -             | -              | -             | -              | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| Information technology expenses  | 586           | 495            | -             | 24,776         | 21,581         | 3,195          | -             | 81                   | 37               | 18                | 354               | 478           | 13           | 2,643             | 26,733         | 30         | 461           | 398           | 57,103           |
| Postage & courier  | 316           | 205            | 3             | 10,304         | 8,852          | 1,452          | -             | 33                   | 15               | 9                 | 150               | 203           | 14           | 1,086             | 10,665         | 12         | 203           | 169           | 23,387           |
| Loss on sale of assets (net)   | 163           | 22             | 8             | 1,367          | 990            | 377            | -             | 4                    | 2                | 3                 | 24                | 36            | 14           | 156               | 806            | 1          | 43            | 31            | 2,680            |
| Depreciation   | 467           | 409            | -             | 20,487         | 17,900         | 2,587          | -             | 68                   | 31               | 14                | 293               | 394           | 8            | 2,207             | 22,313         | 25         | 378           | 331           | 47,425           |
| Service tax expenditure  | -             | -              | -             | -              | -              | -              | -             | -                    | -                | -                 | -                 | -             | -            | -                 | -              | -          | -             | -             | -                |
| <b>Total Operating Expenses</b>  | <b>65,017</b> | <b>15,307</b>  | <b>3,078</b>  | <b>890,003</b> | <b>657,962</b> | <b>145,514</b> | <b>86,527</b> | <b>2,482</b>         | <b>1,061</b>     | <b>1,426</b>      | <b>13,542</b>     | <b>19,714</b> | <b>6,686</b> | <b>97,521</b>     | <b>674,547</b> | <b>907</b> | <b>21,320</b> | <b>15,196</b> | <b>1,827,807</b> |

## Ratios for Non-Life Companies

## Annexure 2

| Sr. No. | Performance Ratio   | As on 31 March 2011 |         |               |         | As on 31 March 2010 |         |               |         |
|---------|---|---------------------|---------|---------------|---------|---------------------|---------|---------------|---------|
|         |   | Fire                | Marine  | Miscellaneous | Total   | Fire                | Marine  | Miscellaneous | Total   |
| 1       | Gross premium growth rate   | 35.50%              | 94.56%  | 38.78%        | 39.82%  | 126.17%             | 200.32% | 178.37%       | 169.86% |
|         | Gross Premium for Current Year / Gross Premium for Previous Year  |                     |         |               |         |                     |         |               |         |
| 2       | Gross Premium to shareholders' fund ratio   | NA                  | NA      | NA            | 302.28% | NA                  | NA      | NA            | 369.33% |
|         | Gross Premium for Current Year / (Paid up Capital plus Free Reserves)   |                     |         |               |         |                     |         |               |         |
| 3       | Growth rate of shareholders' funds  | NA                  | NA      | NA            | 70.84%  | NA                  | NA      | NA            | 94.92%  |
|         | Shareholders' funds as at the current balance sheet date / Shareholders' funds at the previous balance sheet date |                     |         |               |         |                     |         |               |         |
| 4       | Net retention ratio   | 18.91%              | 24.24%  | 69.37%        | 60.56%  | 10.25%              | 20.15%  | 75.25%        | 64.31%  |
|         | Net Premium / Gross Premium   |                     |         |               |         |                     |         |               |         |
| 5       | Gross commission ratio  | 7.34%               | 8.12%   | 8.17%         | 8.05%   | 5.77%               | 6.67%   | 5.70%         | 5.73%   |
|         | Gross Commission / Gross Premium  |                     |         |               |         |                     |         |               |         |
| 6       | Expenses of Management to gross direct Premium ratio  | 12.99%              | 15.84%  | 28.65%        | 25.96%  | 10.66%              | 14.06%  | 28.72%        | 25.70%  |
|         | Expenses of Management + Gross Commission / Gross Direct Premium  |                     |         |               |         |                     |         |               |         |
| 7       | Combined ratio  | 20.59%              | 28.91%  | 77.38%        | 67.55%  | 14.58%              | 32.75%  | 79.68%        | 68.94%  |
|         | Gross Claim Paid, Gross Commission plus Expenses of Management / Gross Premium                                    |                     |         |               |         |                     |         |               |         |
| 8       | Technical reserves to net premium ratio   | 139.29%             | 106.36% | 109.98%       | 111.21% | 133.40%             | 126.79% | 83.27%        | 84.80%  |
|         | Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium             |                     |         |               |         |                     |         |               |         |
| 9       | Underwriting balance ratio  | 21.90%              | -1.92%  | -16.97%       | -15.03% | 72.10%              | -34.66% | -26.18%       | -23.98% |
|         | Underwriting Profit / Net Premium   |                     |         |               |         |                     |         |               |         |
| 10      | Operating profit ratio  | 30.39%              | 4.12%   | -9.87%        | -7.89%  | 78.28%              | -28.45% | -20.58%       | -18.35% |
|         | Underwriting Profit plus Investment Income / Net Premium  |                     |         |               |         |                     |         |               |         |
| 11      | Liquid assets to liabilities ratio  | NA                  | NA      | NA            | 56.14%  | NA                  | NA      | NA            | 46.78%  |
|         | Liquid Assets of the Insurer / Policyholders' Liabilities   |                     |         |               |         |                     |         |               |         |
| 12      | Net earnings ratio  | NA                  | NA      | NA            | -4.70%  | NA                  | NA      | NA            | -16.02% |
|         | Profit after Tax / Net Premium  |                     |         |               |         |                     |         |               |         |
| 13      | Return on net worth   | NA                  | NA      | NA            | -8.60%  | NA                  | NA      | NA            | -38.05% |
|         | Profit after Tax / Net Worth  |                     |         |               |         |                     |         |               |         |
| 14      | Reinsurance ratio   | 81.09%              | 75.76%  | 30.63%        | 39.44%  | 89.75%              | 79.85%  | 24.75%        | 35.69%  |
|         | Risk Reinsured (Premium on Reinsurance Ceded) / Gross Premium   |                     |         |               |         |                     |         |               |         |

## Notes:

1. Gross Premium represents Gross Direct Premium
2. Net Premium represents Gross Direct Premium including Premium accepted on reinsurance less reinsurance ceded
3. Expenses of Management represent Operating Expenses related to Insurance business
4. Underwriting Profit represents Segmental Profit / (Loss) excluding Investment Income
5. Liquid Assets represent Cash and Cash Equivalents and Short Term Investments.



## Summary of Financial Statements

## Annexure 3

| Sr. No. | Particulars   | 2010-11<br>(₹ '000) | 2009-10<br>(₹ '000) | 2008-09<br>(₹ '000) | 2007-08<br>(₹ '000) | 2006-07<br>(₹ '000) | 2005-06<br>(₹ '000) |
|---------|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|         | <b>OPERATING RESULTS</b>                                      |                     |                     |                     |                     |                     |                     |
| 1       | Gross Written Premium   | 14,078,204          | 10,046,157          | 3,740,281           | 2,396,874           | 1,967,826           | 2,068,954           |
| 2       | Net Premium Income  | 7,751,407           | 5,886,820           | 1,947,673           | 1,675,823           | 1,331,126           | 1,436,550           |
| 3       | Income from Investments (net)                                 | 507,815             | 252,595             | 141,741             | 80,003              | 60,513              | 54,965              |
| 4       | Other Income (includes provision written back)                | 45,642              | 78,477              | 36,502              | 36,649              | 4,981               | 23,731              |
| 5       | <b>Total Income</b>   | <b>8,304,864</b>    | <b>6,217,892</b>    | <b>2,125,916</b>    | <b>1,792,475</b>    | <b>1,396,620</b>    | <b>1,515,246</b>    |
| 6       | Commission (net)  | (386,446)           | (374,330)           | (203,403)           | (45,112)            | 48,411              | 78,008              |
| 7       | Operating Expenses  | 2,292,036           | 1,827,807           | 1,075,057           | 740,944             | 639,512             | 576,713             |
| 8       | Claims, increase in Unexpired Risk Reserve and other outflows | 7,010,790           | 5,844,897           | 1,596,360           | 1,323,036           | 728,517             | 850,356             |
| 9       | <b>Operating Profit / (Loss)</b>                              | <b>(611,516)</b>    | <b>(1,080,482)</b>  | <b>(342,098)</b>    | <b>(226,393)</b>    | <b>(19,820)</b>     | <b>10,169</b>       |
|         | <b>NON-OPERATING RESULTS</b>                                  |                     |                     |                     |                     |                     |                     |
| 10      | Total Income under shareholder's account                      | 250,457             | 136,313             | 95,481              | 63,115              | 52,968              | 45,970              |
| 11      | Profit / (Loss) before tax                                    | (364,275)           | (944,606)           | (252,144)           | (167,708)           | 25,017              | 48,009              |
| 12      | Provision for tax   | —                   | (1,582)             | 5,325               | 2,284               | 4,993               | 3,945               |
| 13      | Profit / (Loss) after tax                                     | (364,275)           | (943,024)           | (257,469)           | (169,992)           | 20,025              | 44,064              |
|         | <b>MISCELLANEOUS</b>  |                     |                     |                     |                     |                     |                     |
| 14      | Policyholders' Account :                                      |                     |                     |                     |                     |                     |                     |
|         | Total Funds   | —                   | —                   | —                   | —                   | —                   | —                   |
|         | Total Investments   | —                   | —                   | —                   | —                   | —                   | —                   |
|         | Yield on Investments  | —                   | —                   | —                   | —                   | —                   | —                   |
| 15      | Shareholders' Account :                                       |                     |                     |                     |                     |                     |                     |
|         | Total Funds   | 4,234,252           | 2,478,527           | 1,271,551           | 1,029,021           | 944,582             | 916,429             |
|         | Total Investments   | 12,236,121          | 6,236,769           | 2,729,062           | 2,213,002           | 1,781,437           | 1,868,224           |
|         | Yield on Investments  | 7.8%                | 8.1%                | 9.5%                | 7.2%                | 6.2%                | 600.0%              |
| 16      | Paid up equity capital  | 4,860,000           | 4,150,000           | 2,000,000           | 1,500,000           | 1,250,000           | 1,250,000           |
| 17      | Net worth   | 4,234,252           | 2,478,527           | 1,271,551           | 1,029,021           | 944,582             | 916,429             |
| 18      | Total Assets  | 4,234,252           | 2,478,527           | 1,271,551           | 1,029,021           | 944,582             | 916,429             |
| 19      | Yield on Total Investments                                    | 7.8%                | 8.1%                | 9.5%                | 7.2%                | 6.2%                | 5.6%                |
| 20      | Earnings per Share (₹)  | (0.78)              | (3.01)              | (1.52)              | (1.36)              | 0.16                | 0.36                |
| 21      | Book Value per Share (₹)                                      | 8.71                | 5.97                | 6.36                | 6.87                | 7.56                | 7.33                |
| 22      | Total Dividend  | —                   | —                   | —                   | —                   | —                   | —                   |
| 23      | Dividend per Share (₹)  | —                   | —                   | —                   | —                   | —                   | —                   |

## Annexure 4

## Statement showing the Age-wise Analysis of the Unclaimed amount of Policyholders

(₹ '000)

| Particulars   | Total Amount<br>(₹ '000) | AGE-WISE ANALYSIS    |                  |                  |                  |                  |                  |                  |
|---|--------------------------|----------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |                          | 1-6 months*          | 7-12 months      | 13-18 months     | 19-24 months     | 25-30 months     | 31-36 months     | Beyond 36 Months |
| Claims settled but not paid to the policyholders /insured's due to any reasons except under litigation from the insured / policyholders   | —                        | —                    | —                | —                | —                | —                | —                | —                |
| Sum due to the insured / policyholders on maturity or otherwise   | —                        | —                    | —                | —                | —                | —                | —                | —                |
| Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far | 4,192<br>(1,512)         | 1,883<br>(825)       | 1,616<br>(682)   | 684<br>(4)       | 9<br>(1)         | —<br>—           | —<br>—           | —<br>—           |
| Cheques issued but not encashed by the policyholder/ insured  |                          |                      |                  |                  |                  |                  |                  |                  |
| – i.e. Premium  | 12,236<br>(6,961)        | 7,525<br>(3,926)     | 726<br>(1,157)   | 948<br>(258)     | 1,157<br>(233)   | 259<br>(190)     | 233<br>(1,197)   | 1,388<br>—       |
| – i.e. Claims   | 242,983<br>(137,692)     | 222,111<br>(128,838) | 6,973<br>(3,021) | 5,044<br>(1,506) | 3,021<br>(1,150) | 1,507<br>(1,331) | 1,150<br>(1,846) | 3,177<br>—       |

\*Unclaimed amount of Policy holder's aging "1 to 6 months" includes ₹ 229,636 (Previous Year ₹ 132,764) lying in the Bank book (Previous year's figures are in brackets)

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

**Receipts and Payments Account for the year ended March 31, 2011**

| Particulars  | For the<br>year ended<br>March 31, 2011<br>(₹ '000) | For the<br>year ended<br>March 31, 2010<br>(₹'000) |
|--|---|--|
| <b>Cash flows from operating activities</b>                              |   |  |
| Premium received from policyholders, including advance receipts          | 15,946,124  | 11,279,298   |
| Other receipts   | 134,413   | 113,518  |
| Payments to the re-insurers, net of commission and claims                | (3,068,226)   | (2,671,413)  |
| Payments to co-insurers, net of claims recovery                          | 289,564   | 104,415  |
| Payments of claims   | (5,488,832)   | (3,608,657)  |
| Payments of commission and brokerage                                     | (960,255)   | (531,270)  |
| Payments of other operating expenses                                     | (2,098,333)   | (2,675,126)  |
| Deposits, advances and staff loans                                       | (30,250)  | (140,167)  |
| Income taxes paid (Net)  | 4,326   | 4,656  |
| Service tax paid   | (467,209)   | (500,262)  |
| <b>Net cash flow from operating activities</b>                           | <b>4,261,322</b>                                    | <b>1,374,992</b>                                   |
| <b>Cash flows from investing activities</b>                              |   |  |
| Purchase of fixed assets   | (646,353)   | (127,276)  |
| Proceeds from sale of fixed assets                                       | 605   | —  |
| Purchase of investments  | (12,825,181)  | (5,915,605)  |
| Sale of investments  | 6,774,516   | 2,356,952  |
| Rents / Interests / Dividends received                                   | 591,788   | 250,317  |
| Investments in money market instruments and in liquid mutual funds (Net) | 86,818  | 73,907   |
| Expenses related to investments  | —   | (360)  |
| <b>Net cash flow from investing activities</b>                           | <b>(6,017,807)</b>                                  | <b>(3,362,065)</b>                                 |
| <b>Cash flows from financing activities</b>                              |   |  |
| Proceeds from issuance of share capital                                  | 1,750,000   | 2,150,000  |
| Receipt of Share application money pending allotment                     | 370,000   | —  |
| Proceeds from borrowing  | 894   | 2,980  |
| Repayments of borrowing  | (1,818)   | (7,941)  |
| Interest / Dividend paid   | (1,000)   | (1,176)  |
| <b>Net cash flow from financing activities</b>                           | <b>2,118,076</b>                                    | <b>2,143,863</b>                                   |
| <b>Net increase in cash and cash equivalents</b>                         | <b>361,591</b>                                      | <b>156,790</b>                                     |
| Cash and cash equivalents at the beginning of the year                   | 670,866   | 514,076  |
| Cash and cash equivalents at the end of the year                         | 1,032,457   | 670,866  |
| Bank overdraft at the end of the year                                    | —   | —  |
| <b>Net increase in cash and cash equivalents</b>                         | <b>361,591</b>                                      | <b>156,790</b>                                     |

Refer Schedule II for components of cash and cash equivalents

As per our report of even date attached

**B.K. Khare & Co.**  
Chartered Accountants

**G. M. Kapadia & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784  
Firm Regn. No. 105102W  
MUMBAI,  
May 2, 2011

**Rajen Ashar**  
Partner  
Membership No. 48243  
Firm Regn. No. 104767W

For and on behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman

**Ritesh Kumar**  
Managing Director & CEO

**Samir H. Shah**  
CFO & Company Secretary

Directors  
**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Mark Lammerskitten**

Independent Directors  
**Jagdish Khattar**  
**Bernhard Steinruecke**

## Management Report

In accordance with Part IV of Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002 the Management submits the following Report:

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority to transact general insurance business, which has been renewed up to March 31, 2012.

2. To the best of our knowledge and belief, all the material dues payable to the statutory authorities have been duly paid.

3. We confirm that the shareholding pattern and the transfer of shares during the year ended March 31, 2011 are in accordance with the statutory or regulatory requirements.

4. We declare that funds of holders of policies issued in India have not been

directly or indirectly invested outside India.

5. We confirm that the Company has maintained the required solvency margins laid down by Insurance Regulatory and Development Authority.

6. We certify that all assets of the Company have been reviewed on the date of the Balance Sheet and to the best of our knowledge and belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value under the several headings - "Loans", "Agents balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts".

7. The Company is exposed to a variety of risks associated with general

insurance business such as quality of risks undertaken, fluctuations in value of assets and higher expenses in the initial years of operation. The Company monitors these risks closely and effective remedial action is taken wherever deemed necessary.

The Company has, through an appropriate reinsurance program kept its risk exposure at a level commensurate with its capacity.

8. The Company does not have operations outside India.

9. a. for ageing analysis of claims outstanding (excluding provision for IBNR / IBNER and claims relating to inward re-insurance from terrorism pool and the Indian Motor Third Party Insurance Pool ) during the preceding five years, please refer Annexure 1.

b. for average claims settlement time during the preceding five years, please refer Annexure 2.

10. Details of payments to individuals, firms, companies and organizations in which directors are interested during the year ended on March 31, 2011 are as follows:

| Sr. No. | Name of the Director | Entity in which Director is interested             | Interested as | Payment during the year (₹ '000)* |
|---------|----------------------|--|---------------|-----------------------------------|
| 1.      | MR. DEEPAK S. PAREKH | GLAXOSMITHKLINE PHARMACEUTICALS LIMITED            | Director      | 19,646                            |
|         |                      | HDFC ASSET MANAGEMENT COMPANY LIMITED              | Director      | 11,694                            |
|         |                      | HDFC STANDARD LIFE INSURANCE COMPANY LIMITED       | Director      | 16,323                            |
|         |                      | INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED | Director      | 1,803                             |
|         |                      | MAHINDRA & MAHINDRA LIMITED                        | Director      | 2,113                             |
|         |                      | THE INDIAN HOTELS COMPANY LIMITED                  | Director      | 4,068                             |
|         |                      | EXIDE INDUSTRIES LIMITED                           | Director      | 500                               |
|         |                      | LAFARGE INDIA PVT LIMITED                          | Director      | 14                                |
|         |                      | WNS GLOBAL SERVICES PRIVATE LIMITED                | Director      | 45                                |

| Sr. No. | Name of the Director     | Entity in which Director is interested         | Interested as      | Payment during the year (₹ '000)* |
|---------|--------------------------|--|--------------------|-----------------------------------|
| 2.      | MR. KEKI M. MISTRY       | HDFC ASSET MANAGEMENT COMPANY LIMITED          | Director           | 11,694                            |
|         |                          | HDFC STANDARD LIFE INSURANCE COMPANY LIMITED   | Director           | 16,323                            |
|         |                          | NEXT GEN PUBLISHING LIMITED                    | Director           | 1,000                             |
|         |                          | SUN PHARMACEUTICALS INDUSTRIES LIMITED         | Director           | 3,391                             |
|         |                          | TORRENT POWER LIMITED                          | Director           | 571                               |
| 3.      | MS. RENU SUD KARNAD      | CREDIT INFORMATION BUREAU (INDIA) LIMITED      | Director           | 608                               |
|         |                          | HDFC ASSET MANAGEMENT COMPANY LIMITED          | Director           | 11,694                            |
|         |                          | HDFC BANK LIMITED                              | Director           | 891,850                           |
|         |                          | HDFC STANDARD LIFE INSURANCE COMPANY LIMITED   | Director           | 16,323                            |
|         |                          | INDRAPRASTHA MEDICAL CORPORATION LIMITED       | Director           | 77                                |
|         |                          | HDFC SALES PRIVATE LIMITED                     | Director           | 127,558                           |
| 4.      | DR. JAGDISH KHATTAR      | GENPACT LIMITED                                | Director           | 6                                 |
| 5.      | MR. BERNHARD STEINRUECKE | APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED | Director           | 211,431                           |
|         |                          | INDO - GERMAN CHAMBER OF COMMERCE              | Director - General | 1,534                             |

\* Payments made include claims paid to employees under group medical policy.

11. We certify that the Investments in Government securities and other debt securities have been considered as 'held to maturity' and have been measured at historical cost subject to amortization. Market values of Government securities and other debt instruments have been reported in accordance with guideline INV/GLN/003/2003-04 dated January 21, 2004 issued by the Authority.

Listed equity shares as at the balance sheet date are stated at fair value being

the lower of last quoted closing price on the National Stock Exchange or Bombay Stock Exchange Limited.

Mutual fund investments are stated at fair value being the closing net asset value as at the balance sheet date.

In accordance with the regulation, unrealized gain/loss arising due to changes in fair value of listed equity shares and mutual fund investments are not taken to revenue(s)/Profit and loss account but are taken to the Fair Value change Account.

12. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk investments such as Government securities and other rated debt instruments. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDA. The Company has carried out periodic review of the investment portfolio. There are no non-performing assets as at the end of the financial year.

13. The Management of HDFC ERGO General Insurance Company Limited certifies that:

i. The financial statements have been prepared in accordance with applicable accounting standards, the regulations stipulated by the IRDA and the provisions of the Insurance Act, 1938 and the Companies Act, 1956 and disclosures have been made, wherever the same is required. There is no material departure from the said standards, principles and policies.

ii. The Company has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the operating

loss for the year ended on that date.

iii. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) / Companies Act, 1956, (1 of 1956), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The financial statements of the Company have been prepared on a going concern basis.

v. The Company has appointed an audit firm to conduct the internal audit of the Company. The scope of work of the firm is commensurate with the size and nature of the Company's business. The management certifies that adequate

internal control systems and procedures were in existence for this financial year.

On behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman

Directors

**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Mark Lammerskitten**

Independent Directors

**Jagdish Khattar**  
**Bernhard Steinruecke**

**Ritesh Kumar**  
Managing Director & CEO

MUMBAI  
May 2, 2011

**Samir H. Shah**  
CFO and Company Secretary

## Annexure to Management Report

| Outstanding Ageing Analysis as on 31.03.2011 (F.Y. 2010-11) |      |               |        |            |                 |             |          |             |          |               |        |             |        |             |        |               | Annexure |
|---|------|---------------|--------|------------|-----------------|-------------|----------|-------------|----------|---------------|--------|-------------|--------|-------------|--------|---------------|----------|
| Period  | Fire |               | Marine |            | Marine - others |             | Motor OD |             | Motor TP |               | Health |             | Others |             | Total  |               |          |
|   | No   | Amount        | No     | Amount     | No              | Amount      | No       | Amount      | No       | Amount        | No     | Amount      | No     | Amount      | No     | Amount        |          |
| 0-30 days   | 27   | 232,576,004   | 246    | 24,286,762 | 0               | 0           | 3,021    | 98,459,375  | 717      | 146,628,418   | 3,083  | 161,800,149 | 606    | 86,484,663  | 7,700  | 750,235,370   |          |
| 31 days to 6 months   | 65   | 911,718,989   | 199    | 31,409,198 | 4               | 68,428,390  | 1,614    | 116,532,244 | 2,769    | 476,806,756   | 1,143  | 41,867,493  | 663    | 165,044,293 | 6,457  | 1,811,807,363 |          |
| 6 months to 1 year  | 35   | 133,171,829   | 44     | 13,439,222 | 0               | 0           | 99       | 35,068,207  | 1,474    | 241,897,966   | 68     | 3,296,425   | 184    | 137,498,074 | 1,904  | 564,371,722   |          |
| 1 year to 5 years   | 13   | 184,419,464   | 6      | 12,902,086 | 0               | 0           | 41       | 17,014,717  | 1,966    | 306,820,169   | 6      | 242,317     | 28     | 38,924,746  | 2,060  | 560,323,499   |          |
| 5 years and above   | —    | —             | 2      | 5,022,139  | 0               | 0           | —        | —           | 173      | 18,986,655    | —      | —           | —      | —           | 175    | 24,008,794    |          |
| Total   | 140  | 1,461,886,286 | 497    | 87,059,406 | 4               | 68,428,390  | 4,775    | 267,074,543 | 7,099    | 1,191,139,964 | 4,300  | 207,206,384 | 1,481  | 427,951,776 | 18,296 | 3,710,746,749 |          |
| Outstanding as on 31.03.2010 (F.Y. 2009-10)                 |      |               |        |            |                 |             |          |             |          |               |        |             |        |             |        |               |          |
| Period  | Fire |               | Marine |            | Marine - others |             | Motor OD |             | Motor TP |               | Health |             | Others |             | Total  |               |          |
|   | No   | Amount        | No     | Amount     | No              | Amount      | No       | Amount      | No       | Amount        | No     | Amount      | No     | Amount      | No     | Amount        |          |
| 0-30 days   | 23   | 145,124,049   | 101    | 11,433,006 | 1               | 180,056,000 | 1,709    | 44,693,724  | 194      | 28,355,879    | 4,869  | 253,312,790 | 349    | 28,304,857  | 7,246  | 691,280,305   |          |
| 31 days to 6 months   | 31   | 221,403,091   | 94     | 25,960,695 | 1               | 1,010,000   | 745      | 52,069,986  | 806      | 126,503,999   | 1,693  | 55,858,433  | 389    | 103,096,419 | 3,759  | 585,902,622   |          |
| 6 months to 1 year  | 15   | 18,105,340    | 35     | 4,255,986  | 0               | 0           | 28       | 10,280,127  | 479      | 71,544,200    | 88     | 1,648,096   | 101    | 23,344,779  | 746    | 129,178,528   |          |
| 1 year to 5 years   | 3    | 19,242,044    | 4      | 7,252,451  | 0               | 0           | 25       | 2,119,139   | 892      | 131,179,551   | —      | —           | 23     | 20,003,293  | 947    | 179,796,477   |          |
| 5 years and above   | —    | —             | —      | —          | 0               | 0           | —        | —           | 50       | 7,287,368     | —      | —           | —      | —           | 50     | 7,287,368     |          |
| Total   | 72   | 403,874,524   | 234    | 48,902,138 | 2               | 181,066,000 | 2,507    | 109,162,975 | 2,421    | 364,870,997   | 6,650  | 310,819,319 | 862    | 174,749,348 | 12,748 | 1,593,445,300 |          |
| Outstanding as on 31.03.2009 (F.Y. 2008-09)                 |      |               |        |            |                 |             |          |             |          |               |        |             |        |             |        |               |          |
| Period  | Fire |               | Marine |            | Marine - others |             | Motor OD |             | Motor TP |               | Health |             | Others |             | Total  |               |          |
|   | No   | Amount        | No     | Amount     | No              | Amount      | No       | Amount      | No       | Amount        | No     | Amount      | No     | Amount      | No     | Amount        |          |
| 0-30 days   | 5    | 28,497,471    | 19     | 2,587,430  | —               | —           | 959      | 24,486,472  | 102      | 8,980,988     | 559    | 20,030,185  | 206    | 20,934,846  | 1,850  | 105,517,392   |          |
| 31 days to 6 months   | 6    | 34,862,445    | 48     | 3,222,729  | —               | —           | 390      | 28,460,929  | 280      | 27,137,412    | 52     | 22,118,968  | 411    | 41,695,118  | 1,187  | 157,497,602   |          |
| 6 months to 1 year  | 5    | 4,311,787     | 47     | 4,522,757  | —               | —           | 69       | 13,525,830  | 372      | 34,585,154    | 2      | 86,383      | 144    | 13,246,116  | 639    | 70,278,027    |          |
| 1 year to 5 years   | 2    | 5,990,500     | 38     | 5,312,428  | —               | —           | 21       | 11,859,044  | 815      | 113,717,654   | 9      | 136,225     | 48     | 5,525,445   | 933    | 142,541,296   |          |
| 5 years and above   | —    | —             | —      | —          | —               | —           | 6        | 13,000      | 1        | 5,217,359     | —      | —           | —      | —           | 7      | 5,230,359     |          |
| Total   | 18   | 73,662,204    | 152    | 15,645,344 | —               | —           | 1,445    | 78,345,275  | 1,570    | 189,638,567   | 622    | 42,371,762  | 809    | 81,401,525  | 4,616  | 481,064,676   |          |
| Outstanding as on 31.03.2008 (F.Y. 2007-08)                 |      |               |        |            |                 |             |          |             |          |               |        |             |        |             |        |               |          |
| Period  | Fire |               | Marine |            | Marine - others |             | Motor OD |             | Motor TP |               | Health |             | Others |             | Total  |               |          |
|   | No   | Amount        | No     | Amount     | No              | Amount      | No       | Amount      | No       | Amount        | No     | Amount      | No     | Amount      | No     | Amount        |          |
| 0-30 days   | 4    | 2,576,351     | 15     | 3,188,090  | —               | —           | 1,113    | 28,299,875  | 16       | 3,798,056     | 641    | 25,139,746  | 125    | 8,641,058   | 1,914  | 71,643,175    |          |
| 31 days to 6 months   | 5    | 5,448,585     | 38     | 10,870,698 | —               | —           | 643      | 26,577,356  | 241      | 27,145,218    | 5      | 1,829,448   | 290    | 14,590,661  | 1,222  | 86,461,966    |          |
| 6 months to 1 year  | 5    | 3,339,000     | 43     | 5,091,496  | —               | —           | 237      | 14,466,692  | 201      | 29,044,362    | —      | —           | 93     | 58,393,031  | 579    | 110,334,581   |          |
| 1 year to 5 years   | 4    | 13,524,732    | 9      | 1,041,086  | —               | —           | 243      | 10,290,627  | 649      | 84,596,099    | —      | —           | 35     | 4,574,421   | 940    | 114,026,965   |          |
| 5 years and above   | —    | —             | —      | —          | —               | —           | —        | —           | —        | —             | —      | —           | —      | —           | —      | —             |          |
| Total   | 18   | 24,888,668    | 105    | 20,191,370 | —               | —           | 2,236    | 79,634,550  | 1,107    | 144,583,735   | 646    | 26,969,194  | 543    | 86,199,171  | 4,655  | 382,466,688   |          |
| Outstanding as on 31.03.2007 (F.Y. 2006-07)                 |      |               |        |            |                 |             |          |             |          |               |        |             |        |             |        |               |          |
| Period  | Fire |               | Marine |            | Marine - others |             | Motor OD |             | Motor TP |               | Health |             | Others |             | Total  |               |          |
|   | No   | Amount        | No     | Amount     | No              | Amount      | No       | Amount      | No       | Amount        | No     | Amount      | No     | Amount      | No     | Amount        |          |
| 0-30 days   | —    | —             | 22     | 1,429,954  | —               | —           | 1,698    | 23,531,365  | 80       | 6,467,122     | 127    | 3,149,707   | 135    | 3,092,663   | 2,062  | 37,670,811    |          |
| 31 days to 6 months   | 8    | 21,134,173    | 80     | 3,411,024  | —               | —           | 767      | 26,928,051  | 92       | 10,669,432    | 32     | 304,818     | 467    | 15,680,521  | 1,446  | 78,128,019    |          |
| 6 months to 1 year  | 5    | 10,854,302    | 48     | 2,205,354  | —               | —           | 77       | 15,357,064  | 188      | 30,569,744    | 36     | 120,948     | 625    | 7,084,351   | 979    | 66,191,763    |          |
| 1 year to 5 years   | 4    | 6,252,649     | 36     | 2,266,300  | —               | —           | 36       | 5,089,111   | 499      | 61,240,669    | —      | —           | 180    | 1,357,507   | 755    | 76,206,236    |          |
| 5 years and above   | —    | —             | —      | —          | —               | —           | —        | —           | —        | —             | —      | —           | —      | —           | —      | —             |          |
| Total   | 17   | 38,241,124    | 186    | 9,312,632  | —               | —           | 2,578    | 70,905,591  | 859      | 108,946,967   | 195    | 3,575,473   | 1,407  | 27,215,042  | 5,242  | 258,196,828   |          |

## Average Claim Settlement Time

## Annexure 2

|                       | FY 2010-11    |                                | FY 2009-10    |                                | FY 2008-09    |                                | FY 2007-08    |                                | FY 2006-07    |                                |
|-----------------------|---------------|--------------------------------|---------------|--------------------------------|---------------|--------------------------------|---------------|--------------------------------|---------------|--------------------------------|
| LOB                   | No. of Claims | Average Settlement Time (Days) | No. of Claims | Average Settlement Time (Days) | No. of Claims | Average Settlement Time (Days) | No. of Claims | Average Settlement Time (Days) | No. of Claims | Average Settlement Time (Days) |
| Fire                  | 345           | 142                            | 114           | 152                            | 28            | 183                            | 36            | 81                             | 16            | 111                            |
| Marine Cargo          | 3,116         | 69                             | 628           | 123                            | 123           | 148                            | 173           | 102                            | 63            | 90                             |
| Marine Hull           | 11            | 137                            | –             | –                              | –             | –                              | –             | –                              | –             | –                              |
| Motor OD              | 74,761        | 33                             | 54,236        | 31                             | 41,590        | 28                             | 40,125        | 29                             | 42,017        | 32                             |
| Workmens compensation | 3             | 262                            | 3             | 109                            | –             | –                              | 2             | 189                            | –             | –                              |
| Public liability      | –             | –                              | 1             | 191                            | –             | –                              | 10            | 10                             | –             | –                              |
| Product Liability     | –             | –                              | –             | –                              | –             | –                              | –             | –                              | –             | –                              |
| Speciality            | 163           | 16                             | 87            | 39                             | 1             | 75                             | 3             | 147                            | –             | –                              |
| Engineering           | 824           | 75                             | 707           | 105                            | 112           | 79                             | 53            | 94                             | 39            | 45                             |
| Personal Accident     | 2,236         | 60                             | 1,546         | 51                             | 1,198         | 27                             | 2,687         | 35                             | 4,166         | 45                             |
| Health                | 127,841       | 37                             | 151,821       | 25                             | 28,442        | 6                              | 11,850        | 3                              | 1,547         | 1                              |
| Travel Insurance      | 920           | 78                             | 2,042         | 85                             | 629           | 63                             | 446           | 30                             | 294           | 31                             |
| Home                  | 7             | 176                            | 7             | 189                            | 1             | 111                            | 4             | 98                             | 10            | 68                             |
| Others                | 1,175         | 33                             | 433           | 127                            | 367           | 150                            | 594           | 83                             | 795           | 28                             |
| Total                 | 211,402       |                                | 211,625       |                                | 72,491        |                                | 55,983        |                                | 48,947        |                                |

Notes : The above ageing does not include Motor Third Party claims which have to be settled through MACT and other judicial bodies



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**Registration No. 

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 1 | 3 | 4 | 8 | 6 | 9 |
|--|--|---|---|---|---|---|---|

State Code 

|   |   |
|---|---|
| 1 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |
|---|
| 3 |
|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 1 | 1 |
|---|---|---|---|

**II. Capital raised during the year: (Amount in ₹ '000)**

Public Issue

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Rights Issue

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | 7 | 1 | 0 | 0 | 0 | 0 |
|--|--|--|---|---|---|---|---|---|

Bonus Issue

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Private Placement

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

**III. Position of mobilisation and deployment of funds: (Amount in ₹ '000)**

Total Liabilities

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 6 | 2 | 7 | 9 | 9 | 5 | 7 |
|--|--|---|---|---|---|---|---|---|

Total Assets

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 6 | 2 | 7 | 9 | 9 | 5 | 7 |
|--|--|---|---|---|---|---|---|---|

**Source of Funds**

Paid-up Capital

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 4 | 8 | 6 | 0 | 0 | 0 | 0 |
|--|--|---|---|---|---|---|---|---|

Reserves and Surplus

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 1 | 0 | 4 | 0 | 0 | 0 | 0 |
|--|--|---|---|---|---|---|---|---|

Fair Value Change Account

|  |  |  |  |  |   |   |   |   |
|--|--|--|--|--|---|---|---|---|
|  |  |  |  |  | 3 | 8 | 7 | 1 |
|--|--|--|--|--|---|---|---|---|

Secured Loans

|  |  |  |  |  |   |   |   |   |
|--|--|--|--|--|---|---|---|---|
|  |  |  |  |  | 6 | 0 | 8 | 6 |
|--|--|--|--|--|---|---|---|---|

Unsecured Loans

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

**Application of Funds**

Net Fixed Assets

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | 8 | 3 | 2 | 6 | 7 | 3 |
|--|--|--|---|---|---|---|---|---|

Investments

|  |  |   |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|---|
|  |  | 1 | 2 | 2 | 3 | 6 | 1 | 2 | 1 |
|--|--|---|---|---|---|---|---|---|---|

Net Current Assets

|  |  |    |   |   |   |   |   |    |
|--|--|----|---|---|---|---|---|----|
|  |  | (8 | 8 | 2 | 4 | 5 | 8 | 5) |
|--|--|----|---|---|---|---|---|----|

Miscellaneous Expenditure

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Debit balance in P&amp;L A/c

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 2 | 0 | 3 | 5 | 7 | 4 | 8 |
|--|--|---|---|---|---|---|---|---|

**IV. Performance of Company: (Amount in ₹ '000)**

Turnover

(Net earned Premium, income from investments and other incomes)

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 6 | 8 | 6 | 7 | 4 | 9 | 5 |
|--|--|---|---|---|---|---|---|---|

Total Expenditure

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 7 | 2 | 3 | 1 | 7 | 7 | 0 |
|--|--|---|---|---|---|---|---|---|

Profit/(Loss) before Tax

|  |  |    |   |   |   |   |    |
|--|--|----|---|---|---|---|----|
|  |  | (3 | 6 | 4 | 2 | 7 | 5) |
|--|--|----|---|---|---|---|----|

Profit/(Loss) after Tax

|  |  |    |   |   |   |   |    |
|--|--|----|---|---|---|---|----|
|  |  | (3 | 6 | 4 | 2 | 7 | 5) |
|--|--|----|---|---|---|---|----|

Earnings per Share (in ₹)

|  |  |    |   |   |    |
|--|--|----|---|---|----|
|  |  | (0 | . | 7 | 8) |
|--|--|----|---|---|----|

Dividend (%)

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

**V. Generic names of three principal products, services of the Company (As per monetary terms):**Item Code No. 

|   |   |
|---|---|
| N | A |
|---|---|

Product Description 

|   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|
| G | E | N | E | R | A | L |  | I | N | S | U | R | A | N | C | E |
|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|

**Note:** The Company being an Insurance Company, the accounts of the Company are not required to be made in accordance with Schedule VI of the Companies Act, 1956. Further, the Insurance Act, 1938 requires the Financial Statements of the Company to be split in Revenue Accounts and Profit & Loss Account. In view of this, it is not possible to give all the information as required by Part IV of this said Schedule.

# GRUH Finance Limited

A Subsidiary of Housing Development Finance Corporation Limited



TWENTY FIFTH ANNUAL REPORT 2010 - 11

## Board of Directors

Mr. Keki M. Mistry  
**Chairman**

### Directors

Mr. S. M. Palia  
Mr. Rohit C. Mehta  
Mr. Prafull Anubhai  
Ms. Renu Sud Karnad  
Mr. K. G. Krishnamurthy  
Mr. S. G. Mankad  
Mr. Kamlesh Shah (Executive Director)  
(w.e.f. April 16, 2010)

Mr. Sudhin Choksey  
**Managing Director**

### Auditors

Sorab S. Engineer & Co.  
Chartered Accountants

### Bankers

Union Bank of India  
Bank of Nova Scotia  
HDFC Bank Ltd.  
IDBI Ltd.  
State Bank of Patiala  
State Bank of India  
Axis Bank  
State Bank of Mysore  
Bank of India  
Development Credit Bank Ltd.  
Dena Bank  
Bank of India  
Bank of Baroda  
Bank of Maharashtra

### Registered Office

"GRUH", Netaji Marg,  
Near Mithakhali Six Roads,  
Ellisbridge, Ahmedabad 380 006.  
Tel. No : 079-2642 1671/74  
Fax No. : 079-2656 0649

## Directors' Report

TO THE MEMBERS,

Your directors are pleased to present the Twenty Fifth Annual Report of your Company with the audited accounts for the year ended March 31, 2011.

### Financial Results

|  | For the year ended<br>March 31, 2011<br>(₹ in crores) | For the year ended<br>March 31, 2010<br>(₹ in crores) |
|--|---|---|
| Profit Before Tax  | 125.57  | 94.42   |
| Provision for Tax (Net of deferred<br>tax and FBT)           | 34.06   | 25.46   |
| Profit After Tax   | 91.51   | 68.96   |
| Add:   |   |   |
| Balance brought forward from last year                       | 45.88   | 27.64   |
| Amount Available for Appropriation                           | 137.39  | 96.60   |
| Appropriations:  |   |   |
| Special Reserve  | 22.00   | 17.50   |
| General Reserve  | 9.20  | 6.90  |
| Proposed Dividend  | 38.67   | 22.57   |
| Additional Tax on Proposed Dividend                          | 6.28  | 3.75  |
| Dividend pertaining to previous year<br>paid during the year | 0.09  | 0.00  |
| Balance Carried to Balance Sheet                             | 61.15   | 45.88   |
|  | 137.39  | 96.60   |

### Dividend

Your directors recommend payment of dividend of ₹ 8.50 per share of face value of ₹ 10 each for the year ended March 31, 2011 and in addition, also recommended a special dividend of ₹ 2.50 per share of face value of ₹ 10 each to commemorate the Silver Jubilee of the Company. The total dividend for the year is ₹ 11 per share against a dividend of ₹ 6.50 per share of face value of ₹ 10 each for the previous year. The dividend payout ratio for the year, inclusive of additional tax on dividend will be 49%.

### Disbursements

Loan disbursements during the year were ₹ 1,210.69 crores as against ₹ 780.33 crores in the previous year. GRUH continued to focus mainly on the retail

segment and disbursed ₹ 1,080.73 crores to 19,557 families. Cumulative disbursements as at March 31, 2011 were ₹ 5,855.87 crores.

### Golden Jubilee Rural Housing Finance Scheme

GRUH disbursed ₹ 413.07 crores in respect of 8,722 dwelling units during the year under the Golden Jubilee Rural Housing Finance Scheme of the Government of India. Cumulative disbursements under the scheme were ₹ 1,974.61 crores in respect of 69,093 dwelling units.

### Rural Housing Fund (RHF)

The National Housing Bank (NHB) has formulated a scheme called the Rural Housing Fund – 2008 (RHF). The scheme

is aimed towards rural housing undertaken by families falling under the weaker section category as defined in the RBI guidelines on lending to the priority sector. During the year, GRUH has claimed ₹ 196.38 crores covering 4,686 families under this scheme. Cumulative disbursements under this scheme were ₹ 500.92 crores to 14,580 families.

#### Loan Assets

As at March 31, 2011, the loan assets increased to ₹ 3,176.85 crores with a growth of 29%. Loan assets in respect of retail segment also grew by 30% and stood at ₹ 3,080.21 crores.

#### Non-Performing Assets (NPAs)

As per the prudential norms of NHB, GRUH's NPAs stood at ₹ 25.86 crores as at March 31, 2011 constituting 0.81% of the total outstanding loans of ₹ 3,176.85 crores. The NPAs at the end of the previous year were ₹ 27.14 crores, constituting 1.11% of the total outstanding loans of ₹ 2,453.70 crores.

GRUH is required to carry a provision of ₹ 6.37 crores towards NPAs and standard assets of non-housing loans as at March 31, 2011 as per the norms of NHB. However, as a measure of caution, GRUH carries a provision of ₹ 27.92 crores. Net NPAs of GRUH was "NIL" on the outstanding loans of ₹ 3,176.85 crores as at March 31, 2011.

During the year, GRUH has written off ₹ 1.26 crores in respect of individual loans where the recovery was difficult in the near future. However, GRUH continued the recovery efforts in respect of written off loans of earlier years and could effect recoveries of ₹ 1.27 crores during the year in respect of such written off loans. GRUH also took possession of properties of the defaulting borrowers under the SARFAESI Act and has sold few of such acquired properties.

#### NHB Refinance

GRUH received refinance sanction of ₹ 800 crores from NHB during the year. GRUH availed refinance aggregating to ₹ 545.65 crores including ₹ 145.65 crores under RHE. The refinance outstanding as at March 31, 2011 was ₹ 1,157.60 crores.

#### Bank Term Loans

GRUH received sanctions from banks amounting to ₹ 1,400 crores of which GRUH availed loans aggregating to ₹ 1,000 crores. The outstanding bank term loans as at March 31, 2011 were ₹ 1,230 crores.

#### Subordinated Debt

GRUH did not issue any subordinated debt during the year. As at March 31, 2011, GRUH's outstanding subordinated debt stood at ₹ 40 crores. The debt is subordinated to present and future senior indebtedness of the Company and has been assigned rating of "LAA+" by ICRA Limited (ICRA), indicating high safety with regard to timely payment of interest and principal. This rating carries a stable outlook. Based on the balance term to maturity, as at March 31, 2011, ₹ 8 crores of the book value of subordinated debt is considered as Tier – II capital under the guidelines issued by NHB for the purpose of computation of Capital Adequacy Ratio.

#### Non-Convertible Debentures (NCDs)

During the year, GRUH raised NCDs of ₹ 100 crores on private placement basis. The NCDs are rated "LAA+" by ICRA, indicating high safety with regard to timely payment of interest and principal. This rating carries a stable outlook. The outstanding NCDs as at March 31, 2011 were ₹ 100 crores.

#### Commercial Paper

GRUH raised ₹ 1,185 crores through issuance of commercial paper during the year. GRUH's commercial paper is rated

"PI+" by CRISIL Limited (CRISIL), indicating high safety as regards repayment. This rating carries a stable outlook. As at March 31, 2011, outstanding commercial papers stood at ₹ 160 crores.

#### Deposits

GRUH mobilised deposits of ₹ 106.72 crores and experienced a renewal ratio of 42% during the year. The outstanding balance of deposits as at March 31, 2011 was ₹ 278.73 crores. The rating assigned to GRUH's deposit programme has been maintained by the two rating agencies viz. ICRA and CRISIL. GRUH's deposits are rated "MAA+" and "FAA+" by ICRA and CRISIL respectively and both the ratings indicate high safety as regards timely repayment of principal and interest. These ratings carry a stable outlook.

#### Unclaimed Deposits

As at March 31, 2011, public deposits amounting to ₹ 3.90 crores had not been claimed by 1,012 depositor. Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits and subsequent reminders have been sent.

As per the provisions of Section 205C of the Companies Act, 1956, deposits remaining unclaimed and unpaid for a period of seven years from the date they became due for payment are required to be credited to Investor Education and Protection Fund (IEPF) established by the Government of India. In terms of Section 205C of the Companies Act, 1956, no claim would lie against the Company or the said fund after the said transfer. Accordingly, an amount of ₹ 4.67 lacs was transferred to the IEPF during the year.

#### Unclaimed Dividends

As at March 31, 2011, dividend amounting to ₹ 49.78 lacs has not been claimed by shareholders. GRUH has been intimating the shareholders to lodge their claim for dividend from time to time.

As per the provisions of Section 205C of the Companies Act, 1956, dividends remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account are required to be credited to the IEPF. Accordingly, unclaimed dividend amount of ₹ 3.43 lacs in respect of the financial year 2002-2003 was transferred to IEPF during the year. Unclaimed dividend amounting to ₹ 3.73 lacs in respect of the financial year 2003-2004 is due for transfer to IEPF in August 2011. In terms of Section 205C of the Companies Act, 1956, no claim would lie against the Company or the said fund after the said transfer.

#### **Dematerialisation of Shares**

As on March 31, 2011, 97.44% of equity shares of GRUH have been dematerialised by shareholders through National Securities Depository Limited and Central Depository Services (India) Limited.

Pursuant to an amendment to Clause 5A of the Listing Agreements, the Company affirms that there are no share certificates issued to its shareholders in physical form which are lying unclaimed.

#### **Risk Management Framework**

The Company has a Risk Management Framework, which provides the mechanism for risk assessment and mitigation. The Risk Management Committee (RMC) of the Company comprises the Managing Director, the Executive Director and some members of senior management.

During the year, the RMC reviewed the risks associated with the business of the Company, its root causes and the efficacy of the measures taken to mitigate the same. Thereafter, the Audit Committee and the Board of Directors also reviewed the key risks associated with the business of the Company, the procedures adopted to assess the risks, efficacy and mitigation measures.

#### **Investments**

GRUH continues to maintain its Statutory Liquid Ratio (SLR) as stipulated by NHB. Accordingly, GRUH carried investments in approved securities aggregating to ₹ 62.09 crores as at March 31, 2011 to meet the requirement of the SLR. GRUH has classified its investments as long-term and valued them at cost. Adequate provision, towards loss, if any, to be experienced on redemption of investments on maturity has been made.

#### **Regulatory Guidelines**

GRUH complied with the guidelines issued by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, 'Know Your Customer' - (KYC), Fair Practices Code and real estate & capital market exposures. The details of compliances are outlined in the Management Discussion and Analysis report.

The National Housing Bank Act, 1987, empowers NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its provisions. NHB has not levied any penalty on GRUH during the year.

The task of overseeing the implementation of the Asset Liability Management (ALM) has been entrusted to the Audit Committee which oversees and reviews the ALM position vis-à-vis risk management.

GRUH's Capital Adequacy Ratio stood at 13.32% as against the minimum requirement of 12%. Tier – I Capital was 12.98% against the minimum requirement of 6%.

#### **Human Resource Development**

At GRUH, human resource development is considered vital for effective implementation of business plans.

Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. During the current year, besides the in-house induction training programmes in lending operations, recoveries and accounts, employees were also nominated to training programmes conducted by NHB and other institutions.

GRUH's staff strength as at March 31, 2011 was 449.

#### **Employees Stock Option Scheme**

The stock options granted to directors and eligible employees operate under two schemes, ESOS-2007 and ESOS-2011. The disclosures as required under Clause 12.1 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, have been made in the annex to this report.

#### **Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Expenditure**

GRUH does not have any foreign exchange earnings and expenditure. Particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable to GRUH.

#### **Particulars of Employees**

GRUH had 1 employee as at March 31, 2011 employed throughout the year who was in receipt of remuneration of ₹ 60 lacs or more per annum.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of such employees are set out in the annex to the Directors' Report.

However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all shareholders of the Company excluding the annex. Any shareholder interested in obtaining a copy of the said annex may write to the company secretary at the registered office of the Company.

### Directors

In accordance with Articles 134 and 135 of the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. S. M. Palia and Mr. Rohit C. Mehta, directors of the Company, retire by rotation at the ensuing Annual General Meeting (AGM) and are eligible for re-appointment. Your directors commend their re-appointment.

Necessary resolutions for the re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 274(1)(g) of the Companies Act, 1956.

### Auditors

M/s. Sorab S. Engineer & Co., Chartered Accountants, statutory auditors of the Company having registration number 110417W retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from the statutory auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the

Companies Act, 1956. The statutory auditors have also confirmed that they hold a valid certificate issued by the "Peer Review Board" of The Institute of Chartered Accountants of India.

### Corporate Governance – Voluntary Guidelines

The Board of Directors have taken cognisance of the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs (MCA) in December 2009. While the guidelines are recommendatory in nature, the board recognises the importance and need to constantly assess governance practices thereby ensuring a sustainable business environment that generates long-term value to all key stakeholders. The board has adopted several provisions of the said guidelines.

### Directors' Responsibility Statement

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

- i. In the preparation of annual accounts, the applicable accounting standards have been followed;
- ii. Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date;
- iii. Proper and sufficient care has been taken for the maintenance of

adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

- iv. The annual accounts of the Company have been prepared on a going concern basis.

### Management Discussion and Analysis Report

In accordance with clause 49 of the listing agreements, the Management Discussion and Analysis Report forms a part of this report.

### Acknowledgements

Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to GRUH. The employees have worked based on principles of honesty, integrity and fair play and this has helped GRUH in maintaining its growth. The directors also wish to place on record their appreciation to shareholders, depositors, referral associates, NHB, financial institutions and banks for their continued support.

On behalf of the Board of Directors

MUMBAI  
April 13, 2011

KEKI M. MISTRY  
Chairman

## Annexure to the Directors' Report

Disclosure pursuant to Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Details of stock options granted, vested, exercised and lapsed during the year under review are as under :

| Scheme(s)   | Grant Price (₹) | Options Granted | Options Vested | Options Exercised & Shares Allotted* | Options Lapsed | Total Options in force as on March 31, 2011 |
|-------------|-----------------|-----------------|----------------|--------------------------------------|----------------|---|
| ESOS - 2007 | 164.65          | Nil             | 1,99,185       | 4,32,483                             | 21,100         | 1,59,325                                    |
| ESOS - 2011 | 317.85          | 11,72,849       | —              | —                                    | —              | 11,72,849                                   |

\* One (1) share would arise on exercise of one (1) stock option.

Other details are as under :

|  |   |
|--|---|
| Pricing formula for the Scheme(s) :  | ESOS 2011 :<br>The closing price on February 9, 2011 on the Bombay Stock Exchange Ltd (BSE) was taken as grant price. This was the latest available closing price on the stock exchange having higher trading volume.   |
| Money realised by exercise of options :  | The Company received ₹ 7.12 crores on account of stock options exercised during the year.   |
| Details of options granted to:<br>i. Directors & Senior managerial personnel<br>ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year<br>iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant : | ESOS 2011 :<br>4,35,059 options were granted to Directors & Senior managerial personnel of the Company. Mr Sudhin Choksey, Managing Director has been granted 70,000 options representing 5.97% of the total grant. No director or employee has been granted options equal to or exceeding 1% of the issued equity share capital of the Company   |
| Variation of terms of options :  | Nil   |
| Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) – 20 :   | ₹ 26.13   |
| Disclosure of difference between the employee compensation cost using intrinsic value of stock options instead of fair value of the options and the impact of difference on profits and on EPS of the Company :  | ESOS 2011 :<br>Since the options were granted at the market price, the intrinsic value of the option is nil. Consequently the accounting value of the option (compensation cost) was also nil. However, if fair value of the options according to Black-Scholes–Mertons Option Pricing Model was to be used for calculating the accounting value of the option, the compensation cost would have been ₹ 64.92 lacs, the profit after tax would have been lesser by ₹ 64.92 lacs and basic and diluted EPS would have been ₹ 26.01 & ₹ 25.94 respectively. |



## Annexure to the Directors' Report (Continued)

|  |   |                   |                   |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
|--|---|-------------------|-------------------|--|-----------------------|-------------------|-------------------|-------------------|-----------------------------|------|------|------|----------------------|-----|-----|------|--|----|----|----|-------------------------|------|------|------|--|--------------|--------------|--------------|-----------------------|-------------------|-------------------|-------------------|-----------------------------|------|------|------|----------------------|-----|-----|------|--|----|----|----|-------------------------|------|------|------|--|----------------|----------------|----------------|
| Weighted-average exercise prices and weighted-average fair values of options :   | ESOS 2011 :<br>All the options were granted at an exercise price of ₹ 317.85 per option and hence the weighted average price is ₹ 317.85 per option. The weighted average fair value of the option (using the Black-Scholes–Mertons Option Pricing Model) works out to ₹ 51, ₹ 67 and ₹ 75 for the options vesting on February 10, 2012, February 10, 2013 and February 10, 2014 respectively.  |                   |                   |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| A description of the method and significant assumptions used during the year to estimate the fair values of options, at the time of grant including the following weighted-average information: (a) risk-free interest rate, (b) expected life, (c) expected volatility of share price (d) dividend yield rate (e) the price of underlying share in the market at the time of option grant : | ESOS – 2007 <table><tr><td>Assumption Parameters</td><td>November 20, 2008</td><td>November 20, 2009</td><td>November 20, 2010</td></tr><tr><td>Risk free interest rate (%)</td><td>7.50</td><td>7.61</td><td>7.66</td></tr><tr><td>Expected life (days)</td><td>324</td><td>690</td><td>1055</td></tr><tr><td>Expected volatility of share price (%)</td><td>25</td><td>25</td><td>25</td></tr><tr><td>Dividend yield rate (%)</td><td>3.75</td><td>4.75</td><td>6.25</td></tr><tr><td>Market price of equity shares on the date of grant ranged from</td><td>₹161 to ₹183</td><td>₹161 to ₹183</td><td>₹161 to ₹183</td></tr></table> ESOS – 2011 <table><tr><td>Assumption Parameters</td><td>February 10, 2012</td><td>February 10, 2013</td><td>February 10, 2014</td></tr><tr><td>Risk free interest rate (%)</td><td>7.54</td><td>7.65</td><td>7.85</td></tr><tr><td>Expected life (days)</td><td>455</td><td>821</td><td>1186</td></tr><tr><td>Expected volatility of share price (%)</td><td>30</td><td>30</td><td>30</td></tr><tr><td>Dividend yield rate (%)</td><td>2.20</td><td>2.90</td><td>3.75</td></tr><tr><td>Market price of equity shares on the date of grant ranged from</td><td>₹ 316 to ₹ 330</td><td>₹ 316 to ₹ 330</td><td>₹ 316 to ₹ 330</td></tr></table> |                   |                   |  | Assumption Parameters | November 20, 2008 | November 20, 2009 | November 20, 2010 | Risk free interest rate (%) | 7.50 | 7.61 | 7.66 | Expected life (days) | 324 | 690 | 1055 | Expected volatility of share price (%) | 25 | 25 | 25 | Dividend yield rate (%) | 3.75 | 4.75 | 6.25 | Market price of equity shares on the date of grant ranged from | ₹161 to ₹183 | ₹161 to ₹183 | ₹161 to ₹183 | Assumption Parameters | February 10, 2012 | February 10, 2013 | February 10, 2014 | Risk free interest rate (%) | 7.54 | 7.65 | 7.85 | Expected life (days) | 455 | 821 | 1186 | Expected volatility of share price (%) | 30 | 30 | 30 | Dividend yield rate (%) | 2.20 | 2.90 | 3.75 | Market price of equity shares on the date of grant ranged from | ₹ 316 to ₹ 330 | ₹ 316 to ₹ 330 | ₹ 316 to ₹ 330 |
| Assumption Parameters  | November 20, 2008   | November 20, 2009 | November 20, 2010 |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Risk free interest rate (%)  | 7.50  | 7.61              | 7.66              |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Expected life (days)   | 324   | 690               | 1055              |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Expected volatility of share price (%)   | 25  | 25                | 25                |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Dividend yield rate (%)  | 3.75  | 4.75              | 6.25              |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Market price of equity shares on the date of grant ranged from   | ₹161 to ₹183  | ₹161 to ₹183      | ₹161 to ₹183      |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Assumption Parameters  | February 10, 2012   | February 10, 2013 | February 10, 2014 |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Risk free interest rate (%)  | 7.54  | 7.65              | 7.85              |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Expected life (days)   | 455   | 821               | 1186              |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Expected volatility of share price (%)   | 30  | 30                | 30                |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Dividend yield rate (%)  | 2.20  | 2.90              | 3.75              |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |
| Market price of equity shares on the date of grant ranged from   | ₹ 316 to ₹ 330  | ₹ 316 to ₹ 330    | ₹ 316 to ₹ 330    |  |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |              |              |              |                       |                   |                   |                   |                             |      |      |      |                      |     |     |      |  |    |    |    |                         |      |      |      |  |                |                |                |



## Auditors' Report

### TO THE MEMBERS OF GRUH FINANCE LIMITED

1. We have audited the attached Balance Sheet of GRUH Finance Limited, ("the Company") as at March 31, 2011, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditors' Report) Order, 2003 ("Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act,

1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

i) 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;

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;

iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the

directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

(b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For SORAB S. ENGINEER & CO.  
Firm Registration No. 110417W  
Chartered Accountants

CA. M. P. ANTIA  
Partner  
MUMBAI  
April 13, 2011  
Membership No. 7825

## Annexure to the Auditors' Report

### Re: GRUH FINANCE LIMITED

Referred to in Paragraph 3 of our Report of even date,

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified by the management during the year in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.

(c) No substantial part of fixed assets has been disposed off during the year.

(ii) (a) The stocks of acquired and/or developed properties have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of stock of acquired and developed properties followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of acquired and developed properties. No discrepancy was noticed on verification between the physical properties and the book records.

(iii) The Company has not granted / taken any loan to / from Companies, firms or other parties covered in the register

maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii, b), (iii, c), (iii, d), (iii, e), (iii, f) and (iii, g) of paragraph 4 of the order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to acquisition of properties, fixed assets and with regard to the sale of properties and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

(v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there were no contracts or arrangements that needs to be entered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (v, a) and (v, b) of paragraph 4 of the order are not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956, the Housing Finance Companies (NHB) Directions, 2010 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the internal audit functions carried out during the year by

| Particulars | Financial year to which the matter pertains | Forum where matter is pending        | Amount (₹)    |
|-------------|---|--------------------------------------|---------------|
| Income Tax  | 2007-08                                     | Commissioner of Income Tax (Appeals) | 1,29,29,840/- |

## Annexure to the Auditors' Report (Continued)

firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) The Company is not engaged in production, processing, manufacturing or mining activities. Therefore, the provisions of clause (viii) of paragraph 4 of the order are not applicable.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it.

Central Government has till date not prescribed the amount of cess payable under Section 44IA of the Companies Act, 1956.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Cess were in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, following amounts have not been deposited as on March 31, 2011 on account of any dispute:

(x) The Company neither has any accumulated losses nor has incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or debenture holders.

(xii) The loans granted by the Company are primarily secured / partly secured by

the equitable mortgage of the property. Based on our examination of documents and records and evaluation of internal controls, we are of the opinion that the Company has maintained adequate documents and records wherever it has granted loans and advances on the basis of collateral security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a Nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.

(xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial Institutions.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were obtained, other than temporary deployment pending application.

(xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have not, *prima facie*, been used during the year for long-term investments.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.

(xix) According to the information and explanations given to us and the records examined by us, the Company has created security and charges in respect of Debentures issued during the year.

(xx) The Company has not raised any money by public issue during the year.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery

consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context and size of the Company and the nature of its business and which have been provided for.

For SORAB S. ENGINEER & CO.  
Firm Registration No. 110417W  
Chartered Accountants

MUMBAI  
April 13, 2011

CA. M. P. ANTIA  
Partner  
Membership No. 7825

## Balance Sheet as at March 31, 2011

|   | Schedule | (Rupees)      | March 31, 2011<br>(Rupees) | March 31, 2010<br>(Rupees) |
|---|----------|---------------|----------------------------|----------------------------|
| <b>FUNDS EMPLOYED</b>                                   |          |               |                            |                            |
| <b>SHAREHOLDERS' FUNDS</b>                              |          |               |                            |                            |
| Share Capital   | 1        | 35,15,76,330  |                            | 34,72,51,500               |
| Reserves and Surplus                                    | 2        | 282,78,01,208 |                            | 229,90,09,283              |
|   |          |               | 317,93,77,538              | 264,62,60,783              |
| <b>LOAN FUNDS</b>                                       | 3        |               | 2966,33,16,804             | 2323,12,22,922             |
|   |          |               | 3284,26,94,342             | 2587,74,83,705             |
| <b>APPLICATION OF FUNDS</b>                             |          |               |                            |                            |
| <b>LOANS</b>  | 4        |               | 3176,84,50,124             | 2453,69,87,481             |
| <b>INVESTMENTS</b>                                      | 5        |               | 34,66,09,125               | 32,71,80,511               |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>               |          |               |                            |                            |
| Current Assets, Loans and Advances                      | 6        | 156,84,71,995 |                            | 162,41,79,410              |
| Less : Current Liabilities and Provisions               | 7        | 105,56,60,372 |                            | 79,94,27,666               |
| <b>NET CURRENT ASSETS</b>                               |          |               | 51,28,11,623               | 82,47,51,744               |
| <b>FIXED ASSETS</b>                                     | 8        |               |                            |                            |
| Gross Block   |          | 24,38,79,164  |                            | 20,11,18,539               |
| Less : Depreciation                                     |          | 12,17,67,110  |                            | 10,59,83,296               |
| Net Block   |          |               | 12,21,12,054               | 9,51,35,243                |
| <b>DEFERRED TAX ASSET (Note 16)</b>                     |          |               | 9,27,11,416                | 9,34,28,726                |
|   |          |               | 3284,26,94,342             | 2587,74,83,705             |
| Notes Forming Part of Accounts                          | 14       |               |                            |                            |
| Significant Accounting Policies                         | 15       |               |                            |                            |
| Schedules 1 to 15 annexed hereto form part of Accounts. |          |               |                            |                            |

As per our report of even date attached

**For Sorab S. Engineer & Co.**  
Chartered Accountants

**CA. M. P. Antia**  
Partner

**Keki M. Mistry**  
Chairman

**Sudhin Choksey**  
Managing Director

**Marcus Lobo**  
Company Secretary

Directors  
**S. M. Palia**  
**Rohit C. Mehta**  
**Prafull Anubhai**  
**Renu Sud Karnad**  
**K. G. Krishnamurthy**  
**S. G. Mankad**  
**Kamlesh Shah**

MUMBAI, April 13, 2011

## Profit & Loss Account for the year ended March 31, 2011

|   | Schedule | (Rupees)        | Current Year<br>(Rupees) | Previous Year<br>(Rupees) |
|---|----------|-----------------|--------------------------|---------------------------|
| <b>INCOME</b>   |          |                 |                          |                           |
| Operating Income  | 9        |                 | 345,55,70,181            | 296,02,36,882             |
| Fees and Other Charges  |          |                 | 13,34,08,627             | 12,16,44,513              |
| Bad Debts Recovered   |          |                 | 1,27,21,923              | 73,58,749                 |
| Profit on Sale of Fixed Assets (Net)  |          |                 | 13,28,171                | 9,24,564                  |
| Other Income  |          |                 | 6,49,379                 | 4,29,742                  |
|   |          |                 | <u>360,36,78,281</u>     | <u>309,05,94,450</u>      |
| <b>EXPENDITURE AND CHARGES</b>  |          |                 |                          |                           |
| Interest and Other charges  | 10       |                 | 200,91,90,479            | 180,20,02,950             |
| Staff Expenses  | 11       |                 | 16,03,49,407             | 12,41,15,974              |
| Establishment Expenses  | 12       |                 | 4,58,16,985              | 3,67,02,431               |
| Other Expenses  | 13       |                 | 8,69,21,260              | 7,86,85,256               |
| Depreciation  | 8        |                 | 1,83,20,456              | 1,43,49,687               |
| Bad Debts Written Off   |          |                 | 1,25,83,792              | 2,71,30,625               |
| Provision for Contingencies   |          |                 | 1,47,67,411              | 6,33,59,731               |
|   |          |                 | <u>234,79,49,790</u>     | <u>214,63,46,654</u>      |
| <b>PROFIT BEFORE TAX FOR THE YEAR</b>   |          |                 | <u>125,57,28,491</u>     | <u>94,42,47,796</u>       |
| Less : - Provision for Tax  |          |                 |                          |                           |
| Current Tax   |          | 33,98,93,570    |                          | 29,69,05,349              |
| Deferred Tax (Net)  |          | <u>7,17,310</u> |                          | <u>(4,22,43,231)</u>      |
|   |          |                 | <u>34,06,10,880</u>      | <u>25,46,62,118</u>       |
| <b>PROFIT AFTER TAX FOR THE YEAR</b>  |          |                 | <u>91,51,17,611</u>      | <u>68,95,85,678</u>       |
| Balance brought forward from last year  |          |                 | <u>45,88,06,741</u>      | <u>27,64,22,725</u>       |
| <b>AMOUNT AVAILABLE FOR APPROPRIATION</b>   |          |                 | <u>137,39,24,352</u>     | <u>96,60,08,403</u>       |
| <b>APPROPRIATIONS :</b>   |          |                 |                          |                           |
| Special Reserve   |          |                 | 22,00,00,000             | 17,50,00,000              |
| General Reserve   |          |                 | 9,20,00,000              | 6,90,00,000               |
| Proposed Dividend   |          |                 | 38,67,33,963             | 22,57,13,475              |
| Tax on Proposed Dividend  |          |                 | 6,27,37,918              | 3,74,88,187               |
| Dividend (including tax of ₹ 1,33,256 (Previous Year ₹ Nil)<br>pertaining to previous year paid during the year (Note 23) |          |                 | 9,35,581                 | 0                         |
| <b>Balance Carried to Balance Sheet</b>   |          |                 | <u>61,15,16,890</u>      | <u>45,88,06,741</u>       |
|   |          |                 | <u>137,39,24,352</u>     | <u>96,60,08,403</u>       |
| <b>Earning Per Share (Note 15)</b>  |          |                 |                          |                           |
| Basic   |          |                 | 26.192                   | 19.889                    |
| Diluted   |          |                 | 26.129                   | 19.847                    |
| Notes Forming Part of Accounts  | 14       |                 |                          |                           |
| Significant Accounting Policies   | 15       |                 |                          |                           |
| Schedules 1 to 15 annexed hereto form part of Accounts.   |          |                 |                          |                           |

As per our report of even date attached

**For Sorab S. Engineer & Co.**

Chartered Accountants

**CA. M. P. Antia**  
Partner

**Keki M. Mistry**  
Chairman

**Sudhin Choksey**  
Managing Director

**Marcus Lobo**  
Company Secretary

Directors  
**S. M. Palia**  
**Rohit C. Mehta**  
**Prafull Anubhai**  
**Renu Sud Karnad**  
**K. G. Krishnamurthy**  
**S. G. Mankad**  
**Kamlesh Shah**

MUMBAI, April 13, 2011

## Cash Flow Statement for the year ended March 31, 2011

|   | Current Year<br>(Rupees) | Previous Year<br>(Rupees) |
|---|--------------------------|---------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                    |                          |                           |
| Profit after tax and extraordinary items                        | 91,51,17,611             | 68,95,85,678              |
| <b>Add : Provision for Tax</b>                                  | <b>34,06,10,880</b>      | <b>25,46,62,118</b>       |
| Profit before tax and extraordinary items                       | <b>125,57,28,491</b>     | <b>94,42,47,796</b>       |
| <b>Adjustments for :</b>  |                          |                           |
| Depreciation  | 1,83,20,456              | 1,43,49,687               |
| Brokerage Expenses written off                                  | 68,05,728                | 65,36,130                 |
| Bad Debts Written off   | 1,25,83,792              | 2,71,30,625               |
| Retirement benefits   | 49,48,632                | 31,82,164                 |
| Loss on Sale of Acquired Properties                             | 17,31,772                | 16,46,932                 |
| Provision for Contingencies                                     | 0                        | 5,59,90,114               |
| Provision for Loss on Redemption of Investments                 | 1,47,67,411              | 73,69,617                 |
| Profit on sale of Fixed Assets                                  | (13,28,171)              | (9,24,564)                |
| <b>Operating Profit before Working Capital Changes</b>          | <b>131,35,58,111</b>     | <b>105,95,28,501</b>      |
| <b>Adjustments for :</b>  |                          |                           |
| Current Assets  | (35,09,46,014)           | 316,11,53,236             |
| Current Liabilities   | 6,40,92,114              | (141,15,962)              |
| Brokerage paid  | (56,35,546)              | (45,55,526)               |
| Stock of Acquired and/or Developed Properties                   | 7,79,962                 | 73,97,845                 |
| Investments (Net)   | (3,41,96,025)            | (20,67,85,865)            |
| <b>Cash generated from operations</b>                           | <b>98,76,52,602</b>      | <b>400,26,22,229</b>      |
| Income Tax Paid (Net)   | (35,20,26,446)           | (27,96,72,294)            |
| <b>Net cash from Operations</b>                                 | <b>63,56,26,156</b>      | <b>372,29,49,935</b>      |
| Loans disbursed (Net)   | (724,65,58,169)          | (365,88,49,990)           |
| <b>Net cash from / (used in) Operating Activities</b>           | <b>(661,09,32,013)</b>   | <b>6,40,99,945</b>        |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                          |                           |
| Purchase of Fixed assets  | (4,69,59,551)            | (2,11,99,188)             |
| Sale of Fixed Assets  | 29,90,455                | 39,56,848                 |
| <b>Net cash used in Investing activities</b>                    | <b>(4,39,69,096)</b>     | <b>(1,72,42,340)</b>      |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                          |                           |
| Share Capital - Equity  | 43,24,830                | 7,31,900                  |
| Securities Premium Received                                     | 6,68,83,496              | 1,09,38,194               |
| Securities Premium - Utilisation                                | (41,95,290)              | (7,51,247)                |
| Borrowings (Net)  | 643,20,93,882            | 77,96,89,682              |
| Dividend paid   | (22,51,82,052)           | (16,53,11,852)            |
| Dividend tax paid   | (3,76,21,443)            | (2,82,67,683)             |
| Unclaim Dividend paid   | (4,12,007)               | (3,45,999)                |
| <b>Net cash from Financing Activities</b>                       | <b>623,58,91,416</b>     | <b>59,66,82,995</b>       |
| Net increase/(decrease) in cash & cash equivalent               | <b>(41,90,09,693)</b>    | <b>64,35,40,600</b>       |
| <b>Cash and cash equivalent as at the beginning of the year</b> | <b>135,59,52,468</b>     | <b>71,24,11,868</b>       |
| <b>Cash and cash equivalent as at the end of the year</b>       | <b>93,69,42,775</b>      | <b>135,59,52,468</b>      |
|   | <b>(41,90,09,693)</b>    | <b>64,35,40,600</b>       |

## Cash Flow Statement for the year ended March 31, 2011 (Continued)

### Notes :-

1. Reconciliation of Cash and Cash Equivalents at the beginning of the year

| Particulars   | Current Year<br>(Rupees) | Previous Year<br>(Rupees) |
|---|--------------------------|---------------------------|
| Cash and cash equivalent as at the beginning of the year<br>(as per Schedule 6) | 135,59,52,468            | 374,88,18,375             |
| Less : Deposits with Scheduled Banks for more than 3 months period              | 0                        | 303,64,06,507             |
| Cash and cash equivalent as at the beginning of the year as above               | <u>135,59,52,468</u>     | <u>71,24,11,868</u>       |

2. Reconciliation of Cash and Cash Equivalents at the end of the year

| Particulars  | Current Year<br>(Rupees) | Previous Year<br>(Rupees) |
|--|--------------------------|---------------------------|
| Cash and cash equivalent as at the end of the year (as per Schedule 6) | 123,69,42,775            | 135,59,52,468             |
| Less : Deposits with Scheduled Banks for more than 3 months period     | 30,00,00,000             | 0                         |
| Cash and cash equivalent as at the end of the year as above            | <u>93,69,42,775</u>      | <u>135,59,52,468</u>      |

3. Borrowings from and repayments to Banks and Financial Institutions being for the purpose of the business of housing finance, the interest expenses on the same are considered as operating activities.

4. Figures in bracket represent outflow of cash.

Schedules 1 to 15 annexed hereto form part of Accounts.

As per our report of even date attached

**For Sorab S. Engineer & Co.**  
Chartered Accountants

**CA. M. P. Antia**  
Partner

**Keki M. Mistry**  
Chairman

MUMBAI, April 13, 2011

**Sudhin Choksey**  
Managing Director

**Marcus Lobo**  
Company Secretary

Directors  
**S. M. Palia**  
**Rohit C. Mehta**  
**Prafull Anubhai**  
**Renu Sud Karnad**  
**K. G. Krishnamurthy**  
**S. G. Mankad**  
**Kamlesh Shah**

### Auditors' Certificate

To the Members of GRUH Finance Limited

We have verified the above Cash Flow Statement of GRUH FINANCE LIMITED, derived from the audited financial statements for the year ended March 31, 2011 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreements with the Stock Exchange.

For SORAB S. ENGINEER & CO.  
Firm Registration No. 110417W  
Chartered Accountants

**CA. M. P. ANTIA**  
Partner  
Membership No. 7825

MUMBAI, April 13, 2011



## Schedules

Annexed to and forming part of the Accounts

### Schedule 1

#### SHARE CAPITAL

|   |  | As at<br>March 31, 2011<br>(Rupees) | As at<br>March 31, 2010<br>(Rupees) |
|---|--|-------------------------------------|-------------------------------------|
| <b>AUTHORISED</b>   |  |                                     |                                     |
| 5,00,00,000 Equity Shares of ₹ 10/- each<br>(Previous Year 5,00,00,000)   |  | 50,00,00,000                        | 50,00,00,000                        |
|   |  | <u>50,00,00,000</u>                 | <u>50,00,00,000</u>                 |
| <b>ISSUED AND SUBSCRIBED</b> (Note 17(f))   |  |                                     |                                     |
| 3,51,57,633 Equity Shares of ₹ 10/- each<br>(Previous Year 3,47,25,150 Shares)  |  | 35,15,76,330                        | 34,72,51,500                        |
| <b>PAID - UP</b>  |  |                                     |                                     |
| 3,51,57,633 Equity Shares of ₹ 10/- each<br>(Previous Year 3,47,25,150 Shares)<br>(Of the above 2,13,07,785 Shares are held<br>by Housing Development Finance Corporation<br>Limited, the Holding Company.<br>Previous Year 2,13,07,785 Shares) |  | 35,15,76,330                        | 34,72,51,500                        |
|   |  | <u>35,15,76,330</u>                 | <u>34,72,51,500</u>                 |

### Schedule 2

#### RESERVES AND SURPLUS

|  | (Rupees)            | As at<br>March 31, 2011<br>(Rupees) | As at<br>March 31, 2010<br>(Rupees) |
|--|---------------------|-------------------------------------|-------------------------------------|
| <b>SPECIAL RESERVE</b> (Note 1)  |                     |                                     |                                     |
| Opening Balance  | 97,21,00,000        |                                     | 79,71,00,000                        |
| Add : Transfer from Profit and Loss Account  | <u>22,00,00,000</u> |                                     | <u>17,50,00,000</u>                 |
|  |                     | 119,21,00,000                       | 97,21,00,000                        |
| <b>GENERAL RESERVE</b>   |                     |                                     |                                     |
| Opening Balance  | 24,22,36,808        |                                     | 17,32,36,808                        |
| Add : Transfer from Profit & Loss Account  | <u>9,20,00,000</u>  |                                     | <u>6,90,00,000</u>                  |
|  |                     | 33,42,36,808                        | 24,22,36,808                        |
| <b>SECURITIES PREMIUM</b>  |                     |                                     |                                     |
| Opening Balance  | 62,58,65,734        |                                     | 61,54,23,438                        |
| Add : Received during the year   | 6,68,83,496         |                                     | 1,09,38,194                         |
| Less : Utilised during the year (Net of tax ₹ 13,93,570<br>(Previous Year ₹ 2,55,349)) | <u>28,01,720</u>    |                                     | <u>4,95,898</u>                     |
|  |                     | 68,99,47,510                        | 62,58,65,734                        |
| <b>BALANCE IN PROFIT AND LOSS ACCOUNT</b>  |                     | <u>61,15,16,890</u>                 | <u>45,88,06,741</u>                 |
|  |                     | <u>282,78,01,208</u>                | <u>229,90,09,283</u>                |

### Schedule 3

#### LOAN FUNDS

|                                       | (Rupees)      | (Rupees)       | As at<br>March 31, 2011<br>(Rupees) | As at<br>March 31, 2010<br>(Rupees) |
|---------------------------------------|---------------|----------------|-------------------------------------|-------------------------------------|
| <b>LOANS</b>                          |               |                |                                     |                                     |
| <b>SECURED</b> (Note 2)               |               |                |                                     |                                     |
| National Housing Bank                 |               | 1157,59,84,031 |                                     | 968,82,67,031                       |
| Banks                                 |               | 1230,00,00,000 |                                     | 900,00,00,000                       |
| Redeemable Non-Convertible Debentures |               | 100,00,00,000  |                                     | 135,00,00,000                       |
|                                       |               |                | 2487,59,84,031                      | 2003,82,67,031                      |
| <b>UNSECURED</b> (Note 3)             |               |                |                                     |                                     |
| Redeemable Non-Convertible            |               |                |                                     |                                     |
| Subordinated Debentures               |               | 40,00,00,000   |                                     | 40,00,00,000                        |
| Commercial Papers                     |               | 160,00,00,000  |                                     | 0                                   |
| Deposits (Note 9)                     |               |                |                                     |                                     |
| Public Deposits                       | 278,46,79,321 |                |                                     | 278,95,77,764                       |
| Interest Accrued and Due              | 26,53,452     |                |                                     | 33,78,127                           |
|                                       |               | 278,73,32,773  |                                     | 279,29,55,891                       |
|                                       |               |                | 478,73,32,773                       | 319,29,55,891                       |
|                                       |               |                | 2966,33,16,804                      | 2323,12,22,922                      |

### Schedule 4

#### LOANS

|                             | (Rupees)       | As at<br>March 31, 2011<br>(Rupees) | As at<br>March 31, 2010<br>(Rupees) |
|-----------------------------|----------------|-------------------------------------|-------------------------------------|
| <b>Loans</b> (Notes 4 to 6) |                |                                     |                                     |
| <b>Home Loans</b>           |                |                                     |                                     |
| Individuals                 | 2908,68,57,463 |                                     | 2228,49,30,425                      |
| Others                      | 81,90,19,203   |                                     | 29,57,30,492                        |
|                             |                | 2990,58,76,666                      | 2258,06,60,917                      |
| <b>Other Loans</b>          |                |                                     |                                     |
| Individuals                 | 171,52,33,242  |                                     | 149,12,83,050                       |
| Others                      | 14,73,40,216   |                                     | 46,50,43,514                        |
|                             |                | 186,25,73,458                       | 195,63,26,564                       |
|                             |                | 3176,84,50,124                      | 2453,69,87,481                      |

### Schedule 5

#### INVESTMENTS

|  | As at<br>March 31, 2011<br>(Rupees) | As at<br>March 31, 2010<br>(Rupees) |
|--|-------------------------------------|-------------------------------------|
| <b>Long Term Investments (At Cost)</b>                                 |                                     |                                     |
| Government Securities  | 37,08,95,265                        | 32,24,74,738                        |
| Debentures & Bonds   | 0                                   | 2,46,03,075                         |
|  | 37,08,95,265                        | 34,70,77,813                        |
| <b>Less : Provision for Loss to arise on redemption of Investments</b> | 2,42,86,140                         | 1,98,97,302                         |
|  | 34,66,09,125                        | 32,71,80,511                        |

**Schedule 5 (Continued)****INVESTMENTS**

|                                 | Book Value     | Market Value   |
|---------------------------------|----------------|----------------|
| Aggregate of Quoted Investments | 37,08,95,265   | 35,84,53,465   |
| Previous Year                   | (34,70,77,813) | (33,75,84,663) |

**Notes :**

- (1) The above Investments of ₹ 37,08,95,265/- ( Previous Year ₹ 34,70,77,813/-) are made in Statutory Liquid Assets in accordance with the norms prescribed by the National Housing Bank.
- (2) In case of quoted investments, where quotes are not available, book value has been considered as market value.

**Government Securities**

|  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|--|-------------------------|-------------------------|
| 8.07 % Government of India Loan 2017   | 5,68,01,000             | 5,68,01,000             |
| 12.40 % Government of India Loan 2013 (₹ 52,78,175 Purchased during the year)    | 3,76,42,675             | 3,23,64,500             |
| 11.03 % Government of India Loan 2012 (Purchased during the year)                | 10,03,200               | 0                       |
| 11.50 % Government of India Loan 2011 (₹ 2,22,58,800 Purchased during the year)  | 17,05,42,800            | 14,82,84,000            |
| 11.83 % Government of India Loan 2014 (Purchased during the year)                | 25,42,200               | 0                       |
| 12.30 % Government of India Loan 2016 (Purchased during the year)                | 3,59,25,000             | 0                       |
| 11.50 % Government of India Loan 2010 (Matured during the year)                  | 0                       | 1,22,60,000             |
| 10.35 % Chhattisgarh State Development Loan 2011 (Purchased during the year)     | 2,05,74,000             | 0                       |
| 10.35 % Himachal Pradesh State Development Loan 2011 (Purchased during the year) | 2,05,74,000             | 0                       |
| 12.00 % Uttar Pradesh State Development Loan 2011 (Purchased during the year)    | 52,91,000               | 0                       |
| 12.00 % Gujarat State Development Loan 2011                                      | 1,15,06,890             | 1,15,06,890             |
| 10.35 % Maharashtra State Development Loan - 2011                                | 84,92,500               | 84,92,500               |
| 12.00 % Gujarat State Development Loan 2010 (Matured during the year)            | 0                       | 17,56,483               |
| 11.50 % Gujarat State Development Loan 2010 (Matured during the year)            | 0                       | 2,12,50,000             |
| 11.50 % Karnataka State Development Loan 2010 (Matured during the year)          | 0                       | 2,12,50,000             |
| 12.00 % Maharashtra State Development Loan 2010 (Matured during the year)        | 0                       | 35,91,405               |
| 12.00 % Andhra Pradesh State Development Loan 2010 (Matured during the year)     | 0                       | 49,17,960               |
|  | <b>37,08,95,265</b>     | <b>32,24,74,738</b>     |

| Bonds (Redeemable )  | No. of<br>Bonds | Face Value<br>Per Bond Rs. | As At<br>March 31, 2011 | As At<br>March 31, 2010 |
|--|-----------------|----------------------------|-------------------------|-------------------------|
| 11.50 % National Housing Bank<br>(Matured during the year) | 205             | 1,00,000                   | 0                       | 2,46,03,075             |
|  |                 |                            | <b>0</b>                | <b>2,46,03,075</b>      |

**Schedule 6****CURRENT ASSETS, LOANS AND ADVANCES**

|  | (Rupees)      | As at<br>March 31, 2011<br>(Rupees) | As at<br>March 31, 2010<br>(Rupees) |
|--|---------------|-------------------------------------|-------------------------------------|
| <b>CURRENT ASSETS</b>  |               |                                     |                                     |
| Income Accrued on Investments  |               | 79,09,141                           | 72,34,338                           |
| Interest Accrued on Deposits   |               | 10,50,074                           | 68,493                              |
| Cash and Bank Balances :   |               |                                     |                                     |
| Cash on Hand   | 3,39,511      |                                     | 2,62,860                            |
| Cheques on Hand  | 23,23,727     |                                     | 2,84,97,429                         |
| Balance with Scheduled Banks :   |               |                                     |                                     |
| Current Accounts   | 13,31,79,537  |                                     | 15,71,92,179                        |
| Deposit Accounts   | 110,11,00,000 |                                     | 117,00,00,000                       |
|  |               | 123,69,42,775                       | 135,59,52,468                       |
| <b>LOANS AND ADVANCES (Note 8)</b>                                     |               |                                     |                                     |
| Instalments due from Borrowers (Secured)                               | 13,36,78,908  |                                     | 9,25,78,853                         |
| Advances recoverable in cash or in kind<br>or for value to be received | 18,88,91,097  |                                     | 16,83,45,258                        |
|  |               | 32,25,70,005                        | 26,09,24,111                        |
|  |               | 156,84,71,995                       | 162,41,79,410                       |

**Schedule 7****CURRENT LIABILITIES AND PROVISIONS**

|                                   |  | As at<br>March 31, 2011<br>(Rupees) | As at<br>March 31, 2010<br>(Rupees) |
|-----------------------------------|--|-------------------------------------|-------------------------------------|
| <b>CURRENT LIABILITIES</b>        |  |                                     |                                     |
| Interest Accrued but not Due      |  | 17,16,66,897                        | 13,17,61,447                        |
| Sundry Creditors (Note 20)        |  | 1,10,68,542                         | 85,78,953                           |
| Instalments Received in Advance   |  | 2,62,35,127                         | 1,75,74,594                         |
| Unpaid Dividend (Note 9)          |  | 49,78,482                           | 40,56,741                           |
| Other Liabilities                 |  | 14,92,34,917                        | 11,38,27,858                        |
| <b>PROVISIONS</b>                 |  |                                     |                                     |
| Proposed Dividend                 |  | 38,67,33,963                        | 22,57,13,475                        |
| Provision for Retirement Benefits |  | 2,65,66,250                         | 1,87,38,404                         |
| Provision for Contingencies       |  | 27,91,76,194                        | 27,91,76,194                        |
|                                   |  | 105,56,60,372                       | 79,94,27,666                        |

**Schedule 8****FIXED ASSETS**

| Particulars              | GROSS BLOCK (AT COST) |                    |                    |                     | DEPRECIATION        |                    |                    |                     | (Rupees)            |                    |
|--------------------------|-----------------------|--------------------|--------------------|---------------------|---------------------|--------------------|--------------------|---------------------|---------------------|--------------------|
|                          |                       |                    |                    |                     |                     |                    |                    |                     | NET BLOCK           |                    |
|                          | As at<br>1-Apr-10     | Additions          | Deductions         | As at<br>31-Mar-11  | As at<br>1-Apr-10   | Additions          | Deductions         | As at<br>31-Mar-11  | As at<br>31-Mar-11  | As at<br>31-Mar-10 |
| <b>Intangible Assets</b> |                       |                    |                    |                     |                     |                    |                    |                     |                     |                    |
| Computer Software        | 2,03,10,690           | 1,11,84,776        | –                  | 3,14,95,466         | 1,21,81,876         | 23,53,973          | –                  | 1,45,35,849         | 1,69,59,617         | 81,28,814          |
| <b>Tangible Assets</b>   |                       |                    |                    |                     |                     |                    |                    |                     |                     |                    |
| Freehold Land            | 96,63,515             | –                  | –                  | 96,63,515           | –                   | –                  | –                  | –                   | 96,63,515           | 96,63,515          |
| Office Building          | 4,85,13,910           | –                  | –                  | 4,85,13,910         | 1,00,23,070         | 7,90,777           | –                  | 1,08,13,847         | 3,77,00,063         | 3,84,90,840        |
| Residential Flat         | 25,73,855             | –                  | 3,95,600           | 21,78,255           | 5,86,042            | 39,267             | 1,10,157           | 5,15,152            | 16,63,103           | 19,87,813          |
| Furniture & Fixture      | 5,27,81,490           | 72,41,245          | 7,39,951           | 5,92,82,784         | 3,68,62,216         | 47,98,802          | 6,63,336           | 4,09,97,682         | 1,82,85,102         | 1,59,19,274        |
| Office Equipment         | 1,89,37,802           | 69,92,007          | 20,62,597          | 2,38,67,212         | 94,13,344           | 21,05,799          | 9,98,431           | 1,05,20,712         | 1,33,46,500         | 95,24,458          |
| Electrical Installations | 82,20,008             | 9,69,512           | 10,150             | 91,79,370           | 62,02,961           | 6,48,736           | 5,278              | 68,46,419           | 23,32,951           | 20,17,047          |
| Computers                | 3,94,41,722           | 1,82,40,092        | 3,15,081           | 5,73,66,733         | 3,02,62,280         | 72,75,690          | 2,59,596           | 3,72,78,374         | 2,00,88,359         | 91,79,442          |
| Vehicles                 | 6,75,547              | 23,31,919          | 6,75,547           | 23,31,919           | 4,51,507            | 3,07,412           | 4,99,844           | 2,59,075            | 20,72,844           | 2,24,040           |
| <b>As at 31.03.2011</b>  | <b>20,11,18,539</b>   | <b>4,69,59,551</b> | <b>41,98,926</b>   | <b>24,38,79,164</b> | <b>10,59,83,296</b> | <b>1,83,20,456</b> | <b>25,36,642</b>   | <b>12,17,67,110</b> | <b>12,21,12,054</b> | <b>9,51,35,243</b> |
| <b>As at 31.03.2010</b>  | <b>19,77,00,893</b>   | <b>2,11,99,188</b> | <b>1,77,81,542</b> | <b>20,11,18,539</b> | <b>10,63,82,867</b> | <b>1,43,49,687</b> | <b>1,47,49,258</b> | <b>10,59,83,296</b> | <b>9,51,35,243</b>  |                    |

**Schedule 9****OPERATING INCOME (Note 10)**

|  | Current Year<br>(Rupees) | Previous Year<br>(Rupees) |
|--|--------------------------|---------------------------|
| Interest on Loans                      | 334,37,90,711            | 275,82,30,283             |
| (Tax Deducted at Source ₹ 95,48,068/-) |                          |                           |
| (Previous Year ₹ 1,60,73,374/-)        |                          |                           |
| Other Operating Income                 | 11,17,79,470             | 20,20,06,599              |
| (Tax Deducted at Source ₹ 31,55,530/-) |                          |                           |
| (Previous Year ₹ 2,69,66,214/-)        |                          |                           |
|  | <b>345,55,70,181</b>     | <b>296,02,36,882</b>      |

**Schedule 10****INTEREST AND OTHER CHARGES**

|                            | Current Year<br>(Rupees) | Previous Year<br>(Rupees) |
|----------------------------|--------------------------|---------------------------|
| <b>INTEREST</b>            |                          |                           |
| Loans                      | 138,33,79,925            | 132,36,79,897             |
| Non-Convertible Debentures | 14,18,04,931             | 7,43,61,098               |
| Commercial Papers          | 20,15,07,014             | 12,13,00,850              |
| Deposits                   | 25,59,82,567             | 25,89,06,361              |
| <b>OTHER CHARGES</b>       |                          |                           |
| Brokerage on Deposits      | 1,00,01,349              | 1,00,55,280               |
| Bank Charges               | 69,16,072                | 78,95,193                 |
| Other Financial Charges    | 95,98,621                | 58,04,271                 |
|                            | <b>200,91,90,479</b>     | <b>180,20,02,950</b>      |

**Schedule 11****STAFF EXPENSES**

|  | Current Year<br>(Rupees) | Previous Year<br>(Rupees) |
|--|--------------------------|---------------------------|
| Salaries and Bonus                                       | 13,56,64,440             | 10,70,55,433              |
| Contribution to Provident Fund and other funds (Note 11) | 1,51,99,906              | 1,06,57,730               |
| Staff Welfare Expenses                                   | 47,31,420                | 38,39,344                 |
| Staff Training and Recruitment Expenses                  | 47,53,641                | 25,63,467                 |
|  | <u>16,03,49,407</u>      | <u>12,41,15,974</u>       |

**Schedule 12****ESTABLISHMENT EXPENSES**

|                         | Current Year<br>(Rupees) | Previous Year<br>(Rupees) |
|-------------------------|--------------------------|---------------------------|
| Rent                    | 2,17,59,064              | 1,68,97,758               |
| Rates & Taxes           | 20,15,663                | 14,41,847                 |
| Electricity Charges     | 52,04,470                | 40,64,660                 |
| Repairs and Maintenance | 59,31,233                | 54,15,917                 |
| Office Maintenance      | 95,62,594                | 77,66,077                 |
| Insurance Charges       | 13,43,961                | 11,16,172                 |
|                         | <u>4,58,16,985</u>       | <u>3,67,02,431</u>        |

**Schedule 13****OTHER EXPENSES**

|                                  | Current Year<br>(Rupees) | Previous Year<br>(Rupees) |
|----------------------------------|--------------------------|---------------------------|
| Travelling and Conveyance        | 1,38,60,320              | 1,20,24,533               |
| Printing and Stationery          | 90,20,780                | 78,14,972                 |
| Postage, Telephone and Fax       | 2,03,43,599              | 1,50,07,035               |
| Advertising & Business Promotion | 2,03,56,458              | 1,95,87,503               |
| Legal and Professional Charges   | 82,41,201                | 80,97,743                 |
| Directors' Fees                  | 12,75,000                | 7,70,000                  |
| Auditors' Remuneration (Note 19) | 15,82,860                | 15,85,786                 |
| Miscellaneous Expenses (Note 21) | 1,22,41,042              | 1,37,97,684               |
|                                  | <u>8,69,21,260</u>       | <u>7,86,85,256</u>        |

## Schedule 14

### NOTES FORMING PART OF THE ACCOUNTS

1. As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹ 22,00,00,000/- (Previous Year ₹ 17,50,00,000/-) to Special Reserve in terms of Section 36 (1)(viii) of the Income Tax Act, 1961. The Company doesn't anticipate any withdrawal from Special Reserve in foreseeable future.
2. Secured Loans :
  - (a) Refinance from National Housing Bank (NHB) and Term Loans from Banks are secured against negative lien on all the assets of the Company excluding
    - i. The specific immovable property mortgaged in favour of Debenture Trustees against the Secured Redeemable Non-Convertible Debentures; and
    - ii. The Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against the Public Deposits.
  - (b) Redeemable Non-Convertible Debentures amounting to ₹ 100,00,00,000/- are secured by mortgage of specific immovable property created in favour of Debenture Trustees and by a negative lien on the assets of the Company excluding the Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against the Public Deposits. These NCD's are redeemable at par on June 30, 2011.
3. Unsecured Loans :
  - (a) Redeemable Non-Convertible Subordinated Debentures of ₹ 40,00,00,000/- are subordinated debt to present and future senior indebtedness of the Company and qualify as Tier II Capital under National Housing Bank's (NHB's) guidelines for assessing capital adequacy. These NCD's are redeemable at par on February 13, 2013.
  - (b) The maximum amount of Commercial Paper outstanding at any time during the year was ₹ 710,00,00,000/- (Previous Year ₹ 500,00,00,000/-).
  - (c) Public Deposits include ₹ 139,74,70,895/- (Previous Year ₹ 107,22,08,642/-) due within one year. The Public Deposits are secured by floating charge on the Statutory Liquid Assets.
4. Loans granted by the Company are secured or partly secured by :
  - (a) Equitable mortgage of property and / or
  - (b) Pledge of shares, Units, Other Securities, assignments of Life Insurance policies and / or
  - (c) Hypothecation of assets and / or
  - (d) Bank guarantees, Company guarantees or Personal guarantees and / or
  - (e) Undertaking to create a security.
5. (a) The Company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-performing Assets and Standard Assets in respect of Housing and Non Housing Loans as prescribed under Housing Finance Companies (NHB) Directions, 2010.

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

(b) Classification of loans and provision made for Non-Performing Loan Assets is given below :

| Particulars                         | Standard              | Sub - Standard        | Bad & Doubtful            | (Rupees)<br>Total     |
|-------------------------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| <b>As on March 31, 2011</b>         |                       |                       |                           |                       |
| <b>Home Loan :</b>                  |                       |                       |                           |                       |
| Individual                          | 2884,52,98,434        | 10,19,37,793          | 13,96,21,236              | 2908,68,57,463        |
| Others                              | 81,90,19,203          | 0                     | 0                         | 81,90,19,203          |
| <b>Other Loans</b>                  |                       |                       |                           |                       |
| Individual                          | 169,82,15,451         | 1,08,73,856           | 61,43,935                 | 171,52,33,242         |
| Others                              | 14,73,40,216          | 0                     | 0                         | 14,73,40,216          |
| <b>Total</b>                        | <b>3150,98,73,304</b> | <b>11,28,11,649</b>   | <b>14,57,65,171</b>       | <b>3176,84,50,124</b> |
| <b>Percentage (%)</b>               | 99.18                 | 0.36                  | 0.46                      | 100                   |
| <b>Provision</b>                    |                       |                       |                           |                       |
| As on March 31, 2010                | 77,72,407             | 16,21,30,520          | 10,92,73,267              | 27,91,76,194          |
| Provided during the year            | 1,28,26,967           | (4,93,18,871)         | 3,64,91,904               | 0                     |
| <b>Total as on March 31, 2011</b>   | <b>2,05,99,374</b>    | <b>11,28,11,649</b>   | <b>14,57,65,171</b>       | <b>27,91,76,194</b>   |
| <b>Net NPA</b>                      |                       |                       |                           | 0                     |
| <b>Net NPA as a % of Loan Asset</b> |                       |                       |                           | 0                     |
| <b>Particulars</b>                  | <b>Standard</b>       | <b>Sub - Standard</b> | <b>Bad &amp; Doubtful</b> | <b>Total</b>          |
| <b>As on March 31, 2010</b>         |                       |                       |                           |                       |
| <b>Home Loan</b>                    |                       |                       |                           |                       |
| Individual                          | 2202,67,51,570        | 14,99,03,468          | 10,82,75,387              | 2228,49,30,425        |
| Others                              | 29,57,30,492          | 0                     | 0                         | 29,57,30,492          |
| <b>Other Loans</b>                  |                       |                       |                           |                       |
| Individual                          | 147,80,58,118         | 1,22,27,052           | 9,97,880                  | 149,12,83,050         |
| Others                              | 46,50,43,514          | 0                     | 0                         | 46,50,43,514          |
| <b>Total</b>                        | <b>2426,55,83,694</b> | <b>16,21,30,520</b>   | <b>10,92,73,267</b>       | <b>2453,69,87,481</b> |
| <b>Percentage (%)</b>               | 98.89                 | 0.66                  | 0.45                      | 100                   |
| <b>Provision</b>                    |                       |                       |                           |                       |
| As on March 31, 2009                | 2,63,65,175           | 10,85,34,616          | 8,82,86,289               | 22,31,86,080          |
| Provided during the year            | (1,85,92,768)         | 5,35,95,904           | 2,09,86,978               | 5,59,90,114           |
| <b>Total as on March 31, 2010</b>   | <b>77,72,407</b>      | <b>16,21,30,520</b>   | <b>10,92,73,267</b>       | <b>27,91,76,194</b>   |
| <b>Net NPA</b>                      |                       |                       |                           | 0                     |
| <b>Net NPA as a % of Loan Asset</b> |                       |                       |                           | 0                     |



**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS****(c) Exposure to Real Estate Sector**

| Items   |   | As at 31-03-2011   | As at 31-03-2010   |
|---|---|--|--|
| 1. Direct Exposure  |   |  |  |
| A   | Residential Mortgages :<br>Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented : (Individual housing loans up to ₹ 15 lacs may be shown separately)  | Loans ≤ ₹ 15 lacs :<br>₹ 2605,86,44,443/-<br>Loans > ₹ 15 lacs :<br>₹ 302,82,13,020/-<br>Total<br>₹ 2908,68,57,463/- | Loans ≤ ₹ 15 lacs :<br>₹ 2025,95,84,283/-<br>Loans > ₹ 15 lacs :<br>₹ 202,53,46,142/-<br>Total<br>₹ 2228,49,30,425/- |
| B   | Commercial Real Estate :<br>Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits : | ₹ 268,15,92,661/-  | ₹ 225,20,57,056/-  |
| C   | Investments in Mortgage Backed Securities (MBS) and other securitised exposures –<br>(i) Residential<br>(ii) Commercial Real Estate   | Nil<br>Nil   | Nil<br>Nil   |
| 2. Indirect Exposure<br>Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) |   | Nil  | Nil  |

6. Loans include (a) ₹ 4,66,80,441/- (Previous Year ₹ 4,91,92,175/-) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and (b) ₹ 19,70,000/- (Previous Year ₹ Nil) and ₹ 3,26,671/- respectively given to the Officers and Executive Director of the Company under the Staff Loan Scheme. The aggregate maximum balance due at any time during the year in respect of the above, amounted to ₹ 19,70,000/- (Previous Year ₹ Nil) and ₹ 5,60,714/- respectively.

7. (a) Capital to Risk Assets Ratio (CRAR)

| Items                         | As at March 31, 2011 | As at March 31, 2010 |
|-------------------------------|----------------------|----------------------|
| 1) CRAR (%)                   | 13.32                | 16.55                |
| 2) CRAR – Tier I Capital (%)  | 12.98                | 15.57                |
| 3) CRAR – Tier II Capital (%) | 0.34                 | 0.98                 |

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

## (b) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on March 31, 2011 :

(₹ in Crores)

| Particulars           | 1 day to 30 days (one month) | Over 1 month to 2 months | Over 2 months up to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total   |
|-----------------------|------------------------------|--------------------------|------------------------------|---------------------------|-------------------------|------------------------|-------------------|-------------------|--------------------|---------------|---------|
| <b>Liabilities</b>    |                              |                          |                              |                           |                         |                        |                   |                   |                    |               |         |
| Borrowings from Banks | –                            | 6.25                     | 174.99                       | 112.55                    | 260.44                  | 1075.18                | 638.53            | 119.52            | 0.14               | –             | 2387.60 |
| Market Borrowings     | 16.37                        | 14.28                    | 114.54                       | 191.59                    | 62.96                   | 147.20                 | 30.22             | 1.57              | –                  | –             | 578.73  |
| <b>Assets</b>         |                              |                          |                              |                           |                         |                        |                   |                   |                    |               |         |
| Advances              | 28.86                        | 15.24                    | 19.28                        | 47.27                     | 83.58                   | 429.93                 | 314.26            | 331.19            | 503.47             | 1373.24       | 3146.32 |
| Investments           | 2.04                         | 1.78                     | 1.81                         | 3.92                      | 7.83                    | 13.33                  | 3.76              | 0.19              | –                  | –             | 34.66   |

Maturity pattern of certain items of assets and liabilities as on March 31, 2010 :

(₹ in Crores)

| Particulars           | 1 day to 30 days (one month) | Over 1 month to 2 months | Over 2 months up to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total   |
|-----------------------|------------------------------|--------------------------|------------------------------|---------------------------|-------------------------|------------------------|-------------------|-------------------|--------------------|---------------|---------|
| <b>Liabilities</b>    |                              |                          |                              |                           |                         |                        |                   |                   |                    |               |         |
| Borrowings from Banks | –                            | –                        | 131.71                       | 81.71                     | 162.16                  | 802.75                 | 581.04            | 108.86            | 0.60               | –             | 1868.83 |
| Market Borrowings     | 8.85                         | 6.88                     | 6.69                         | 25.63                     | 59.16                   | 178.48                 | 152.65            | 15.95             | –                  | –             | 454.29  |
| <b>Assets</b>         |                              |                          |                              |                           |                         |                        |                   |                   |                    |               |         |
| Advances              | 11.30                        | 10.93                    | 17.83                        | 38.00                     | 87.80                   | 366.55                 | 289.25            | 281.38            | 434.21             | 884.38        | 2421.63 |
| Investments           | 1.04                         | 0.81                     | 0.78                         | 3.00                      | 6.93                    | 16.22                  | 2.07              | 1.87              | –                  | –             | 32.72   |

8. (a) The instalments due from borrowers includes ₹ 7,58,67,799/- (Previous Year ₹ 7,25,02,076/-) which are accrued but not due.
- (b) Advances recoverable in cash or kind include Advance Tax of ₹ 144,01,98,787/- (Previous Year ₹ 108,81,92,341/-) after adjusting ₹ 132,40,90,063/- (Previous Year ₹ 98,56,10,063/-) towards Provision for Taxation.
9. As required under Section 205C of the Companies Act, 1956 the Company has transferred ₹ 8,10,040/- (Previous Year ₹ 4,92,002/-) to the Investor Education and Protection Fund (IEPF) during the year.
10. (a) Interest on loans includes income from home loans ₹ 303,70,87,869/- (Previous Year ₹ 252,86,85,193/-) and Income from other loans ₹ 30,67,02,842/- (Previous Year ₹ 22,95,45,090/-).
- (b) Other Operating Income includes Interest on Bank Deposit ₹ 2,12,25,464/- (Previous Year ₹ 19,49,05,130/-), Dividend from Mutual Funds ₹ 3,28,02,115/- (Previous Year ₹ 1,59,29,648/-) and Income from Long Term Investments amounting to ₹ 3,50,16,860/- (Previous Year ₹ 2,03,57,010/-).

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

11. In compliance with the Accounting Standard on 'Employee Benefits' (AS 15) (Revised 2005) notified by Companies (Accounting Standards) Rules, 2006 the following disclosures have been made :

**(a) Defined Contribution Plans**

The Company has recognised the following amounts in the Profit and Loss Account which are included under Contribution to Provident Fund and Other Funds :

(Rupees)

| Particulars         | Current Year     | Previous Year |
|---------------------|------------------|---------------|
| Provident Fund      | <b>34,60,730</b> | 25,64,985     |
| Superannuation Fund | <b>33,43,600</b> | 27,97,262     |

The Rules of the Company's Provident Fund administered by a Trust require that if the Board of the Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

**(b) State Plans**

The Company has recognised expenses of ₹ 21,35,352/- (Previous Year ₹ 17,99,242/-) in the Profit and Loss Account for Contribution to State Plan namely Employee's Pension Scheme.

**(c) Defined Benefit Plans**

## i) Leave Encashment/Compensated Absences :

Salaries and Bonus includes ₹ 49,48,632/- (Previous Year ₹ 31,82,164/-) towards provision made as per actuarial valuation in respect of accumulated leave salary encashable on retirement.

## ii) Contribution to Gratuity Fund :

The details of the Company's post-retirement benefit plans for its employees including Managing Director are given below which is certified by the actuary and relied upon by the auditors :

| Particulars  | Current Year (₹)   | Previous Year (₹) |
|--|--------------------|-------------------|
| <b>Change in the Benefit Obligations :</b>             |                    |                   |
| Liability at the beginning of the year                 | <b>2,03,32,518</b> | 1,55,85,003       |
| Current Service Cost                                   | <b>30,32,536</b>   | 23,32,875         |
| Interest Cost  | <b>16,44,901</b>   | 12,68,619         |
| Benefits Paid  | <b>(1,97,892)</b>  | (2,798)           |
| Actuarial loss   | <b>27,30,269</b>   | 11,48,819         |
| Liability at the end of the year                       | <b>2,75,42,332</b> | 2,03,32,518       |
| <b>Fair Value of Plan Assets :</b>                     |                    |                   |
| Fair Value of Plan Assets at the beginning of the year | <b>1,69,03,561</b> | 96,85,494         |
| Expected Return on Plan Assets                         | <b>17,29,859</b>   | 11,96,507         |
| Contributions  | <b>35,98,321</b>   | 58,99,509         |

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

| Particulars  | Current Year (₹) | Previous Year (₹) |
|--|------------------|-------------------|
| Benefits Paid  | (1,97,892)       | (2,798)           |
| Actuarial gain/(loss) on Plan Assets   | (4,96,105)       | 1,24,849          |
| Fair Value on Plan Assets at the end of the year                                 | 2,15,37,744      | 1,69,03,561       |
| Total Actuarial loss to be recognized  | 32,26,374        | 10,23,970         |
| <b>Actual Return on Plan Assets :</b>  |                  |                   |
| Expected Return on Plan Assets   | 17,29,859        | 11,96,507         |
| Actuarial loss on Plan Assets  | (4,96,105)       | 1,24,849          |
| Actuarial Return on Plan Assets  | 12,33,754        | 13,21,356         |
| <b>Amount Recognized in the Balance Sheet :</b>                                  |                  |                   |
| Liability at the end of the year   | 2,75,42,332      | 2,03,32,518       |
| Fair Value of Plan Assets at the end of the year                                 | 2,15,37,744      | 1,69,03,561       |
| Amount recognized in the Balance Sheet under "Provision for Retirement Benefit"  | 60,04,588        | 34,28,957         |
| <b>Expense Recognized in the Profit and Loss Account :</b>                       |                  |                   |
| Current Service Cost   | 30,32,536        | 23,32,875         |
| Interest Cost  | 16,44,901        | 12,68,619         |
| Expected Return on Plan Assets   | (17,29,859)      | (11,96,507)       |
| Net Actuarial loss to be recognized  | 32,26,374        | 10,23,970         |
| Expense recognized in the Profit and Loss Account under "Staff Expenses"         | 61,73,952        | 34,28,957         |
| <b>Reconciliation of the Liability Recognized in the Balance Sheet :</b>         |                  |                   |
| Opening Net Liability  | 34,28,957        | 58,99,509         |
| Expense Recognized   | 61,73,952        | 34,28,957         |
| Contribution by the Company  | (35,98,321)      | (58,99,509)       |
| Amount recognized in the Balance Sheet under "Provision for Retirement Benefits" | 60,04,588        | 34,28,957         |

## INVESTMENT PATTERN :

| Particulars   | % Invested<br>Current Year | % Invested<br>Previous Year |
|---|----------------------------|-----------------------------|
| Central Government Securities   | 25.72                      | 27.27                       |
| State Government Securities / Securities guaranteed by State / Central Government | 14.79                      | 34.57                       |
| Public Sector / Financial Institutional Bonds                                     | 58.66                      | 31.35                       |
| Special Deposit Scheme  | 0.55                       | 0.70                        |
| Others (including bank balances)  | 0.28                       | 6.11                        |
| Total   | 100.00                     | 100.00                      |

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted averages) :

| Particulars  | 31.3.2011 | 31.3.2010 | 31.3.2009 | 31.3.2008 |
|--|-----------|-----------|-----------|-----------|
| Discount Rate (%)                                    | 8.09      | 8.14      | 7.60      | 8.25      |
| Expected Return on Plan Assets (%)                   | 9.00      | 9.00      | 9.00      | 9.00      |
| Proportion of employees opting for early retirement  | —         | —         | —         | —         |
| Annual increase in Salary Cost (%)                   | 6.00      | 6.00      | 6.00      | 6.00      |
| Future changes in maximum state health care benefits | —         | —         | —         | —         |

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount for the current and previous periods are as follows :

| Particulars  | 31.3.2011   | 31.3.2010   | 31.3.2009   | 31.3.2008   |
|--|-------------|-------------|-------------|-------------|
| Present value of Defined Benefit Obligation            | 2,75,42,332 | 2,03,32,518 | 1,55,85,003 | 93,27,753   |
| Fair Value of Plan Assets                              | 2,15,37,744 | 1,69,03,561 | 96,85,494   | 66,37,540   |
| Surplus/(Deficit) in the Plan                          | (60,04,588) | (34,28,957) | (58,99,509) | (26,90,213) |
| Experience adjustments on plan Liabilities (loss)/Gain | (1,26,165)  | 11,16,715   | (10,02,975) | —           |
| Experience adjustments on plan assets (loss)/Gain      | —           | —           | —           | —           |

12. The Company has disputed demands of ₹ 14,27,04,086 (Previous Year ₹ 12,72,09,365) in respect of Income Tax, Fringe Benefit Tax and Interest Tax in the appellate proceedings. The Company expects to succeed in these proceedings and hence no additional provision is considered necessary.
13. In the opinion of the Company, there is only one identified reportable segment i.e. Housing Finance Business Segment for the purpose of Accounting Standard on 'Segment Reporting' (AS 17) notified by Companies (Accounting Standards) Rules, 2006.
14. Consequent to the Accounting Standard on 'Related Party Disclosure' (AS 18) notified by Companies (Accounting Standards) Rules, 2006 following persons will be considered as related persons for the period ended as on March 31, 2011 :

| Sr. No. | Name of the Related Party                                    | Nature of Relationship   |
|---------|--|--------------------------|
| (i)     | Housing Development Finance Corporation Limited (HDFC)       | Holding Company          |
| (ii)    | HDFC Developers Limited                                      | Fellow Subsidiary        |
| (iii)   | HDFC Investments Limited                                     | Fellow Subsidiary        |
| (iv)    | HDFC Holdings Limited  | Fellow Subsidiary        |
| (v)     | HDFC Asset Management Co. Limited                            | Fellow Subsidiary        |
| (vi)    | HDFC Trustee Co. Limited                                     | Fellow Subsidiary        |
| (vii)   | HDFC Standard Life Insurance Co. Limited                     | Fellow Subsidiary        |
| (viii)  | HDFC Realty Limited  | Fellow Subsidiary        |
| (ix)    | HDFC ERGO General Insurance Co. Limited                      | Fellow Subsidiary        |
| (x)     | HDFC Sales Private Limited                                   | Fellow Subsidiary        |
| (xi)    | HDFC Ventures Trustee Company Limited                        | Fellow Subsidiary        |
| (xii)   | HDFC Property Ventures Ltd.                                  | Fellow Subsidiary        |
| (xiii)  | HDFC Ventures Capital Limited                                | Fellow Subsidiary        |
| (xiv)   | HDFC Asset Management Company (Singapore) PTE Ltd.           | Fellow Subsidiary        |
| (xv)    | Griha Investments  | Fellow Subsidiary        |
| (xvi)   | Credila Financial Services Pvt. Ltd.                         | Fellow Subsidiary        |
| (xvii)  | Mr. Kamlesh Shah, Executive Director (w.e.f. April 16, 2010) | Key Management Personnel |
| (xviii) | Mr. Sudhin Choksey, Managing Director                        | Key Management Personnel |

(Related party relationships are as identified by the Company and relied upon by the auditors.)

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

The nature and volume of transactions of the Company during the year with the above-related parties were as follows :

**2010-2011**

(Rupees)

| Particulars                         | Holding Company | Fellow Subsidiary Companies | Key Management Personnel |
|-------------------------------------|-----------------|-----------------------------|--------------------------|
| Commission Received                 | Nil             | 2,15,237                    | Nil                      |
| Dividend Paid                       | 13,85,00,603    | Nil                         | Nil                      |
| Remuneration                        | Nil             | Nil                         | 1,41,05,650              |
| Insurance Premium Paid              | Nil             | 4,52,230                    | Nil                      |
| Exercise of Stock Options           | Nil             | Nil                         | 65,61,303                |
| Repayment of Loan                   | Nil             | Nil                         | 1,34,043                 |
| Interest Income                     | Nil             | Nil                         | 16,821                   |
| <b>Balance as on March 31, 2011</b> |                 |                             |                          |
| Account Payable                     | Nil             | Nil                         | Nil                      |
| Account Receivable                  | Nil             | Nil                         | 3,26,671                 |

**2009-2010**

(Rupees)

| Particulars                         | Holding Company | Fellow Subsidiary Companies | Key Management Personnel |
|-------------------------------------|-----------------|-----------------------------|--------------------------|
| Commission Received                 | Nil             | 4,25,121                    | Nil                      |
| Dividend Paid                       | 10,22,77,368    | Nil                         | Nil                      |
| Remuneration                        | Nil             | Nil                         | 86,48,000                |
| Insurance Premium Paid              | Nil             | 4,08,110                    | Nil                      |
| Purchase (Buy Back) of Home Loans   | 22,24,29,942    | Nil                         | Nil                      |
| Exercise of Stock Options           | Nil             | Nil                         | 37,04,625                |
| <b>Balance as on March 31, 2010</b> |                 |                             |                          |
| Account Payable                     | Nil             | Nil                         | Nil                      |
| Account Receivable                  | Nil             | Nil                         | Nil                      |

15. In accordance with the Accounting Standard on 'Earning Per Share' (AS 20) notified by the Companies (Accounting Standards) Rules, 2006, the EPS are as follows :

- a) The Earning Per Share (EPS) is calculated as follows :

| Particulars   | 2010-11      | 2009-10      |
|---|--------------|--------------|
| (i) Net profit attributable to Equity Shareholders                                | 91,51,17,611 | 68,95,85,678 |
| (ii) Weighted Average number of shares for computation of Basic Earning Per Share | 3,49,38,346  | 3,46,71,607  |
| (iii) Nominal Value of Equity Shares  | 10/-         | 10/-         |
| (iv) EPS – Basic  | 26.192       | 19.889       |
| (v) EPS – Diluted   | 26.129       | 19.847       |

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

- b) The Basic Earning Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares for the respective periods. The weighted average number of shares have been derived as follows :

- i. For the year 2010-11 :

| Particulars  | No. of Shares | Days |
|--|---------------|------|
| (i) Equity Shares at the beginning of the year                                     | 3,47,25,150   | 29   |
| (ii) Allotment of shares under ESOS 2007   | 4,32,483      | 336  |
| (iii) Weighted Average number of shares for computation of Basic Earning Per Share | 3,49,38,346   |      |

- ii. For the year 2009-10 :

| Particulars  | No. of Shares | Days |
|--|---------------|------|
| (i) Equity Shares at the beginning of the year                                     | 3,46,51,960   | 135  |
| (ii) Allotment of shares under ESOS-2005 & 2007                                    | 73,190        | 230  |
| (iii) Weighted Average number of shares for computation of Basic Earning Per Share | 3,46,71,607   |      |

- c) The Diluted Earning Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares, after giving dilute effect of outstanding Stock Options for the respective periods. The relevant details are as follows :

| Particulars  | 2010-11     | 2009-10     |
|--|-------------|-------------|
| (i) Weighted Average number of shares for computation of Basic Earning Per Share     | 3,49,38,346 | 3,46,71,607 |
| (ii) Dilute effect of outstanding Stock Options                                      | 84,636      | 74,110      |
| (iii) Weighted Average number of shares for computation of Diluted Earning Per Share | 3,50,22,982 | 3,47,45,717 |

16. In accordance with Accounting Standard on 'Accounting for Taxes on Income' (AS 22) notified by Companies (Accounting Standards) Rules, 2006 the Company is accounting for deferred tax.

The Break up of deferred tax asset / liability as on March 31 is as follows :

| Description                       | 2011                 | (Rupees)<br>2010     |
|-----------------------------------|----------------------|----------------------|
| <b>(A) Deferred Tax Liability</b> |                      |                      |
| Depreciation                      | 1,03,07,487          | 87,05,974            |
| <b>Total (A)</b>                  | <b>1,03,07,487</b>   | <b>87,05,974</b>     |
| <b>(B) Deferred Tax Asset</b>     |                      |                      |
| Provision for NPA                 | 9,27,35,352          | 9,48,91,988          |
| Others (Net)                      | 1,02,83,551          | 72,42,712            |
| <b>Total (B)</b>                  | <b>10,30,18,903</b>  | <b>10,21,34,700</b>  |
| <b>Net (Asset) / Liability</b>    | <b>(9,27,11,416)</b> | <b>(9,34,28,726)</b> |

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS****17. Employee Share Based Payment**

- a) As on March 31, 2011 the Company has the following Employee Stock Option Schemes, the features of the same are as follows :

| Scheme                    | ESOS – 2011  | ESOS – 2007  |
|---------------------------|--|--|
| Date of Grant             | February 10, 2011  | November 20, 2007  |
| Number of options granted | 11,72,849  | 7,94,979   |
| Exercise Price per option | ₹ 317.85   | ₹ 164.65   |
| Date of vesting           | The vesting will be as under :<br>30% on February 10, 2012<br>35% on February 10, 2013<br>35% on February 10, 2014 | The vesting will be as under :<br>30% on November 20, 2008<br>35% on November 20, 2009<br>35% on November 20, 2010 |
| Exercise Period           | Within 3 years from the date of respective vesting.  | Within 3 years from the date of respective vesting.  |
| Method of settlement      | Through allotment of one Equity Share for each option granted.   | Through allotment of one Equity Share for each option granted.   |

- b) Intrinsic Value Method has been used to account for the employee share based payment plans. The intrinsic value of each stock option granted under the ESOS - 2011 and ESOS – 2007 plan is ₹ Nil since the market price of the underlying share at the grant date was same as the exercise price and consequently the accounting value of the option (compensation cost) is ₹ Nil.

- c) Further details of the stock option plans is as follows :

| Particulars                                     | ESOS - 2011 | ESOS – 2007 |
|---|-------------|-------------|
| Options Outstanding at start of year            | Nil         | 4,05,638    |
| Options granted during the year                 | 11,72,849   | Nil         |
| Options not vested at the start of year         | Nil         | 2,07,270    |
| Options Lapsed during the year                  | Nil         | 21,100      |
| Options Exercised during the year               | Nil         | 4,32,483    |
| Options vested but not exercised at end of year | Nil         | 1,59,325    |
| Options not vested at end of year               | 11,72,849   | Nil         |
| Weighted Average Exercise Price per Option      | ₹ 317.85    | ₹ 164.65    |

- d) The Black-Scholes-Mertons Option Pricing Model have been used to derive the estimated value of stock option granted if the fair value method to account for the employee share based payment plans were to be used. The estimated value of



**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

each stock options and the parameters used for deriving the estimated value of Stock Option granted under Black-Scholes-Mertons Option Pricing Model is as follows:

| Particulars                          | ESOS – 2011<br>Vesting on<br>February 10,<br>2012 | ESOS – 2011<br>Vesting on<br>February 10,<br>2013 | ESOS – 2011<br>Vesting on<br>February 10,<br>2014 | ESOS – 2007<br>Vesting on<br>November 20,<br>2010 |
|--------------------------------------|---|---|---|---|
| Estimated Value of Stock Options (₹) | 51.00   | 67.00   | 75.00   | 26.00   |
| Share Price at Grant Date (₹)        | 317.85  | 317.85  | 317.85  | 164.65  |
| Exercise Price (₹)                   | 317.85  | 317.85  | 317.85  | 164.65  |
| Expected Volatility (%)              | 30.00   | 30.00   | 30.00   | 25.00   |
| Dividend Yield Rate (%)              | 2.20  | 2.90  | 3.75  | 6.25  |
| Expected Life of Options( in days)   | 455   | 821   | 1186  | 1055  |
| Risk Free Rate of Interest (%)       | 7.54  | 7.65  | 7.85  | 7.66  |

- e) Had the compensation cost for the stock options granted under ESOS - 2011 and ESOS - 2007 been determined on fair value approach, the Company's net profit and earning per share would have been as pro forma amounts indicated below :

(Rupees)

| Particulars  | 2010-11      | 2009-10      |
|--|--------------|--------------|
| Net Profit After Tax as reported                     | 91,51,17,611 | 68,95,85,678 |
| Less : Amortisation of Compensation Cost (pro forma) | 64,91,662    | 34,11,516    |
| Net profit considered for computing EPS (pro forma)  | 90,86,25,949 | 68,61,74,162 |
| Earning Per Share - (Basic)                          |              |              |
| – as reported  | 26.192       | 19.889       |
| – pro forma  | 26.007       | 19.791       |
| Earning Per Share - (Diluted)                        |              |              |
| – as reported  | 26.129       | 19.847       |
| – pro forma  | 25.944       | 19.748       |

- (f) During the year, the Company has issued 4,32,483 and Nil (Previous Year 69,292 and 3,898) shares on exercise of Options granted to its employees and directors under ESOS Scheme – 2007 and 2005 respectively.

**18. Managerial Remuneration :**

(Rupees)

| Particulars  | 2010-11            | 2009-10          |
|--|--------------------|------------------|
| Salary   | 44,95,000          | 24,00,000        |
| Contribution to Provident Fund and Superannuation Fund | 12,13,650          | 6,48,000         |
| Leave Encashment                                       | 3,00,000           | 2,00,000         |
| Perquisites  | 38,97,000          | 24,00,000        |
| Ex-Gratia  | 42,00,000          | 30,00,000        |
|  | <u>1,41,05,650</u> | <u>86,48,000</u> |

The above remuneration is excluding Contribution to the Gratuity Fund of ₹ 20,17,892 (Previous Year ₹ 6,79,256)

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

19. During the year, managerial remuneration was paid to two whole-time Directors (Managing Director & Executive Director) as against one whole time Director (Managing Director) in the previous year.

During the year Auditors have been paid remuneration of ₹ 15,82,860 (Previous Year ₹ 15,85,786). Brief details of remuneration paid to them are as follows :

|                           | (Rupees)         |                  |
|---------------------------|------------------|------------------|
| Particulars               | 2010-11          | 2009-10          |
| Audit Fees                | 8,00,000         | 8,00,000         |
| Tax Audit Fees            | 1,60,000         | 1,60,000         |
| Other Certification Work  | 4,87,500         | 4,16,001         |
| Reimbursement of Expenses | 1,35,360         | 2,09,785         |
|                           | <u>15,82,860</u> | <u>15,85,786</u> |

20. Sundry Creditors include ₹ Nil (Previous Year ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the Company during the year to the "Supplier" covered under the Micro, Small and Medium Enterprise Development Act, 2006.

21. Miscellaneous Expenses includes Expenses for Recovery ₹ 68,69,581 (Previous Year ₹ 78,25,257), Expenses on Statutory advertisement of ₹ 10,51,266 (Previous Year ₹ 12,04,338) and Loss on Sale of Acquired Properties ₹ 17,31,772 (Previous Year ₹ 16,46,932).

22. Amount remitted during the year in foreign currency on account of dividend :

| Particulars                            | 2010-11  | 2009-10  |
|--|----------|----------|
| i) Number of Non-resident Shareholders | 1        | 1        |
| ii) Number of shares held by them      | 1,25,000 | 1,25,000 |
| iii) Year to which dividend relates    | 2009-10  | 2008-09  |
| iv) Amount remitted (₹)                | 8,12,500 | 6,00,000 |

23. In respect of equity shares issued pursuant to Employee Stock Option Schemes the Company has paid dividend of ₹ 8,02,325 for the year 2009-10 (Previous Year ₹ Nil) and tax on dividend of ₹ 1,33,256/- (Previous Year ₹ Nil) as approved by the share holders at the Annual General Meeting held on June 29, 2010.

24. There are no indications which reflects that any of the assets of the Company had got impaired from its potential use and therefore no impairment loss was required to be accounted in the current year as per Accounting Standard on 'Impairment of Assets' (AS 28) notified by the Companies (Accounting Standards) Rules, 2006.

25. Figures for the Previous Year have been re-grouped or recast wherever necessary.

## Schedule 15

### ACCOUNTING POLICIES

#### 1. ACCOUNTING CONVENTION

The Financial Statements have been prepared in accordance with historical cost convention, applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956 and guidelines issued by the National Housing Bank.

The preparation of Financial Statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

#### 2. SYSTEM OF ACCOUNTING

The Company adopts the accrual concept in the preparation of the accounts. The Balance Sheet and the Profit and Loss Account of the Company are prepared in accordance with the provisions contained in Section 211 of the Companies Act, 1956, read with Schedule VI thereto.

#### 3. INFLATION

Assets and Liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

#### 4. INTEREST ON HOUSING LOANS

Repayments of housing loans is by way of Equated Monthly Instalments (EMIs) / Equated Half-yearly Instalments (EHYIs) comprising principal and interest. Interest on loans is computed either on an annual rest or on a monthly rest basis. EMIs / EHYIs commence once the entire loan is disbursed. Pending commencement of EMIs / EHYIs, Pre-EMI interest is payable every month.

#### 5. SURPLUS ON SALE/ TRANSFER/ ASSIGNMENT OF LOANS

The surplus arising as the difference between the EMIs recoverable on the individual home loans sold/ transferred/ assigned and amounts payable to the purchaser of such home loans over the tenure of the loan is being recognised by way of surplus since risks and rewards of ownership of loan have been assigned on sale / transfer / assignment of loans. However, depending on the terms of such individual home loans, the Company sets aside part of the surplus to Contingencies for Loans Sold. During each subsequent year the Contingencies on Sold Loans is adjusted to recognise the balance surplus depending on the remaining tenure and outstanding loan amount after considering prepayments, if any received during the year.

#### 6. INCOME FROM INVESTMENT

Income from investment is accounted on an accrual basis. The gain/loss on account of investments in debentures/bonds and government securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis.

#### 7. INVESTMENTS

Investments are stated at cost inclusive of related expenses and are classified into Current or Long Term categories. Provision for diminution in value of investments is made if management perceives that there is significant permanent diminution in value of investments or in accordance with the norms prescribed by the National Housing Bank and Accounting Standard on 'Accounting for Investments' (AS-13) notified by Companies (Accounting Standards) Rules, 2006.

#### 8. BROKERAGE ON DEPOSIT

Brokerage, other than incentives, paid on deposits is amortised over the period of the deposit. Incentives, which is payable to agents who achieve certain collection targets, is charged to the Profit and Loss Account.

**Schedule 15 (Continued)****ACCOUNTING POLICIES****9. STOCK OF ACQUIRED AND/OR DEVELOPED PROPERTIES**

Stock of acquired and/or developed properties is valued at realisable value or outstanding dues, whichever is less. In case of properties acquired and developed, the value includes appropriate share of development expenses.

**10. TAX ON INCOME**

The accounting treatment for the Income Tax in respect of the Company's income is based on the Accounting Standard on 'Accounting for Taxes on Income' (AS-22) notified by Companies (Accounting Standards) Rules, 2006. The provision made for Income Tax in Accounts comprises both, the current tax and deferred tax.

Deferred tax is recognised for all timing differences, being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out.

**11. FIXED ASSETS**

Fixed Assets are capitalised at cost inclusive of legal and/or installation expenses.

**12. INTANGIBLE ASSETS**

Intangible Assets comprising of Computer Software are stated at cost of acquisition, including any cost attributable for bringing the same in its working condition less accumulated amortization. Any expenses on such software for support and maintenance payable annually are charged to revenue.

**13. DEPRECIATION****FIXED ASSETS :**

- i) Depreciation is provided on all assets except office premises and residential premises on "Written Down Value Method" under Section 205 (2) (a) at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on office premises and residential premises is provided on "Straight Line Method" under Section 205 (2) (b) at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

**INTANGIBLE ASSETS :**

Computer software is amortised over a period of four years on Straight Line Basis.

**14. PROVISION FOR CONTINGENCIES**

The Company's policy is to carry adequate amounts in the Provision for Contingencies account to cover the principal amount outstanding in respect of all non-performing assets, standard assets as also all other contingencies. All loans and other credit exposures where the installments are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank. The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines.

**15. EMPLOYEE BENEFITS**

The Company has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognized by the Income Tax Authorities. These funds are administered through trustees and the Company's contributions thereto are charged to revenue every year. The Company's Contribution to State Plans namely Employee's Pension Scheme is charged to revenue every year.

**Schedule 15 (Continued)**

**ACCOUNTING POLICIES**

The Company has Defined Benefit Plans namely leave encashment / compensated absences, Gratuity and Retention Bonus for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end based on the Projected Unit Credit method and incremental liability, if any, is provided for in the books. Gratuity scheme is administered through trust recognised by the Income Tax Authorities.

Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

**16. CONTINGENT LIABILITIES**

Contingent liabilities, if any, are disclosed in the notes on accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end till the adoption of accounts by Board of Directors and which have material effect on the position stated in the Balance Sheet.

**17. CAPITAL ISSUE EXPENSES**

Expenses in connection with issue of Shares and Debentures are being adjusted against share premium/security premium as permitted by Section 78 of the Companies Act, 1956.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No.

8 8 0 9

State Code 0 4

Balance Sheet Date

3 1 3 2 0 1 1

**II. Capital Raised during the year : (₹)**

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

4 3 2 4 8 3 0

**III. Position of Mobilisation and Deployment of Funds : (₹)**

Total Liabilities

3 2 8 4 2 6 9 4 3 4 2

Total Assets

3 2 8 4 2 6 9 4 3 4 2

**SOURCES OF FUNDS**

Paid-up Capital

3 5 1 5 7 6 3 3 0

Reserves and Surplus

2 8 2 7 8 0 1 2 0 8

Secured Loans

2 4 8 7 5 9 8 4 0 3 1

Unsecured Loans

4 7 8 7 3 3 2 7 7 3

**APPLICATION OF FUNDS**

Loans

3 1 7 6 8 4 5 0 1 2 4

Net Fixed Assets

1 2 2 1 1 2 0 5 4

Investments

3 4 6 6 0 9 1 2 5

Net Current Assets

5 1 2 8 1 1 6 2 3

Deferred Tax Asset

9 2 7 1 1 4 1 6

**IV. Performance of the Company (₹)**

Gross Income

3 6 0 3 6 7 8 2 8 1

Total Expenditure

2 3 4 7 9 4 9 7 9 0

Profit Before Tax

1 2 5 5 7 2 8 4 9 1

Profit After Tax

9 1 5 1 1 7 6 1 1

Earnings per Share (₹)

2 6 . 1 9 2

Dividend Rate %

1 1 0

**V. Generic Names of Three Principal Products or Services of Company: (as per monetary terms)**

The Company is mainly engaged in the business of providing long term housing finance for residential purposes to individuals.

# HDFC Developers Limited

A Wholly owned Subsidiary of Housing Development Finance Corporation Limited



## Board of Directors

Mr. Shirish B. Patel  
 Mr. D. M. Sukthankar  
 Mr. Keki M. Mistry  
 (upto July 14, 2010)  
 Mr. V. Srinivasa Rangan  
 (w.e.f. July 15, 2010)

### Auditors

Deloitte Haskins & Sells  
 Chartered Accountants

### Bankers

HDFC Bank Ltd.  
 Central Bank of India

### Registered Office

Ramon House,  
 H. T. Parekh Marg,  
 169, Backbay Reclamation,  
 Churchgate,  
 Mumbai 400 020.  
 Tel. Nos. : 022-2281 1209  
               022-2282 0282  
 Fax No. : 022-2281 1205

## Directors' Report

### TO THE MEMBERS

Your directors are pleased to present the Thirty First Annual Report of your Company with the audited accounts for the year ended March 31, 2011.

### Financial Results

|   | For the year ended<br>March 31, 2011<br>(Rupees) | For the year ended<br>March 31, 2010<br>(Rupees) |
|---|--|--|
| Profit/(Loss) before Tax                          | (1,10,40,304)                                    | 2,93,409   |
| Provision for Tax<br>(inclusive of Deferred Tax)  | 1,20,884   | 55,153   |
| Excess Provision of<br>Earlier Years written back | —  | 6,08,230   |
| Profit/(Loss) after Tax                           | (1,11,61,188)                                    | 8,46,486   |
| Profit brought forward from<br>previous year      | 9,83,535   | 1,37,049   |
| Profit after tax available<br>for appropriation   | (1,01,77,653)                                    | 9,83,535   |
| Balance carried to Balance Sheet                  | (1,01,77,653)                                    | 9,83,535   |

### Dividend

Due to unavailability of profit your directors did not recommend any dividend for the year ended March 31, 2011.

### Review of Operations

#### HDFC RED

During the year 2009-10, the Company identified a unique business opportunity in the real estate market in India i.e. developing a real estate information hub for home buyers and sellers. This information hub named as HDFCRED.com became operational during the year under review. The website provides detailed information to potential home buyers at a single destination and enables them to search, filter and shortlist across desired properties at their convenience. HDFC RED charges the developers a subscription fee to list their projects on the portal and in turn attracts potential buyers. During the year under

review, HDFC RED has launched its services in Mumbai, Delhi, Pune, Bengaluru, Chennai and Hyderabad, under the guidance of the branches of Housing Development Finance Corporation Limited (HDFC).

As on March 31, 2011, HDFCRED.com showcased 5,321 different property options in 1,173 projects by 643 Developers.

### Deposits

Your Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as at March 31, 2011.

### Particulars of Employees' Remuneration

Your Company had 19 employees as on March 31, 2011. During the year, no employee employed throughout the year or part of the year was in receipt of remuneration of ₹ 60 lacs or more per annum or ₹ 5 lacs or more per month.



### Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Since the Company does not carry out any manufacturing activity and has no dealings in foreign exchange, the particulars in the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 are consequently not applicable.

### Directors

During the year, the board met four times. The meetings were held on May 3, 2010, July 14, 2010, October 18, 2010 and January 17, 2011.

Mr. Keki M. Mistry resigned as a director of the Company with effect from July 15, 2010. Mr. Keki M. Mistry has been a director of the Company since 1996. The board wishes to place on record its appreciation for the services rendered by Mr. Mistry during his tenure as a director of the Company.

At the meeting held on July 14, 2010, the Board of Directors appointed Mr. V. Srinivasa Rangan as an additional director of the Company with effect from July 15, 2010. In accordance with the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. V. Srinivasa Rangan holds office as such up to the date of the ensuing Annual General Meeting (AGM). The Company has received a notice from a Member under the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of

Mr. V. Srinivasa Rangan as a director of the Company, along with a deposit of ₹ 500 as required under the said Act.

In accordance with the provisions of the Companies Act, 1956, Mr. Shirish B. Patel, Director retires by rotation at the ensuing AGM. He is eligible for re-appointment.

The necessary resolutions for the appointment / re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 274 (1)(g) of the Companies Act, 1956.

### Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having registration number 117365W, the statutory auditors of the Company, retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### Directors' Responsibility Statement

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

(i) In the preparation of the accounts, the applicable accounting standards have been followed;

(ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2011 and of the loss of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts of the Company have been prepared on a going concern basis.

### Acknowledgements

Your directors would like to express their sincere appreciation to the employees of the Company for their hard work, dedication and commitment. Your directors also wish to place on record their sincere appreciation to the employees of HDFC who have devoted their valuable time for managing the affairs of the Company.

On behalf of the Board of Directors

SHIRISH B. PATEL  
MUMBAI V. SRINIVASA RANGAN  
April 21, 2011 Directors

## Auditors' Report

### TO THE MEMBERS OF HDFC DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of HDFC DEVELOPERS LIMITED ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the

Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the

Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

(ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

MUMBAI  
April 21, 2011

Z. F. Billimoria  
Partner  
(Membership No. 42791)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses (i)(c), (ii), (vi), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix), (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted loans aggregating ₹ 3,00,00,000 to one party during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 2,50,00,000 and the maximum amount involved during the year was ₹ 3,95,00,000.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The receipts of principal amounts and interest have been regular/as per stipulations.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements which needed to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

(vi) During the year, no internal audit was undertaken.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities except as indicated in (b) below.

## Annexure to the Auditors' Report (Continued)

(b) There are no undisputed amounts payable on account of the above dues, outstanding as at March 31, 2011 for a period of more than six months from the date they became payable, except for amounts payable towards Profession Tax amounting to ₹ 2,500.

(viii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(ix) There are no accumulated losses of the Company at the end of the financial year and the Company has incurred cash losses in current financial year covered by our audit. However the company had not

incurred cash losses in the immediately preceding financial year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

MUMBAI  
April 21, 2011

Z. F. Billimoria  
Partner  
(Membership No. 42791)

## Balance Sheet as at March 31, 2011

|   | Schedule  | Rupees             | Rupees             | March 31, 2010<br>Rupees |
|---|---|--------------------|--------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>                                     |   |                    |                    |                          |
| <b>SHAREHOLDERS' FUNDS</b>                                  |   |                    |                    |                          |
| Share Capital   |   |                    |                    |                          |
| <b>Authorised :</b>   |   |                    |                    |                          |
| 4,00,000  | Equity Shares of ₹10 each   |                    | 40,00,000          | 40,00,000                |
| 10,000  | Preference Shares of ₹100 each  |                    | 10,00,000          | 10,00,000                |
|   |   |                    | <u>50,00,000</u>   | <u>50,00,000</u>         |
| <b>Issued, Subscribed and Paid-up :</b>                     |   |                    |                    |                          |
| 50,000  | Equity Shares of ₹10 each fully paid up<br>(All the shares are held by<br>Housing Development Finance Corporation Limited,<br>the holding company, and its nominees.) |                    | 5,00,000           | 5,00,000                 |
| <b>Reserves and Surplus</b>                                 |   | I                  | 3,07,12,537        | 4,18,73,725              |
| <b>DEFERRED TAX LIABILITY</b>                               |   |                    | 86,842             | —                        |
|   |   |                    | <u>3,12,99,379</u> | <u>4,23,73,725</u>       |
| <b>APPLICATION OF FUNDS</b>                                 |   |                    |                    |                          |
| <b>FIXED ASSETS</b>   |   |                    |                    |                          |
|   | 2   |                    |                    |                          |
| Gross Block   |   | 2,21,15,711        |                    | 1,76,57,309              |
| Less: Depreciation  |   | 1,90,39,387        |                    | 1,75,99,951              |
| <b>NET BLOCK</b>  |   | 30,76,324          |                    | 57,358                   |
| Capital Work-in-Progress                                    |   | 4,74,290           | 35,50,614          | 3,09,393                 |
| <b>DEFERRED TAX ASSET</b>                                   |   |                    | —                  | 34,042                   |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                   |   |                    |                    |                          |
| Interest Accrued  |   | 3,50,172           |                    | 3,50,172                 |
| Sundry Debtors  | 3   | 1,39,169           |                    | —                        |
| Cash and Bank Balances                                      | 4   | 52,57,163          |                    | 6,59,322                 |
| Loans and Advances  | 5   | 2,77,35,246        |                    | 4,16,10,947              |
|   |   | <u>3,34,81,750</u> |                    | <u>4,26,20,441</u>       |
| Less:   |   |                    |                    |                          |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>                   |   |                    |                    |                          |
| Current Liabilities   | 6   | 50,26,504          |                    | 1,51,706                 |
| Provisions  | 7   | 7,06,481           |                    | 4,95,803                 |
|   |   | <u>57,32,985</u>   |                    | <u>6,47,509</u>          |
| <b>NET CURRENT ASSETS</b>                                   |   |                    | <u>2,77,48,765</u> | <u>4,19,72,932</u>       |
|   |   |                    | <u>3,12,99,379</u> | <u>4,23,73,725</u>       |
| Notes forming part of the Accounts                          |   |                    |                    |                          |
| Significant Accounting Policies                             |   |                    |                    |                          |
| Schedules I to II annexed hereto form part of the Accounts. |   |                    |                    |                          |

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner  
MUMBAI, April 21, 2011

Directors  
**Shirish B Patel**  
**D. M. Sukthankar**  
**V. Srinivasa Rangan**

## Profit and Loss Account for the year ended March 31, 2011

|   | Schedule | Rupees               | Previous Year<br>Rupees |
|---|----------|----------------------|-------------------------|
| <b>INCOME</b>   |          |                      |                         |
| Subscription Fees   |          | 54,35,158            | —                       |
| Interest on Deposits  |          | 15,54,530            | 17,43,226               |
| (Tax deducted at source ₹ 1,55,453<br>Previous Year ₹ 1,74,320) |          |                      |                         |
| Miscellaneous Income  |          | 9,400                | —                       |
|   |          | <u>69,99,088</u>     | <u>17,43,226</u>        |
| <b>EXPENDITURE</b>  |          |                      |                         |
| Staff Expenses  | 8        | 95,93,641            | 6,17,440                |
| Establishment and Other Expenses                                | 9        | 70,06,315            | 8,17,741                |
| Interest on delayed payments                                    |          | —                    | 5,000                   |
| Depreciation and Amortisation                                   |          | 14,39,436            | 9,636                   |
|   |          | <u>1,80,39,392</u>   | <u>14,49,817</u>        |
| <b>PROFIT/(LOSS) BEFORE TAX</b>                                 |          | (1,10,40,304)        | 2,93,409                |
| Less: Provision for Tax   |          |                      |                         |
| Current Tax   |          | —                    | 48,000                  |
| Deferred Tax  |          | 1,20,884             | 7,153                   |
| Add: Excess Provision of Earlier Years written back             |          | —                    | 6,08,230                |
| <b>PROFIT/(LOSS) AFTER TAX</b>                                  |          | (1,11,61,188)        | 8,46,486                |
| Add : Profit brought forward from Previous Year                 |          | 9,83,535             | 1,37,049                |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>                         |          | <u>(1,01,77,653)</u> | <u>9,83,535</u>         |
| <b>EARNINGS PER SHARE (Face Value ₹ 10) (Note 5) :</b>          |          |                      |                         |
| — Basic and diluted   |          | (223.22)             | 16.93                   |
| Notes forming part of the Accounts                              | 10       |                      |                         |
| Significant Accounting Policies                                 | 11       |                      |                         |

Schedules I to II annexed hereto form part of the Accounts.

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner  
MUMBAI, April 21, 2011

Directors  
**Shirish B Patel**  
**D. M. Sukthankar**  
**V. Srinivasa Rangan**

## Cash Flow Statement for the year ended March 31, 2011

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                               |                        |                         |
| Net Profit/(Loss) before tax  | (1,10,40,304)          | 2,93,409                |
| Adjustments for:  |                        |                         |
| Provision for Gratuity  | 2,10,678               | —                       |
| Depreciation  | 14,39,436              | 9,636                   |
| <b>Operating Profit/(Loss) before Working Capital Changes</b>               | <b>(93,90,190)</b>     | <b>3,03,045</b>         |
| Adjustments for:  |                        |                         |
| Current Assets  | (2,43,629)             | 8,03,856                |
| Current Liabilities   | 48,74,798              | 72,289                  |
| Cash (used)/generated from operations                                       | (47,59,021)            | 11,79,190               |
| Advance payment of taxes  | (5,19,839)             | (3,44,890)              |
| Net cash from operating activities  | <b>(52,78,860)</b>     | <b>8,34,300</b>         |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                               |                        |                         |
| Purchase of Fixed Assets (including Capital Work in Progress)               | (46,23,299)            | (3,09,653)              |
| Redemption of Deposits from HDFC Ltd  | 1,45,00,000            | —                       |
| <b>Net cash generated from investing activities</b>                         | <b>98,76,701</b>       | <b>(3,09,653)</b>       |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                        |                         |
| Dividend paid   | —                      | —                       |
| Tax paid on Dividend  | —                      | —                       |
| <b>Net cash used in financing activities</b>                                | <b>—</b>               | <b>—</b>                |
| Net Increase/(Decrease) in cash and cash equivalents                        | <b>45,97,841</b>       | <b>5,24,647</b>         |
| Cash and cash equivalents as at the beginning of the year as per schedule 4 | 6,59,322               | (1,34,675)              |
| Cash and cash equivalents as at the end of the year as per schedule 4       | <b>52,57,163</b>       | <b>6,59,322</b>         |
|   | <b>45,97,841</b>       | <b>5,24,647</b>         |

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner  
MUMBAI, April 21, 2011

Directors  
**Shirish B Patel**  
**D. M. Sukthankar**  
**V. Srinivasa Rangan**

## Schedules

Annexed to and forming part of the Accounts

### Schedule 1

#### RESERVES AND SURPLUS

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| <b>GENERAL RESERVE</b>                 |                                   |                                   |
| Opening Balance                        | 4,08,90,190                       | 4,08,90,190                       |
| BALANCE IN THE PROFIT AND LOSS ACCOUNT | (1,01,77,653)                     | 9,83,535                          |
|  | <u>3,07,12,537</u>                | <u>4,18,73,725</u>                |

### Schedule 2

#### FIXED ASSETS

| Particulars                        | GROSS BLOCK                |                  |            |                            | DEPRECIATION AND AMORTISATION |                  |            |                            | NET BLOCK                  |                            |
|------------------------------------|----------------------------|------------------|------------|----------------------------|-------------------------------|------------------|------------|----------------------------|----------------------------|----------------------------|
|                                    | As at<br>March 31,<br>2010 | Additions        | Deductions | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010    | For the Year     | Deductions | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|                                    | Rupees                     | Rupees           | Rupees     | Rupees                     | Rupees                        | Rupees           | Rupees     | Rupees                     | Rupees                     | Rupees                     |
| <b>TANGIBLE ASSETS</b>             |                            |                  |            |                            |                               |                  |            |                            |                            |                            |
| Computers - Hardware               | 4,28,537                   | 21,23,601        | —          | 25,52,138                  | 4,28,537                      | 8,49,440         | —          | 12,77,977                  | 12,74,161                  | —                          |
| Furniture and Fittings             | 36,704                     | —                | —          | 36,704                     | 34,960                        | 316              | —          | 35,276                     | 1,428                      | 1,744                      |
| Office Equipment                   | 4,85,899                   | 15,751           | —          | 5,01,650                   | 4,30,285                      | 9,917            | —          | 4,40,202                   | 61,448                     | 55,614                     |
| Plants and Machinery<br>(Leased) * | 1,47,29,220                | —                | —          | 1,47,29,220                | 1,47,29,220                   | —                | —          | 1,47,29,220                | —                          | —                          |
| Computers - Hardware<br>(Leased) * | 19,76,949                  | —                | —          | 19,76,949                  | 19,76,949                     | —                | —          | 19,76,949                  | —                          | —                          |
| <b>INTANGIBLE ASSETS</b>           |                            |                  |            |                            |                               |                  |            |                            |                            |                            |
| Website Development                | —                          | 21,90,200        | —          | 21,90,200                  | —                             | 5,47,550         | —          | 5,47,550                   | 16,42,650                  | —                          |
| Computers - Software               | —                          | 1,28,850         | —          | 1,28,850                   | —                             | 32,213           | —          | 32,213                     | 96,637                     | —                          |
|                                    | <u>1,76,57,309</u>         | <u>44,58,402</u> | <u>—</u>   | <u>2,21,15,711</u>         | <u>1,75,99,951</u>            | <u>14,39,436</u> | <u>—</u>   | <u>1,90,39,387</u>         | <u>30,76,324</u>           | <u>57,358</u>              |
| Previous Year                      | 1,76,57,049                | 260              | —          | 1,76,57,309                | 1,75,90,315                   | 9,636            | —          | 1,75,99,951                | 57,358                     | 66,736                     |

\* Assets held for disposal

### Schedule 3

#### SUNDRY DEBTORS

(Unsecured, considered good)

|                      | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|----------------------|-----------------------------------|-----------------------------------|
| Less than six months | 1,39,169                          | —                                 |
|                      | <u>1,39,169</u>                   | <u>—</u>                          |

### Schedule 4

#### CASH AND BANK BALANCES

|                      | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|----------------------|-----------------------------------|-----------------------------------|
| Bank Balances        |                                   |                                   |
| With Scheduled Banks |                                   |                                   |
| Current Accounts     | 52,57,163                         | 6,59,322                          |
|                      | <u>52,57,163</u>                  | <u>6,59,322</u>                   |



**Schedule 5**

**LOANS AND ADVANCES**

|   | Rupees   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|----------|-----------------------------------|-----------------------------------|
| Unsecured, Considered Good  |          |                                   |                                   |
| Advance Income Taxes (Net of Provision for Income Tax)                            |          | 26,24,098                         | 21,04,259                         |
| Advance Fringe Benefit Tax (Net of Provision for Fringe Benefit Tax)              |          | 1,509                             | 1,509                             |
| Inter - Corporate Deposit with Housing Development<br>Finance Corporation Limited |          | 2,50,00,000                       | 3,95,00,000                       |
| Advances recoverable in cash or in kind or<br>for value to be received            | 1,09,639 |                                   | 5,179                             |
| Unsecured, Considered Doubtful  | 19,911   |                                   | 19,911                            |
| Less: Provision for Doubtful Advances   | (19,911) | 1,09,639                          | (19,911)                          |
|   |          | <u>2,77,35,246</u>                | <u>4,16,10,947</u>                |

**Schedule 6**

**CURRENT LIABILITIES**

|  |  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|--|-----------------------------------|-----------------------------------|
| Sundry Creditors (Other than Micro and Small Enterprises) (Note 1) |  | 2,78,204                          | 1,11,186                          |
| Advance received from Customers                                    |  | 47,13,310                         | —                                 |
| Other Liabilities  |  | 34,990                            | 40,520                            |
|  |  | <u>50,26,504</u>                  | <u>1,51,706</u>                   |

**Schedule 7**

**PROVISIONS**

|  |  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|--|-----------------------------------|-----------------------------------|
| Provision for Tax (Net of Advance Tax) |  | 4,95,803                          | 4,95,803                          |
| Provision for Gratuity Fund            |  | 2,10,678                          | —                                 |
|  |  | <u>7,06,481</u>                   | <u>4,95,803</u>                   |

**Schedule 8**

**STAFF EXPENSES**

|                                | For The Year Ended<br>March 31, 2011<br>Rupees | Previous Year<br>Rupees |
|--------------------------------|--|-------------------------|
| Salary                         | 79,77,369                                      | 5,88,727                |
| Contribution to Provident Fund | 3,61,001                                       | 27,113                  |
| Staff Welfare                  | 49,225   | 1,600                   |
| Recruitment Expenses           | 9,95,368                                       | —                       |
| Gratuity                       | 2,10,678                                       | —                       |
|                                | <u>95,93,641</u>                               | <u>6,17,440</u>         |

**Schedule 9****ESTABLISHMENT AND OTHER EXPENSES**

|                           | Rupees   | For The Year Ended<br>March 31, 2011<br>Rupees | Previous Year<br>Rupees |
|---------------------------|----------|--|-------------------------|
| Directors' fees           |          | 55,000   | 55,000                  |
| Travelling and Conveyance |          | 8,68,607                                       | 99,432                  |
| Professional Fees         |          | 30,70,963                                      | 4,56,555                |
| Business Development      |          | 18,47,613                                      | —                       |
| Printing and Stationery   |          | 1,70,973                                       | 18,444                  |
| Professional Tax          |          | 2,500  | 12,500                  |
| Computer Expenses         |          | 5,22,969                                       | —                       |
| Legal Expenses            |          | 99,320   | —                       |
| Telephone Expenses        |          | 1,42,974                                       | 4,272                   |
| Miscellaneous Expenses    |          | 1,01,860                                       | 9,397                   |
| Auditors' Remuneration :  |          |  |                         |
| Audit Fees                | 1,00,000 |  | 1,00,000                |
| Tax Audit Fees            | 12,000   |  | 12,000                  |
| Tax Matters               | —        |  | 35,000                  |
| Service Tax               | 11,536   |  | 15,141                  |
|                           |          | 1,23,536                                       |                         |
|                           |          | 70,06,315                                      | 8,17,741                |

## Schedule 10

## NOTES FORMING PART OF THE ACCOUNTS

1. Sundry Creditors – There is no interest paid/payable during the year by the Company to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.
2. In compliance with the Accounting Standard relating to “Accounting for Taxes on Income” (AS-22) notified under the Companies (Accounting Standards) Rules, 2006 Company has taken debit of **₹ 1,20,884** (Previous Year ₹ 7,153) in the Profit and Loss Account for the year ended March 31, 2011 towards deferred tax liability for the year, arising on account of the following timing difference.

|   | Amount in ₹     |               |
|---|-----------------|---------------|
|   | Current Year    | Previous Year |
| <b>Deferred Tax Asset</b>                   |                 |               |
| Depreciation                                | –               | 34,042        |
| Provision for Employee Benefits             | <b>65,100</b>   | –             |
| Total Deferred Tax Assets                   | <b>65,100</b>   | 34,042        |
| <b>Deferred Tax Liability</b>               |                 |               |
| Depreciation                                | <b>1,51,942</b> | –             |
| Total Deferred Tax Liability                | <b>1,51,942</b> | –             |
| <b>Net Deferred Tax Asset / (Liability)</b> | <b>(86,842)</b> | 34,042        |

The Company has a deferred tax asset of **₹ 35,73,178** (Previous Year ₹ 43,216) on account of carry forward losses which has not been recognised on grounds of prudence due to the absence of virtual certainty in the near future.

3. Disclosures as per the Accounting Standard on “Related Party Disclosures” notified under the Companies (Accounting Standards) Rules, 2006:

**A) Holding Company**

Housing Development Finance Corporation Limited

The nature and volume of transactions of the Company with the above related parties were as follows:

|                   | Amount in ₹                         |
|-------------------|-------------------------------------|
|                   | Holding Company                     |
| Corporate Deposit | <b>2,50,00,000</b><br>(3,95,00,000) |
| Interest Income   | <b>15,54,530</b><br>(17,43,226)     |

Note: Figures in bracket pertains to Previous Year

4. In accordance with the Accounting Standard on Employee Benefits (AS 15) (Revised 2005), notified under the Companies (Accounting Standards) Rules, 2006, the following disclosures have been made:
  - a) The Company has recognised **₹ 3,61,001** (Previous Year ₹ 27,113) in the Profit and Loss Account on account of Contribution to Provident Fund.

**Schedule 10 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

- b) Details of Company's unfunded post-retirement benefit plans for its employees are given below which is as certified by the actuary and relied upon by the auditors:

Amount in ₹

|  | Current Year |
|--|--------------|
| <b>Change in the Benefit Obligation:</b>   |              |
| Liability at the beginning of the year   | –            |
| Interest Cost  | –            |
| Current Service Cost   | 2,10,678     |
| Actuarial gain   | –            |
| Liability at the end of the year   | 2,10,678     |
| <b>Amount Recognised in Balance Sheet:</b>                                       |              |
| Liability at the end of the year   | 2,10,678     |
| Fair value of the plan at the end of the year                                    | –            |
| Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" | 2,10,678     |
| <b>Expenses Recognised in the Profit and Loss Account:</b>                       |              |
| Current Service Cost   | 2,10,678     |
| Interest Cost  | –            |
| Actuarial gain   | –            |
| Expense recognised in the Profit and Loss Account under staff expenses           | 2,10,678     |
| <b>Reconciliation of the Liability Recognised in the Balance Sheet:</b>          |              |
| Opening Net Liability  | –            |
| Expense Recognised   | 2,10,678     |
| Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" | 2,10,678     |

**Experience Adjustments:**

Amount in ₹

|                                 | Current Year |
|---------------------------------|--------------|
| On Plan Liabilities (Gain)/Loss | NIL          |

Accounting Standard – 15 "Employee Benefits" requires disclosure of information for the past four years. However, the information is available only for the Current year since the date of implementation of the Standard.

**Principal Assumptions:**

|                        | Current Year % |
|------------------------|----------------|
| Discount Rate          | 7.5            |
| Salary Escalation Rate | 20             |
| Attrition Rate         | 15             |

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors

**Schedule 10 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

5. Calculation of Earning Per Share (EPS) is given herein below,

|  | Current Year  | Previous Year |
|--|---------------|---------------|
| (a) Net Profit/(Loss) Attributable to Shareholders [₹] | (1,11,61,188) | 8,46,486      |
| (b) Number of Equity Shares                            | 50,000        | 50,000        |
| (c) Basic and Diluted EPS (A) / (B)                    | (223.22)      | 16.93         |

6. The Company's main business is providing IT, IT enabled and other consulting services such as Real Estate information hub for home buyers and seller. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17), notified under the Companies (Accounting Standards) Rules, 2006.
7. Estimated amount of contract remaining to be executed on Capital Account and not provided for ₹ NIL (Previous Year ₹ 1,58,107).
8. Figures for the previous year have been regrouped / rearranged wherever necessary.

**Schedule 11****SIGNIFICANT ACCOUNTING POLICIES****1. SYSTEM OF ACCOUNTING**

The Company adopts the accrual concept in the preparation of the accounts.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including contingent liabilities) as of the date of the financial statements and the reported Income and Expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**2. REVENUE RECOGNITION**Subscription Fee Based Services

Subscription service revenues include income from various service products that cater to a cross section of the Company's registered user base. The revenue for subscription based service products is deferred and recognised ratably over the period of subscription.

**3. FIXED ASSETS**

Fixed Assets are capitalised at cost inclusive of legal and/or installation expenses.

**4. DEPRECIATION**Tangible Assets

Depreciation on Fixed Assets is provided for the full financial year in respect of assets acquired during the year. No depreciation is provided in the year of sale. Depreciation, other than in respect of Buildings and Leased Assets, is calculated as per the

**Schedule II (Continued)****SIGNIFICANT ACCOUNTING POLICIES**

reducing balance method at the rates prescribed by the Companies Act, 1956. Depreciation in respect of Buildings is calculated as per the straight line method at the rates prescribed by the Companies Act, 1956. Depreciation on Leased Assets is provided as per the straight line method over the primary period of lease or over the specified period as defined under Section 205(5) (a) of the Companies Act, 1956, whichever is shorter.

Intangible Assets

Website Development cost are stated at cost less depreciation. These include costs incurred prior to the website being put to use and also costs incurred in the operation stage that provide additional functions or feature to the website. Maintenance expenses or costs that do not result in new features or functions are expensed as product development costs. The company follows the policy of writing off the web development cost over a period of 4 years. However assets becoming obsolete due to technological changes would be written off by the company during the same year. This policy would be subject to review by the management at regular interval.

**5. INCOME-TAX**

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit & Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised 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 realised.

**6. EMPLOYEE BENEFITS**Provident Fund:

The Company's contributions paid/payable during the year towards Provident Fund are charged to Profit and Loss Account during the year. These Funds are recognised by the Income-tax authorities.

Gratuity:

The net present value of the Company's Obligations towards gratuity is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No.

23708

State Code 111

Balance Sheet Date

31 3 2011

**II. Capital Raised during the year (Amount in ₹ '000)**

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

**III. Position of Mobilisation and Deployment of Funds (Amount in ₹ '000)**

Total Liabilities

37032

Total Assets

37032

**SOURCES OF FUNDS**

Paid-up Capital

500

Reserves and Surplus

30713

Secured Loans

NIL

Unsecured Loans

NIL

**APPLICATION OF FUNDS**

Net Fixed Assets

3076

Investments

NIL

Net Current Assets

27748

Deferred Tax Asset

NIL

Miscellaneous Expenses

NIL

Accumulated Losses

NIL

**IV. Performance of the Company (Amount in ₹ '000)**

Total Income

6999

Total Expenditure

18039

Profit/(Loss) Before Tax

(11040)

Profit/(Loss) After Tax

(11161)

Earnings Per Share (in Rs.)

(223.22)

Dividend %

-

**V. Generic Names of Three Principal Services of the Company (as per Monetary terms)**

Item Code no. (ITC Code)

NIL

Product Description

PROPERTY RELATED SERVICES

# HDFC Venture Capital Limited

A Subsidiary of Housing Development Finance Corporation Limited





## Board of Directors

Ms. Renu Sud Karnad  
**Chairperson**

### Directors

Mr. Anjan Barua  
Mr. K. G. Krishnamurthy  
Mr. V. Srinivasa Rangan  
Mr. B. Sriram  
(Alternate Director to Mr. Anjan Barua)

### Auditors

Deloitte Haskins & Sells  
Chartered Accountants

### Banker

HDFC Bank Ltd.

### Registered Office

Ramon House,  
H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Tel. No. : 022-6631 6190  
Fax No. : 022-2282 9673

## Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Seventh Annual Report of your Company with the audited accounts for the year ended March 31, 2011.

### Financial Results

|  | For the year ended<br>March 31, 2011<br>(Rupees) | For the year ended<br>March 31, 2010<br>(Rupees) |
|--|--|--|
| Profit before Tax                              | 17,91,16,856                                     | 18,58,39,013                                     |
| Provision for Tax (net of deferred tax assets) | 5,69,70,000                                      | 5,85,81,099                                      |
| Profit after Tax                               | 12,21,46,856                                     | 12,72,57,914                                     |
| Profit brought forward from previous year      | 7,26,01,852                                      | 7,79,89,604                                      |
| Profit after tax available for appropriation   | 19,47,48,708                                     | 20,52,47,518                                     |
| Appropriations:                                |  |  |
| General Reserve                                | 1,22,14,685                                      | 1,27,25,791                                      |
| Interim Dividend                               | 10,00,00,000                                     | 10,25,00,000                                     |
| Additional Tax on Dividend                     | 1,66,08,750                                      | 1,74,19,875                                      |
| Balance carried to Balance Sheet               | 6,59,25,273                                      | 7,26,01,852                                      |

### Dividend

During the year, your directors approved the payment of two interim dividends of ₹ 120 per equity share on September 21, 2010 and ₹ 80 per equity share on March 26, 2011 (previous year ₹ 125 per equity share and ₹ 80 per equity share as interim dividend). No final dividend was recommended by your directors.

### Review of Operations

Your Company has reported a profit after tax of ₹ 12.21 crores during the year. Your Company is the investment manager to HDFC Property Fund (HPF), which is registered as a Venture Capital Fund with Securities and Exchange Board of India (SEBI) for the following two schemes:

- ❑ HDFC India Real Estate Fund (HI-REF); and
- ❑ HDFC IT Corridor Fund

#### Scheme HI-REF

The Scheme has a corpus of ₹ 1,000 crores. As at March 31, 2011, the entire corpus had been drawn down and committed. Exits are being made for the investments of the Scheme. During the year the Scheme fully exited from one investment and made partial exits from two other investments.

#### Scheme IT Corridor

The Scheme had a corpus of ₹ 464.40 crores having been invested in rental income yielding commercial properties spread across 4 major Indian cities. Exits are being explored for the investments of the Scheme.

### Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as at March 31, 2011.

### Particulars of Employees' Remuneration

Your Company had no employees on its payroll as at March 31, 2011 and all the affairs of the Company are being presently carried out by the employees of HDFC Property Ventures Limited (HPVL) pursuant to a service arrangement entered into by the Company with HPVL. The provisions of Section 217(2A) of the Companies Act, 1956, are consequently not applicable.

### Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Since the Company does not own any manufacturing facility and has no dealings in foreign exchange, the particulars stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are consequently not applicable.

### Directors

During the year, the board met six times. The meetings were held on April 13, 2010, July 19, 2010, September 21, 2010, December 14, 2010, March 8, 2011 and March 26, 2011.

The Board of Directors of the Company appointed Mr. B. Sriram as an Alternate to Mr. Anjan Barua with effect from September 21, 2010. As per the provisions of Section 313 of the Companies Act, 1956 and in accordance with Article 100 of the Articles of Association of the Company, Mr. Sriram shall hold office as such till the date Mr. Anjan Barua returns to the State of Maharashtra, where the meetings of the Board of Directors of the Company are ordinarily held.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Renu Sud Karnad retires by rotation at the ensuing AGM. She is eligible for re-appointment.

The necessary resolution for the re-appointment of Ms. Renu Sud Karnad has been included in the notice convening the ensuing AGM.

None of the directors of the Company are disqualified for being appointed as directors as specified in Section 274(1)(g) of the Companies Act, 1956.

### Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having registration number 117365W and statutory auditors of the Company, retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### Directors' Responsibility Statement

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

- (i) In the preparation of the accounts, the applicable accounting standards have been followed;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2011 and of the profits of the Company for the year ended on that date;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956,

for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) The annual accounts of the Company have been prepared on a going concern basis.

### Compliance Certificate

Pursuant to the provisions of Section 383A(1) of the Companies Act, 1956, a certificate from Messrs Bhandari & Associates, Company Secretaries, certifying that the Company has complied with the applicable provisions of the Companies Act, 1956, is attached herewith as an annex to this report.

### Acknowledgements

Your directors would like to acknowledge and express their gratitude for the continued support received from the shareholders, investors and banks. The directors appreciate the guidance received from various statutory/regulatory authorities including SEBI, Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies, Maharashtra and the Depositories.

Your directors wish to express their gratitude and appreciation to the employees of HPVL for their hard work, dedication and commitment.

On behalf of the Board of Directors

MUMBAI  
April 13, 2011

RENU SUD KARNAD  
Chairperson

## COMPLIANCE CERTIFICATE

(Pursuant to Section 383A of the Companies Act, 1956)

Corporate identity number (CIN) of the Company: U65991MH2004PLC149330

### TO THE MEMBERS OF HDFC VENTURE CAPITAL LIMITED

We have examined the registers, records, books and papers of 'HDFC VENTURE CAPITAL LIMITED' (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we hereby certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act, and the Rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Maharashtra, Mumbai under the Act and the rules made thereunder.

3. The Company, being a 'Public Limited Company', comments under provisions of Section 3(1)(iii) in respect of 'Private Limited Company' is not required.

4. The Board of Directors duly met **6 (Six)** times on 13<sup>th</sup> April, 2010, 19<sup>th</sup> July, 2010, 21<sup>st</sup> September, 2010, 14<sup>th</sup> December, 2010, 8<sup>th</sup> March, 2011 and 26<sup>th</sup> March, 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.

5. The Company has not closed its Register of Members during the financial year.

6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2010

was held on 8<sup>th</sup> September, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No Extra Ordinary General Meeting was held during the Financial Year.

8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government.

12. The Company has not issued any duplicate share certificates during the financial year.

13. (i) The Company has not made any allotment, transfer and transmission of securities during financial year.

(ii) The Company has declared interim dividend. Cheques/Warrants in respect of interim dividend were issued within five days from the date of declaration of such interim dividend, for which no separate Bank Account was opened.

(iii) The Company has paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that there is no unclaimed/unpaid dividend to be transferred to the Unpaid Dividend Account.

(iv) The Company has no amount payable in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon.

(v) The Company has duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and the appointment of alternate director has been duly made. There was no appointment of Additional Director and Directors to fill casual vacancies during the financial year.

15. The Company has not appointed any Managing Director/Whole-time Director/ Manager during the financial year.

16. The Company has not appointed any sole-selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company has no preference share capital or debentures and hence there was no redemption of preference share capital or debentures during the financial year.

22. There were no transactions necessitating the company to keep in

abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited /accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.

24. The Company has not made any borrowings during the financial year ended 31<sup>st</sup> March, 2011.

25. The Company has not made loans and investments or given any guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.

26. The Company has not altered the provisions of the Memorandum with

respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. There were no employees employed during the financial year, hence the Company was not required to deduct any contribution towards Provident Fund.

For BHANDARI & ASSOCIATES  
Company Secretaries

S. N. Bhandari  
Proprietor  
C. P. 366

MUMBAI  
April 9, 2011.

#### ANNEXURE 'A'

Registers as maintained by the Company ;

1. Register of Members under Section 150.
2. Register of Contracts under Section 301.
3. Register of Directors, Managing Director, Manager and Secretary under Section 303.
4. Register of Directors Shareholdings under Section 307.
5. Books of Accounts under Section 209.
6. Minutes Book of Board Meetings under Section 193(1).
7. Minutes Book of General Meeting under Section 193(1).
8. Register of Investments.
9. Register of Directors Attendance at the Board Meetings.
10. Register of Members' Attendance at the General Meeting.
11. Register of Share Application and Allotment.
12. Register of Share Transfer.

#### ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Maharashtra, Mumbai during the financial year ending on 31<sup>st</sup> March, 2011:

| Sr. No. | Form No./ Return | Filed Under Section | For                               | Date of filing | Whether filed within prescribed time Yes / No | If delay in filing whether requisite additional fee paid Yes / No |
|---------|------------------|---------------------|-----------------------------------|----------------|---|---|
| 1.      | Form 66          | 383A                | Compliance and Record 2009-10     | 04/10/10       | Yes   | N/A   |
| 2.      | Form 23AC / ACA  | 220                 | Compliance and Record 2009-10     | 06/10/10       | Yes   | N/A   |
| 3.      | Form 32          | 303                 | Appointment of Alternate Director | 09/10/10       | Yes   | N/A   |
| 4.      | Form 20B         | 159                 | Compliance and Record 2009-10     | 11/02/11       | No  | Yes   |

## Auditors' Report

### TO THE MEMBERS OF HDFC VENTURE CAPITAL LIMITED

1. We have audited the attached Balance Sheet of HDFC VENTURE CAPITAL LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO)

issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the

explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

MUMBAI  
April 13, 2011

Z. F. Billimoria  
Partner  
(Membership No. 42791)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business / activities / result / transactions, clauses (i), (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xv), (xvi), (xvii), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(iv) To the best of our knowledge and belief and according to the information and explanations given to us there were no contracts or arrangements which needed to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

(v) In our opinion, the internal audit functions carried out during the year by a

firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(vi) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed dues, including Income-tax, Service Tax, and other material statutory dues applicable to it with the appropriate authorities.

| Statute              | Nature of Dues | Forum where Dispute is pending    | Period to which the amount relates | Amount involved Rupees |
|----------------------|----------------|-----------------------------------|------------------------------------|------------------------|
| Income Tax Act, 1961 | Income tax     | Commissioner – Income Tax Appeals | AY 2006-07                         | 49,284                 |

(vii) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in debentures and investments in Mutual Funds and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.

(viii) To the best of our knowledge and according to the information and

(b) There were no undisputed amounts payable in respect of Income-tax, Service Tax and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax which have not been deposited as on March 31, 2011 on account of disputes are given below:

explanations given to us, no fraud by or on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

Z. F. Billimoria  
Partner  
MUMBAI  
April 13, 2011  
(Membership No. 42791)

**Balance Sheet as at March 31, 2011**

|   | Schedule | Rupees              | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|----------|---------------------|-----------------------------------|-----------------------------------|
| <b>SOURCES OF FUNDS</b>                   |          |                     |                                   |                                   |
| <b>SHAREHOLDERS' FUNDS</b>                |          |                     |                                   |                                   |
| Share Capital                             | 1        |                     | 50,00,000                         | 50,00,000                         |
| Reserves and Surplus                      | 2        |                     | 12,43,21,006                      | 11,87,82,900                      |
|   |          |                     | <u>12,93,21,006</u>               | <u>12,37,82,900</u>               |
| <b>APPLICATION OF FUNDS</b>               |          |                     |                                   |                                   |
| <b>INVESTMENTS</b>                        | 3        |                     | 2,90,00,000                       | 2,00,00,000                       |
| DEFERRED TAX ASSET (See Note 6)           |          |                     | —                                 | 2,72,000                          |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b> |          |                     |                                   |                                   |
| Cash and Bank Balances                    | 4        | 13,53,36,523        |                                   | 14,31,01,028                      |
| Loans and Advances                        | 5        | 45,06,233           |                                   | 50,35,079                         |
|   |          | <u>13,98,42,756</u> |                                   | <u>14,81,36,107</u>               |
| Less :                                    |          |                     |                                   |                                   |
| <b>CURRENT LIABILITIES AND PROVISIONS</b> |          |                     |                                   |                                   |
| Current Liabilities                       | 6        | 3,71,98,195         |                                   | 4,23,01,652                       |
| Provisions                                | 7        | 23,23,555           |                                   | 23,23,555                         |
|   |          | <u>3,95,21,750</u>  |                                   | <u>4,46,25,207</u>                |
| <b>NET CURRENT ASSETS</b>                 |          |                     | <u>10,03,21,006</u>               | <u>10,35,10,900</u>               |
|   |          |                     | <u>12,93,21,006</u>               | <u>12,37,82,900</u>               |
| Notes forming part of the Accounts        | 10       |                     |                                   |                                   |
| Significant Accounting Policies           | 11       |                     |                                   |                                   |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 13, 2011

Directors  
**Renu Sud Karnad**  
**Anjan Barua**  
**K. G. Krishnamurthy**  
**V. Srinivasa Rangan**



## Profit and Loss Account for the year ended March 31, 2011

|  | Schedule | Rupees          | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|----------|-----------------|------------------------|-------------------------|
| <b>INCOME</b>  |          |                 |                        |                         |
| Investment Management Fees   |          |                 | 19,17,87,928           | 20,10,82,792            |
| Other Income   | 8        |                 | 88,63,629              | 72,02,704               |
|  |          |                 | <u>20,06,51,557</u>    | <u>20,82,85,496</u>     |
| <b>EXPENDITURE</b>   |          |                 |                        |                         |
| Advisory Fees  |          |                 | 2,10,00,000            | 2,20,00,000             |
| Administrative and Other Expenses  | 9        |                 | 5,34,701               | 4,46,483                |
|  |          |                 | <u>2,15,34,701</u>     | <u>2,24,46,483</u>      |
| <b>PROFIT BEFORE TAX</b>   |          |                 | 17,91,16,856           | 18,58,39,013            |
| Provision for Tax  |          |                 |                        |                         |
| – Current  |          | 5,66,98,000     |                        | 6,08,87,000             |
| – Excess provision for earlier year written back                                   |          | –               |                        | (27,27,901)             |
| – Deferred (See Note 6)  |          | <u>2,72,000</u> |                        | 4,22,000                |
|  |          |                 | 5,69,70,000            | 5,85,81,099             |
| <b>PROFIT AFTER TAX</b>  |          |                 | 12,21,46,856           | 12,72,57,914            |
| Balance Brought forward from previous year   |          |                 | 7,26,01,852            | 7,79,89,604             |
| <b>Profit Available for Appropriation</b>  |          |                 | <u>19,47,48,708</u>    | <u>20,52,47,518</u>     |
| Appropriations :   |          |                 |                        |                         |
| General Reserve  |          |                 | 1,22,14,685            | 1,27,25,791             |
| Dividend   |          |                 | 10,00,00,000           | 10,25,00,000            |
| Tax on Dividend  |          |                 | <u>1,66,08,750</u>     | <u>1,74,19,875</u>      |
| Balance Carried to the Balance Sheet   |          |                 | <u>6,59,25,273</u>     | <u>7,26,01,852</u>      |
| Earnings Per Share (Face Value ₹ 10 per share) (See Note 5)<br>(Basic and Diluted) |          |                 | 244.29                 | 254.52                  |
| Notes forming part of the Accounts   | 10       |                 |                        |                         |
| Significant Accounting Policies  | 11       |                 |                        |                         |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 13, 2011

Directors  
Renu Sud Karnad  
Anjan Barua  
K. G. Krishnamurthy  
V. Srinivasa Rangan



## Cash Flow Statement for the year ended March 31, 2011

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                 |                        |                         |
| Profit before taxation and extra ordinary items                               | 17,91,16,856           | 18,58,39,013            |
| Adjustment for:   |                        |                         |
| Profit on Sale of Current Investments (net)                                   | (7,08,212)             | (25,02,798)             |
| Others  | (2,32,755)             | —                       |
| Dividend Income   | (75,83,066)            | (42,05,406)             |
| Interest on Fixed Deposits with Banks   | (3,39,596)             | (4,94,500)              |
| Operating profit before working capital changes                               | 17,02,53,227           | 17,86,36,309            |
| Decrease in Current Assets  | 1,612                  | 1,982                   |
| Decrease in Current Liabilities   | (51,03,457)            | (3,68,557)              |
| Cash Generated from Operations  | 16,51,51,382           | 17,82,69,734            |
| Tax Paid (net)  | (5,62,17,446)          | (5,86,65,083)           |
| Net cash from Operating Activities  | 10,89,33,936           | 11,96,04,651            |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                 |                        |                         |
| Purchase of Investments   | (85,16,92,517)         | (74,90,54,990)          |
| Proceeds from Sale of Investments   | 84,36,33,484           | 76,25,61,067            |
| Interest on Fixed Deposits with Banks   | 3,86,276               | 6,37,087                |
| Dividend Income   | 75,83,066              | 42,05,406               |
| Net cash used in from Investing Activities                                    | (89,691)               | 1,83,48,570             |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                 |                        |                         |
| Dividend paid   | (10,00,00,000)         | (10,25,00,000)          |
| Tax paid on Dividend  | (1,66,08,750)          | (1,74,19,875)           |
| Net cash used in Financing Activities   | (11,66,08,750)         | (11,99,19,875)          |
| Net Increase/(Decrease) in cash and cash equivalents                          | (77,64,505)            | 1,80,33,346             |
| Cash and Cash equivalents at the beginning of the year<br>(As per Schedule 4) | 14,31,01,028           | 12,50,67,682            |
| Cash and Cash equivalents at the end of the year<br>(As per Schedule 4)       | 13,53,36,523           | 14,31,01,028            |
|   | (77,64,505)            | 1,80,33,346             |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 13, 2011

Directors  
**Renu Sud Karnad**  
**Anjan Barua**  
**K. G. Krishnamurthy**  
**V. Srinivasa Rangan**

## Schedules

Annexed to and forming part of the Accounts

### Schedule 1

#### SHARE CAPITAL

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| AUTHORISED   |                                   |                                   |
| 5,00,000 Equity Shares of ₹ 10 each  | 50,00,000                         | 50,00,000                         |
| ISSUED, SUBSCRIBED AND PAID-UP   |                                   |                                   |
| 5,00,000 Equity Shares of ₹ 10 each  | 50,00,000                         | 50,00,000                         |
| (of the above 4,02,500 shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees) |                                   |                                   |

### Schedule 2

#### RESERVES AND SURPLUS

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| GENERAL RESERVE                             |                                   |                                   |
| Opening Balance                             | 4,61,81,048                       |                                   |
| Add : Transfer from Profit and Loss Account | 1,22,14,685                       |                                   |
|   | 5,83,95,733                       | 4,61,81,048                       |
| Balance in Profit and Loss Account          | 6,59,25,273                       | 7,26,01,852                       |
|   | 12,43,21,006                      | 11,87,82,900                      |

### Schedule 3

#### INVESTMENTS (At Cost)

#### CURRENT : (Quoted, Non Trade)

#### Mutual Funds

|  | No. of Units | Face Value<br>Rupees | As at March 31,<br>2011<br>Rupees | As at March 31,<br>2010<br>Rupees |
|--|--------------|----------------------|-----------------------------------|-----------------------------------|
| HDFC FMP 13M October 2009 - Growth Series XI   | 10,00,000.00 | 10                   | —                                 | 1,00,00,000                       |
| HDFC FMP 370D November 2010 (I) Series XVII  | 9,00,000.00  | 10                   | 90,00,000                         | —                                 |
| DSP BlackRock FMP 12M Series 8 Institutional Plan - Growth   | 20,00,000.00 | 10                   | 2,00,00,000                       | —                                 |
| Aggregate Repurchase Price of Investments in Quoted Mutual Funds<br>(₹ 2,97,63,120, Previous Year ₹ 1,03,01,200) |              | (A)                  | 2,90,00,000                       | 1,00,00,000                       |

**Schedule 3 (Continued)****LONG TERM : (Unquoted, Non Trade)****Non Convertible Debentures - Redeemable (fully paid)**

(See Note 7)

|                                   | No. of Units | Face Value<br>Rupees | As at March 31,<br>2011<br>Rupees | As at March 31,<br>2010<br>Rupees |
|-----------------------------------|--------------|----------------------|-----------------------------------|-----------------------------------|
| Citicorp Finance (India) Limited  | 5.00         | 10,00,000            | —                                 | 50,00,000                         |
| DSP Merrill Lynch Capital Limited | 5.00         | 10,00,000            | —                                 | 50,00,000                         |
|                                   |              | (B)                  | —                                 | 1,00,00,000                       |
|                                   |              | (A)+(B)              | 2,90,00,000                       | 2,00,00,000                       |

**Schedule 4****CASH AND BANK BALANCES**

|                                | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--------------------------------|-----------------------------------|-----------------------------------|
| Cash on Hand                   | 798                               | 298                               |
| Balance with Scheduled Banks : |                                   |                                   |
| – In Current Account           | 13,35,725                         | 16,00,730                         |
| – In Deposit Account           | 13,40,00,000                      | 14,15,00,000                      |
|                                | 13,53,36,523                      | 14,31,01,028                      |

**Schedule 5****LOANS AND ADVANCES**

(Unsecured, considered good)

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Advance Payment of Income Tax (Net of Provisions)                  | 43,90,241                         | 48,70,794                         |
| Advance recoverable in cash or in kind or for value to be received | 55,006                            | 56,618                            |
| Accrued Interest on Fixed Deposits with Banks                      | 60,986                            | 1,07,667                          |
|  | 45,06,233                         | 50,35,079                         |

**Schedule 6****CURRENT LIABILITIES**

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Sundry Creditors - Other than Micro and Small Enterprises (See Note 8) | 2,00,199                          | 1,98,704                          |
| Advance Fees received  | 3,69,66,171                       | 4,20,80,869                       |
| Other Liabilities  | 31,825                            | 22,079                            |
|  | 3,71,98,195                       | 4,23,01,652                       |

**Schedule 7****PROVISIONS**

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| For Income Tax (Net of Advance Tax)         | 22,94,003                         | 22,94,003                         |
| For Fringe Benefit Tax (Net of Advance Tax) | 29,552                            | 29,552                            |
|   | <u>23,23,555</u>                  | <u>23,23,555</u>                  |

**Schedule 8****OTHER INCOME**

|  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| Dividend on Current Investments  | 75,83,066              | 42,05,406               |
| Profit on Sale of Current Investments (net)  | 7,08,212               | 25,02,798               |
| Interest on Fixed Deposits with Banks<br>(Tax deducted at Source ₹ 27,386, Previous Year ₹ 31,291) | 3,39,596               | 4,94,500                |
| Others   | 2,32,755               | —                       |
|  | <u>88,63,629</u>       | <u>72,02,704</u>        |

**Schedule 9****ADMINISTRATIVE AND OTHER EXPENSES**

|                                     | Current Year<br>Rupees | Previous Year<br>Rupees |
|-------------------------------------|------------------------|-------------------------|
| Auditors' Remuneration (See Note 2) | 1,75,000               | 1,75,000                |
| Directors' Sitting Fees             | 1,20,000               | 90,000                  |
| Filing Fees                         | 6,980                  | —                       |
| Miscellaneous Expenses              | —                      | 4,480                   |
| Printing and Stationery             | 19,551                 | —                       |
| Professional Fees                   | 1,85,055               | 1,54,754                |
| Profession Tax                      | 2,000                  | 2,000                   |
| Travelling Expenses                 | 26,115                 | 20,249                  |
|                                     | <u>5,34,701</u>        | <u>4,46,483</u>         |

**Schedule 10****NOTES FORMING PART OF THE ACCOUNTS****1. Contingent Liabilities :**

Contingent Liability in respect of income-tax demand, disputed by the Company amounts to ₹ 49,284 (Previous Year ₹ 49,284).

**2. Auditor's Remuneration :**

| Particulars  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--------------|------------------------|-------------------------|
| Audit Fees   | 125,000                | 125,000                 |
| Tax Audit    | 50,000                 | 50,000                  |
| <b>Total</b> | <b>175,000</b>         | <b>175,000</b>          |

**3. Segment Reporting :**

The Company is primarily engaged in the investment management business in India. As such, there are no separate reportable segments, as per Accounting Standard on "Segment Reporting" (AS-17) notified by the Companies (Accounting Standards) Rules, 2006.

**4. Related Party Transactions :**

As per the Accounting Standard on "Related Party Disclosures" (AS-18) notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Company during the year are as follows:

**Holding Company** : Housing Development Finance Corporation Limited

**Controlled by the Holding Company** : HDFC Property Fund – Scheme IT Corridor Fund

**Fellow Subsidiaries** : HDFC Property Ventures Limited  
(with whom there are transactions)

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

| Particulars                | Holding Company<br>Rupees           | Fellow Subsidiary<br>Rupees         | Controlled by<br>Holding Company<br>Rupees |
|----------------------------|-------------------------------------|-------------------------------------|--|
| <b>Income</b>              |                                     |                                     |  |
| Investment Management Fees |                                     |                                     | <b>21,05,172</b><br>(21,05,172)            |
| <b>Expenditure</b>         |                                     |                                     |  |
| Dividend                   | <b>8,05,00,000</b><br>(8,25,12,500) |                                     |  |
| Advisory Fees              |                                     | <b>2,10,00,000</b><br>(2,20,00,000) |  |

Note : Figures in bracket indicate previous year figures

**Schedule 10 (Continued)****NOTES FORMING PART OF THE ACCOUNTS****5. Earnings Per Share :**

In accordance with the Accounting Standard on "Earnings Per Share" (AS-20), notified by the Companies (Accounting Standards) Rules, 2006:

| Particulars  | Current Year | Previous Year |
|--|--------------|---------------|
| (a) Profit for the year after Taxation [₹]               | 12,21,46,856 | 12,72,57,914  |
| (b) Weighted average Number of Equity Shares Outstanding | 500,000      | 500,000       |
| (c) Earning Per Share [₹]                                | 244.29       | 254.52        |
| (a) / (b) { Basic and Diluted }                          |              |               |

**6. Deferred Tax Asset :**

In compliance with the Accounting Standard on "Accounting for Taxes on Income" (AS-22) notified by the Companies (Accounting Standards) Rules, 2006, the Company has debited an amount of ₹ 2,72,000 (Previous Year ₹ 4,22,000) in the Profit and Loss Account for the year ended March 31, 2011 towards reversal of Deferred Tax Asset on account of the following :

The components of deferred tax assets are :

| Particulars                          | As at March 31, 2011<br>Rupees | As at March 31, 2010<br>Rupees |
|--------------------------------------|--------------------------------|--------------------------------|
| Capital Loss on sale of Fixed Assets | —                              | 272,000                        |
| <b>Total</b>                         | —                              | 272,000                        |

In the earlier years the Company had recognised deferred tax asset on Capital loss on sale of fixed assets considering the virtual certainty of future taxable income from investments in schemes of Mutual Funds.

**7. Investment :**

In the earlier years, the Company had invested in Redeemable Non Convertible debentures of Citicorp Finance (India) Limited and DSP Merrill Lynch Capital Limited. The principal amount invested is capital protected and hence permanent diminution in the value of these investments was not assessed.

Interest was payable on the debentures only if designated listed securities achieve a specific market price on a specified date.

During the year ended March 31, 2011, the market price had not been achieved for some of the designated listed securities and therefore, there has not been any accrual/receipt of interest on the said debentures.

**8. Sundry Creditors :**

There are no amount payable during the year by the Company to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006.

**9. Previous Year Comparatives :**

The previous year figures have been regrouped/rearranged, wherever necessary.

## Schedule I I

### SIGNIFICANT ACCOUNTING POLICIES

#### I.1. Accounting Convention :

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period.

Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

#### I.2. Revenue Recognition :

Investment Management Fees are accrued in accordance with the agreement.

Dividend Income is recognised on the basis of right to receive.

Interest Income is recognised on accrual basis.

#### I.3. Investments :

Current investments are valued at lower of cost or fair value. Long term investments are valued at acquisition cost less provision for diminution, other than temporary, if any.

#### I.4. Income Tax :

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No. 149330

State Code 11

Balance Sheet Date 31 3 2011

**II. Capital Raised during the year : (Amount in ₹ '000)**

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ '000)**

Total Liabilities

168843

Total Assets

168843

**SOURCES OF FUNDS**

Paid-up Capital

5000

Reserves and Surplus

124321

Secured Loans

NIL

Unsecured Loans

NIL

**APPLICATION OF FUNDS**

Net Fixed Assets

NIL

Investments

29000

Net Current Assets

100321

Miscellaneous Expenditure

NIL

Deferred Tax Asset

NIL

**IV. Performance of the Company (Amount in ₹ '000)**

Total Income

200652

Total Expenditure

21535

Profit/(Loss) Before Tax

179117

Profit After Tax

122147

Earnings per Share (in ₹)

244.29

Dividend %

2000

**V. Generic Names of Principal Services of the Company: (as per monetary terms)**

Item Code No. (ITC Code) NIL

Product Description INVESTMENT MANAGEMENT



# HDFC Property Ventures Limited

A Wholly owned Subsidiary of Housing Development Finance Corporation Limited



## Board of Directors

Ms. Renu Sud Karnad  
**Chairperson**

### Directors

Mr. V. Srinivasa Rangan  
Mr. M. Ramabhadran

### Auditors

Deloitte Haskins & Sells  
Chartered Accountants

### Bankers

HDFC Bank Ltd.

### Registered Office

Ramon House,  
H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Tel. No. : 022-6631 6190  
Fax No. : 022-2282 9673

## Directors' Report

### TO THE MEMBERS

Your directors are pleased to present the Fifth Annual Report of the Company with the audited accounts for the year ended March 31, 2011.

### Financial Results

|  | For the<br>year ended<br>March 31, 2011<br>(Rupees) | For the<br>year ended<br>March 31, 2010<br>(Rupees) |
|--|---|---|
| Profit before Tax                            | 4,77,14,979   | 14,70,12,270  |
| Provision for Tax (net of deferred tax)      | 1,37,90,000   | 4,92,23,000   |
| Profit after Tax                             | 3,39,24,979   | 9,77,89,270   |
| Profit brought forward from previous year    | 3,82,04,147   | 2,03,90,804   |
| Profit after tax available for appropriation | 7,21,29,126   | 11,81,80,074  |
| Appropriations:                              |   |   |
| General Reserve                              | 33,92,498   | 97,78,927   |
| Interim Dividend                             | 2,00,00,000   | 6,00,00,000   |
| Additional Tax on Dividend                   | 33,21,750   | 1,01,97,000   |
| Balance carried to Balance Sheet             | 4,54,14,878   | 3,82,04,147   |

### Dividend

During the year, your directors approved the payment of two interim dividends of ₹ 10 each per equity share on September 21, 2010 and March 26, 2011 respectively aggregating to ₹ 20 per equity share (previous year ₹ 60 per equity share as interim dividend). No final dividend was recommended by your directors.

### Review of Operations

The Company is a wholly owned subsidiary of Housing Development Finance Corporation Limited (HDFC). The Company has reported a profit after tax of ₹ 3.39 crores during the year.

During the year, the Company provided investment advisory services to Indian and overseas asset management companies (AMCs). Such AMCs in turn manage and advise Indian/offshore private equity funds.

The Company also provided advisory services to HDFC Investment Trust, a trust set up by HDFC for making investments

in companies engaged in construction of development projects in India.

### Deposits

Your Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as at March 31, 2011.

### Particulars of Employees

Your Company had 19 employees as on March 31, 2011. During the year, 3 employees employed throughout the year were in receipt of remuneration of ₹ 60 lacs or more per annum.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under, the names and other particulars of the employees are set out in the annex to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to the shareholders of the Company excluding the annex.

Any shareholder interested in obtaining a copy of the said annex may write to the Company.

### Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

During the year, your Company received a total of ₹ 7.19 crores in foreign currency towards advisory fees and has incurred an expenditure of ₹ 9.96 lakhs in foreign currency towards travelling.

### Directors

During the year, the board met seven times. The Meetings were held on April 13, 2010, May 21, 2010, July 19, 2010, September 21, 2010, December 14, 2010, March 8, 2011 and March 26, 2011.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Renu Sud Karnad retires by rotation at the ensuing Annual General Meeting (AGM). She is eligible for re-appointment.

The necessary resolution for the re-appointment of Ms. Renu Sud Karnad has been included in the notice convening the ensuing AGM.

None of the directors of the Company are disqualified from being appointed as

directors as specified in Section 274(1)(g) of the Companies Act, 1956.

### Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having registration number 117365W and statutory auditors of the Company, retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### Directors' Responsibility Statement

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

- (i) In the preparation of accounts, the applicable accounting standards have been followed;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at end of March 31, 2011 and of the profit of the Company for the year ended on that date;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,

1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts of the Company have been prepared on a going concern basis.

### Compliance Certificate

Pursuant to the provisions of Section 383A(1) of the Companies Act, 1956, a certificate from Messrs Bhandari & Associates, Company Secretaries, certifying that the Company has complied with the applicable provisions of the Companies Act, 1956, is attached herewith as an annex to this report.

### Acknowledgements

Your directors would like to acknowledge and express their gratitude for the continued support received from the investors and banks. The directors appreciate the guidance received from various statutory/regulatory authorities including Securities and Exchange Board of India, Reserve Bank of India, Ministry of Corporate Affairs and Registrar of Companies, Maharashtra.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of the Company whose professionalism has ensured excellent all-round performance.

On behalf of the Board of Directors

MUMBAI  
April 13, 2011

RENU SUD KARNAD  
Chairperson

**COMPLIANCE CERTIFICATE**

(PURSUANT TO SECTION 383A OF THE COMPANIES ACT, 1956)

Corporate Identity Number (CIN) of the Company: U74140MH2006PLC165539  
TO THE MEMBERS OF HDFC PROPERTY VENTURES LIMITED

We have examined the registers, records, books and papers of 'HDFC PROPERTY VENTURES LIMITED' (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> MARCH 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we hereby certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act, and the Rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Maharashtra, Mumbai under the Act and the rules made thereunder.

3. The Company, being a 'Public Limited Company', comments under provisions of Section 3(1)(iii) in respect of 'Private Limited Company' is not required.

4. The Board of Directors duly met **7 (Seven)** times respectively on 13<sup>th</sup> April 2010, 21<sup>st</sup> May 2010, 19<sup>th</sup> July 2010, 21<sup>st</sup> September 2010, 14<sup>th</sup> December 2010, 08<sup>th</sup> March, 2011 and 26<sup>th</sup> March, 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.

5. The Company has not closed its Register of Members during the financial year.

6. The annual general meeting for the financial year ended on 31<sup>st</sup> March 2010 was held on 14<sup>th</sup> July 2010 after giving

due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No Extra Ordinary General Meeting was held during the financial year.

8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government.

12. The Company has not issued any duplicate share certificates during the financial year.

13. (i) The Company has not made any allotment, transfer and transmission of securities during the financial year.

(ii) The Company has declared interim dividend. Cheques/Warrants in respect of interim dividend were issued within five days from the date of declaration of such interim dividend, for which no separate Bank Account was opened.

(iii) The Company has paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that there is no unclaimed/unpaid dividend to be transferred to the Unpaid Dividend Account.

(iv) The Company has no amount payable in respect of unpaid dividend, application money due for refund,

matured deposits, matured debentures and the interest accrued thereon.

(v) The Company has duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and the appointment of Directors, Additional Directors have been duly made. However there was no appointment of Alternate Directors and Directors to fill casual vacancies during the financial year.

15. The Company has not appointed any Managing Director /Whole-time Director/ Manager during the financial year.

16. The Company has not appointed any sole-selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company has no preference share capital or debentures and hence there was no redemption of preference share capital or debentures during the financial year.

22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.

24. The Company has not made any borrowings during the financial year ended 31<sup>st</sup> March, 2011.

25. The Company has not made loans and investments or given any guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties

or any other punishment was imposed on the Company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities.

For BHANDARI & ASSOCIATES  
Company Secretaries

MUMBAI  
April 9, 2011

S. N. Bhandari  
Proprietor  
C. P. 366

**ANNEXURE 'A'**

Registers as maintained by the Company:

1. Register of Members under Section 150.
2. Register of Contracts under Section 301.
3. Register of Directors, Managing Director, Manager and Secretary under Section 303.
4. Register of Directors Shareholdings under Section 307.
5. Books of Accounts under Section 209.
6. Minutes Book of Board Meetings under Section 193(1).
7. Minutes Book of General Meeting under Section 193(1).
8. Register of Investments.
9. Register of Directors Attendance at the Board Meetings.
10. Register of Members Attendance at the General Meeting.
11. Register of Share Application and Allotment.
12. Register of Share Transfer.

**ANNEXURE 'B'**

Forms and Returns as filed by the Company with the Registrar of Companies, Maharashtra, Mumbai during the financial year ending on 31<sup>st</sup> March, 2011:

| Sr. No. | Form No./ Return | Filed Under Section | For   | Date of filing | Whether filed within prescribed time<br>Yes / No | If delay in filing whether requisite additional fee paid<br>Yes / No |
|---------|------------------|---------------------|---|----------------|--|--|
| 1.      | Form 32          | 303                 | Particulars of Directors, Manager and Secretary and the changes among them. | 03/06/10       | Yes  | N/A  |
| 2.      | Form 66          | 383A                | Compliance and Record 2009-10.  | 28/07/10       | Yes  | N/A  |
| 3.      | Form 23 AC / ACA | 220                 | Compliance and Record 2009-10.  | 07/08/10       | Yes  | N/A  |
| 4.      | Form 32          | 303                 | Particulars of Directors, Manager and Secretary and the changes among them. | 07/08/10       | Yes  | N/A  |
| 5.      | Form 20B         | 159                 | Compliance and Record 2009-10.  | 16/08/10       | Yes  | N/A  |

## Auditors' Report

### TO THE MEMBERS OF HDFC PROPERTY VENTURES LIMITED

1. We have audited the attached Balance Sheet of HDFC PROPERTY VENTURES LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in

terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the

Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

Z. F. Billimoria  
Partner  
MUMBAI April 13, 2011 (Membership No. 42791)



## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/results/transactions etc. clauses (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control

system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-

tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Service Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.

(viii) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in mutual fund investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.

(ix) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

MUMBAI  
April 13, 2011  
Z. F. Billimoria  
Partner  
(Membership No. 42791)



## Balance Sheet as at March 31, 2011

|   | Schedule | Rupees             | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|----------|--------------------|-----------------------------------|-----------------------------------|
| <b>SOURCES OF FUNDS</b>                   |          |                    |                                   |                                   |
| <b>SHAREHOLDERS' FUND</b>                 |          |                    |                                   |                                   |
| Share Capital                             | 1        |                    | 1,00,00,000                       | 1,00,00,000                       |
| Reserves and Surplus                      | 2        |                    | 6,31,64,650                       | 5,25,61,421                       |
|   |          |                    | <u>7,31,64,650</u>                | <u>6,25,61,421</u>                |
| <b>APPLICATION OF FUNDS</b>               |          |                    |                                   |                                   |
| <b>FIXED ASSETS</b>                       | 3        |                    |                                   |                                   |
| Gross Block                               |          | 1,21,61,828        |                                   | 57,30,783                         |
| Less : Depreciation and Amortisation      |          | <u>52,14,443</u>   |                                   | <u>35,61,518</u>                  |
| Net Block                                 |          | 69,47,385          |                                   | 21,69,265                         |
| Capital Work In Progress (See Note 3)     |          | <u>2,12,500</u>    |                                   | —                                 |
|   |          |                    | 71,59,885                         | 21,69,265                         |
| <b>INVESTMENTS</b>                        | 4        |                    | 1,00,00,000                       | 1,00,00,000                       |
| DEFERRED TAX ASSET (See Note 13)          |          |                    | 46,80,000                         | 33,70,000                         |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b> |          |                    |                                   |                                   |
| Sundry Debtors                            | 5        | —                  |                                   | 36,24,724                         |
| Cash and Bank Balances                    | 6        | 8,05,33,265        |                                   | 10,59,42,839                      |
| Loans and Advances                        | 7        | <u>1,16,92,353</u> |                                   | <u>1,25,01,615</u>                |
|   |          |                    | 9,22,25,618                       | 12,20,69,178                      |
| Less :                                    |          |                    |                                   |                                   |
| <b>CURRENT LIABILITIES AND PROVISIONS</b> |          |                    |                                   |                                   |
| Current Liabilities                       | 8        | 2,81,41,255        |                                   | 6,21,69,243                       |
| Provisions                                | 9        | <u>1,27,59,598</u> |                                   | <u>1,28,77,779</u>                |
|   |          |                    | 4,09,00,853                       | 7,50,47,022                       |
| <b>NET CURRENT ASSETS</b>                 |          |                    | <u>5,13,24,765</u>                | <u>4,70,22,156</u>                |
|   |          |                    | <u>7,31,64,650</u>                | <u>6,25,61,421</u>                |
| Notes forming part of the Accounts        | 14       |                    |                                   |                                   |
| Significant Accounting Policies           | 15       |                    |                                   |                                   |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 13, 2011

Directors  
**Renu Sud Karnad**  
**V. Srinivasa Rangan**  
**M. Ramabhadran**

## Profit & Loss Account for the year ended March 31, 2011

|   | Schedule | Rupees             | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|----------|--------------------|------------------------|-------------------------|
| <b>INCOME</b>   |          |                    |                        |                         |
| Advisory Fees   |          |                    | 16,40,54,457           | 16,60,56,317            |
| Other Income  | 10       |                    | 66,07,407              | 10,03,05,893            |
|   |          |                    | <u>17,06,61,864</u>    | <u>26,63,62,210</u>     |
| <b>EXPENDITURE</b>  |          |                    |                        |                         |
| Staff Expenses  | 11       |                    | 9,00,79,867            | 7,69,84,249             |
| Interest  | 12       |                    | 30,300                 | 3,028                   |
| Administrative and Other Expenses   | 13       |                    | 3,05,18,098            | 4,14,69,174             |
| Depreciation and Amortisation   | 3        |                    | 23,18,620              | 8,93,489                |
|   |          |                    | <u>12,29,46,885</u>    | <u>11,93,49,940</u>     |
| <b>PROFIT BEFORE TAX</b>  |          |                    | 4,77,14,979            | 14,70,12,270            |
| Provision for Tax   |          |                    |                        |                         |
| – Current   |          | 1,51,00,000        |                        | 5,03,00,000             |
| – Deferred (See Note 13)  |          | <u>(13,10,000)</u> | <u>1,37,90,000</u>     | <u>(10,77,000)</u>      |
|   |          |                    | 1,37,90,000            | 4,92,23,000             |
| <b>PROFIT AFTER TAX</b>   |          |                    | 3,39,24,979            | 9,77,89,270             |
| Balance Brought forward from previous year  |          |                    | <u>3,82,04,147</u>     | <u>2,03,90,804</u>      |
| <b>Profit Available for Appropriation</b>   |          |                    | <u>7,21,29,126</u>     | <u>11,81,80,074</u>     |
| Appropriations:   |          |                    |                        |                         |
| General Reserve   |          |                    | 33,92,498              | 97,78,927               |
| Interim Dividend paid   |          |                    | 2,00,00,000            | 6,00,00,000             |
| Dividend Distribution Tax   |          |                    | 33,21,750              | 1,01,97,000             |
| Balance Carried to the Balance Sheet  |          |                    | <u>4,54,14,878</u>     | <u>3,82,04,147</u>      |
| Earnings Per Share (Face Value ₹ 10 per share) (See Note 10)<br>(Basic and Diluted) |          |                    | 33.92                  | 97.79                   |
| Notes forming part of the Accounts  | 14       |                    |                        |                         |
| Significant Accounting Policies   | 15       |                    |                        |                         |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 13, 2011

Directors  
**Renu Sud Karnad**  
**V. Srinivasa Rangan**  
**M. Ramabhadran**

## Cash Flow Statement for the year ended March 31, 2011

|  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                              |                        |                         |
| Profit before taxation and extra ordinary items                            | 4,77,14,979            | 14,70,12,270            |
| Add / (Less) Adjustment for:   |                        |                         |
| Depreciation   | 23,18,620              | 8,93,489                |
| Dividend Income  | (49,20,473)            | (35,51,252)             |
| Profit on Sale of Investment   | (6,94,300)             | (11,30,186)             |
| Interest on Fixed Deposit  | (2,34,160)             | (2,86,156)              |
| Profit on Sale of Fixed Assets   | (1,51,702)             | (1,27,089)              |
| Provision for Retirement Benefits  | 22,65,547              | 32,63,433               |
| Exchange difference on Cash and Cash Equivalent                            | (1,642)                | —                       |
| Operating profit before working capital changes                            | 4,62,96,869            | 14,60,74,509            |
| (Increase)/ Decrease in Current Assets                                     | 29,68,868              | (48,33,066)             |
| Increase/ (Decrease) in Current Liabilities                                | (3,39,97,987)          | (12,56,838)             |
| Cash Generated from Operations   | 1,52,67,750            | 13,99,84,605            |
| Taxes Paid   | (1,60,07,514)          | (4,71,07,186)           |
| Net cash from/(used in) Operating Activities                               | (7,39,764)             | 9,28,77,419             |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                              |                        |                         |
| Purchase Fixed Assets (including Capital Work In Progress)                 | (76,07,538)            | (13,26,219)             |
| Sale of Fixed Assets   | 4,50,000               | 6,00,000                |
| Purchase of Investments  | (29,20,21,820)         | (60,73,95,755)          |
| Proceeds from Sale of Investments  | 29,27,16,118           | 60,85,25,941            |
| Dividend Income  | 49,20,473              | 35,51,252               |
| Interest on Fixed Deposit  | 1,93,064               | 2,11,980                |
| Net cash from/(used in) Investing Activities                               | (13,49,703)            | 41,67,199               |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                              |                        |                         |
| Dividend paid  | (2,00,00,000)          | (6,00,00,000)           |
| Dividend Distribution tax  | (33,21,750)            | (1,01,97,000)           |
| Net cash used in Financing Activities                                      | (2,33,21,750)          | (7,01,97,000)           |
| Net (Decrease)/Increase in cash and cash equivalents                       | (2,54,11,216)          | 2,68,47,618             |
| Cash and Cash equivalents at the beginning of the year (As per Schedule 6) | 10,59,42,839           | 7,90,95,221             |
| Cash and Cash equivalents at the end of the year (As per Schedule 6)       | 8,05,33,265            | 10,59,42,839            |
| Exchange difference on Cash and Cash Equivalent                            | (1,642)                | —                       |
|  | (2,54,11,216)          | 2,68,47,618             |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 13, 2011

Directors  
**Renu Sud Karnad**  
**V. Srinivasa Rangan**  
**M. Ramabhadran**

## Schedules

### Annexed to and forming part of the Accounts

#### Schedule 1

##### SHARE CAPITAL

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| AUTHORISED   |                                   |                                   |
| 10,00,000 Equity Shares of ₹ 10 each   | <u>1,00,00,000</u>                | <u>1,00,00,000</u>                |
| ISSUED, SUBSCRIBED AND PAID-UP   |                                   |                                   |
| 10,00,000 Equity Shares of ₹ 10 each   | <u>1,00,00,000</u>                | <u>1,00,00,000</u>                |
| (All the above shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees) |                                   |                                   |

#### Schedule 2

##### RESERVES AND SURPLUS

|   | Rupees           | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|------------------|-----------------------------------|-----------------------------------|
| GENERAL RESERVE                             |                  |                                   |                                   |
| Opening Balance                             | 1,43,57,274      |                                   | 45,78,347                         |
| Add : Transfer from Profit and Loss Account | <u>33,92,498</u> |                                   | <u>97,78,927</u>                  |
|   |                  | 1,77,49,772                       | 1,43,57,274                       |
| Profit and Loss Account                     |                  | <u>4,54,14,878</u>                | <u>3,82,04,147</u>                |
|   |                  | <u>6,31,64,650</u>                | <u>5,25,61,421</u>                |

#### Schedule 3

##### FIXED ASSETS

|                        | GROSS BLOCK                          |                     |                      |                                      | DEPRECIATION / AMORTISATION          |                           |                     |                                      | NET BLOCK                            |                                      |
|------------------------|--------------------------------------|---------------------|----------------------|--------------------------------------|--------------------------------------|---------------------------|---------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                        | As at<br>March 31,<br>2010<br>Rupees | Additions<br>Rupees | Deductions<br>Rupees | As at<br>March 31,<br>2011<br>Rupees | As at<br>March 31,<br>2010<br>Rupees | For the<br>year<br>Rupees | Deduction<br>Rupees | As at<br>March 31,<br>2011<br>Rupees | As at<br>March 31,<br>2011<br>Rupees | As at<br>March 31,<br>2010<br>Rupees |
| <b>TANGIBLE</b>        |                                      |                     |                      |                                      |                                      |                           |                     |                                      |                                      |                                      |
| Computers              | 11,19,211                            | 1,94,185            | —                    | 13,13,396                            | 9,51,552                             | 1,47,645                  | —                   | 10,99,197                            | 2,14,199                             | 1,67,659                             |
| Leasehold Improvements | 2,69,078                             | 4,67,805            | —                    | 7,36,883                             | 36,681                               | 2,14,108                  | —                   | 2,50,789                             | 4,86,094                             | 2,32,397                             |
| Furniture & Fixtures   | 6,031                                | —                   | —                    | 6,031                                | 1,092                                | 894                       | —                   | 1,986                                | 4,045                                | 4,939                                |
| Office Equipments      | 21,46,860                            | 1,56,429            | 10,750               | 22,92,539                            | 6,90,318                             | 2,44,391                  | —                   | 9,34,709                             | 13,57,830                            | 14,56,542                            |
| Motor Car              | 9,53,243                             | 62,65,490           | 9,53,243             | 62,65,490                            | 6,65,695                             | 16,22,135                 | 6,65,695            | 16,22,135                            | 46,43,355                            | 2,87,548                             |
|                        | <u>44,94,423</u>                     | <u>70,83,909</u>    | <u>9,63,993</u>      | <u>1,06,14,339</u>                   | <u>23,45,338</u>                     | <u>22,29,173</u>          | <u>6,65,695</u>     | <u>39,08,816</u>                     | <u>67,05,523</u>                     | <u>21,49,085</u>                     |
| <b>INTANGIBLE</b>      |                                      |                     |                      |                                      |                                      |                           |                     |                                      |                                      |                                      |
| Computer Software      | 12,36,360                            | 3,11,129            | —                    | 15,47,489                            | 12,16,180                            | 89,447                    | —                   | 13,05,627                            | 2,41,862                             | 20,180                               |
|                        | <u>12,36,360</u>                     | <u>3,11,129</u>     | <u>—</u>             | <u>15,47,489</u>                     | <u>12,16,180</u>                     | <u>89,447</u>             | <u>—</u>            | <u>13,05,627</u>                     | <u>2,41,862</u>                      | <u>20,180</u>                        |
|                        | <u>57,30,783</u>                     | <u>73,95,038</u>    | <u>9,63,993</u>      | <u>1,21,61,828</u>                   | <u>35,61,518</u>                     | <u>23,18,620</u>          | <u>6,65,695</u>     | <u>52,14,443</u>                     | <u>69,47,385</u>                     | <u>21,69,265</u>                     |
|                        | <u>61,72,993</u>                     | <u>13,26,219</u>    | <u>17,68,429</u>     | <u>57,30,783</u>                     | <u>39,63,548</u>                     | <u>8,93,489</u>           | <u>12,95,519</u>    | <u>35,61,518</u>                     | <u>21,69,265</u>                     | <u>22,09,445</u>                     |

**Schedule 4****INVESTMENTS (At Cost)**

|   | No. of Units | Face Value<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|--------------|----------------------|-----------------------------------|-----------------------------------|
| <b>CURRENT : (Quoted, Non Trade)</b>                                |              |                      |                                   |                                   |
| <b>Mutual Funds</b>   |              |                      |                                   |                                   |
| HDFC FMP 13M October 2009 - Growth Series - XI                      | 10,00,000    | 10.00                | —                                 | 1,00,00,000                       |
| DSP BlackRock FMP 12M Series 8 Growth                               | 10,00,000    | 10.00                | 1,00,00,000                       | —                                 |
| Aggregate Repurchase Price of Investments in<br>Quoted Mutual Funds |              |                      |                                   |                                   |
| (₹ 1,02,57,900 ; Previous Year ₹ : 1,03,01,200)                     |              |                      | <u>1,00,00,000</u>                | <u>1,00,00,000</u>                |

**Schedule 5****SUNDRY DEBTORS**

(Unsecured, considered good, less than six months)

|               | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---------------|-----------------------------------|-----------------------------------|
| Advisory Fees | —                                 | 36,24,724                         |
|               | —                                 | 36,24,724                         |

**Schedule 6****CASH AND BANK BALANCES**

|                                | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--------------------------------|-----------------------------------|-----------------------------------|
| Cash on Hand                   | 94,972                            | 37,013                            |
| Balance with Scheduled Banks : |                                   |                                   |
| — In Current Account           | 54,38,293                         | 60,05,826                         |
| — In Deposit Accounts          | 7,50,00,000                       | 9,99,00,000                       |
|                                | <u>8,05,33,265</u>                | <u>10,59,42,839</u>               |

**Schedule 7****LOANS AND ADVANCES**

(Unsecured, considered good)

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Advance Payment of Income Tax (Net of Provision)                   | 52,21,060                         | 67,27,273                         |
| Advance Payment of Fringe Benefit Tax (Net of Provision)           | 14,792                            | 14,792                            |
| Advance recoverable in cash or in kind or for value to be received | 64,15,405                         | 56,85,374                         |
| Interest Accrued on Fixed Deposits with Banks                      | 41,096                            | 74,176                            |
|  | <u>1,16,92,353</u>                | <u>1,25,01,615</u>                |

**Schedule 8****CURRENT LIABILITIES**

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Sundry Creditors (Other than Micro and Small Enterprises) (See Note 2) | 2,52,32,789                       | 2,51,28,235                       |
| Advance Advisory Fees  | —                                 | 3,68,16,633                       |
| Other Liabilities  | 29,08,466                         | 2,24,375                          |
|  | <u>2,81,41,255</u>                | <u>6,21,69,243</u>                |

**Schedule 9****PROVISIONS**

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| For Income Tax (Net of Advance Tax)         | 5,93,463                          | 30,07,191                         |
| For Wealth Tax                              | 30,000                            | —                                 |
| For Fringe Benefit Tax (Net of Advance Tax) | 44,950                            | 44,950                            |
| For Retirement Benefits (See Note 8)        | 1,20,91,185                       | 98,25,638                         |
|   | <u>1,27,59,598</u>                | <u>1,28,77,779</u>                |

**Schedule 10****OTHER INCOME**

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| Dividend on Current Investment  | 49,20,473              | 35,51,252               |
| Brokerage Income<br>(TDS : Nil; Previous Year ₹ 1,05,00,000)                      | —                      | 9,51,94,923             |
| Interest on Fixed Deposits with Banks<br>(TDS : ₹ 21,411; Previous Year ₹ 30,769) | 2,34,160               | 2,86,156                |
| Profit on Sale of Fixed Assets (Net)  | 1,51,702               | 1,27,089                |
| Profit on Sale of Current Investments (Net)                                       | 6,94,300               | 11,30,186               |
| Miscellaneous   | —                      | 16,287                  |
| Exchange Gain   | 6,06,772               | —                       |
|   | <u>66,07,407</u>       | <u>10,03,05,893</u>     |

**Schedule 11****STAFF EXPENSES**

|                                | Current Year<br>Rupees | Previous Year<br>Rupees |
|--------------------------------|------------------------|-------------------------|
| Salaries and Allowances        | 8,30,73,081            | 7,19,11,751             |
| Gratuity                       | 17,57,180              | 15,47,664               |
| Contribution to Provident Fund | 26,19,656              | 22,02,898               |
| Staff Welfare Expenses         | 26,29,950              | 13,21,936               |
|                                | <u>9,00,79,867</u>     | <u>7,69,84,249</u>      |

**Schedule 12****INTEREST**

|        | Current Year<br>Rupees | Previous Year<br>Rupees |
|--------|------------------------|-------------------------|
| Others | 30,300                 | 3,028                   |
|        | <u>30,300</u>          | <u>3,028</u>            |

**Schedule 13****ADMINISTRATIVE AND OTHER EXPENSES**

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| Auditors' Remuneration (See Note 4)                                   | 3,00,628               | 3,02,990                |
| Business Development  | 3,71,363               | 2,95,117                |
| Brokerage Expenses  | —                      | 1,13,87,444             |
| Conference Fees   | 1,25,467               | 1,99,000                |
| Electricity (Net of Recovery of ₹ 1,09,483; Previous Year ₹ 45,129)   | 14,01,767              | 4,62,877                |
| Exchange Loss   | —                      | 10,89,170               |
| General Office Expenses   | 41,479                 | 3,80,037                |
| Miscellaneous Expenses  | 6,91,731               | 2,01,816                |
| Motor Car Expenses  | 10,22,265              | 11,67,203               |
| Printing and Stationery   | 3,29,559               | 1,30,518                |
| Professional Fees   | 33,40,408              | 25,78,890               |
| Profession Tax  | 2,000                  | 2,000                   |
| Appeal Fees   | —                      | 1,000                   |
| Rates and Taxes (Includes Wealth Tax ₹ 30,000; Previous Year : ₹ Nil) | 41,376                 | 34,14,953               |
| Rent  | 1,95,85,800            | 1,75,44,900             |
| Repairs and Maintenance Others  | 8,88,173               | 4,71,600                |
| Telecommunication   | 7,92,524               | 7,81,224                |
| Travelling Expenses   | 15,37,329              | 10,21,002               |
| Insurance   | 46,229                 | 37,433                  |
|   | <u>3,05,18,098</u>     | <u>4,14,69,174</u>      |

**Schedule 14****NOTES FORMING PART OF THE ACCOUNTS****1. Contingent Liability :**

Contingent Liability in respect of income-tax demand, disputed by the Company amounts to ₹ Nil (Previous Year ₹ 44,129).

**2. Sundry Creditors :**

There is no amount payable during the year by the Company to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006.

The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

**3. Capital Commitment :**

Estimated amount of contract remaining to be executed on capital account for computer software and not provided for (net of advances) is ₹ 2,12,500 (Previous Year : ₹ Nil).

**4. Auditors' Remuneration :**

| Particulars            | Current Year<br>Rupees | Previous Year<br>Rupees |
|------------------------|------------------------|-------------------------|
| Audit Fees             | 2,50,000               | 2,50,000                |
| Tax Audit              | 50,000                 | 50,000                  |
| Out of Pocket Expenses | 628                    | 2,990                   |
| <b>Total</b>           | <b>3,00,628</b>        | <b>3,02,990</b>         |

**5. Segment Reporting :**

The Company is primarily engaged in the investment advisory business in India. As such, there are no separate reportable segments, as per Accounting Standard on "Segment Reporting" (AS-17) notified under the Companies (Accounting Standards) Rules, 2006.

**6. Related Party Transactions :**

As per the Accounting Standard on "Related Party Disclosures" (AS-18) notified under the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

**Holding Company** : Housing Development Finance Corporation Limited

**Controlled by the Holding Company** : HDFC Property Fund - Scheme - IT Corridor Fund  
HDFC Investment Trust

**Fellow Subsidiaries** : HDFC ERGO General Insurance Company Limited  
(with whom there are transactions) HDFC Venture Capital Limited  
Griha Investments

**Key Management Personnel** : Mr. K. G. Krishnamurthy – Managing Director (upto 21<sup>st</sup> May 2010)



**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

| Particulars  | Holding Company Rupees       | Fellow Subsidiaries Rupees       | Controlled by the Holding Company Rupees | Key Management Personnel Rupees |
|--|------------------------------|----------------------------------|--|---------------------------------|
| <b>Income</b> Service Fees                           |                              | #2,10,00,000<br>(2,20,00,000)    |  |                                 |
| Advisory Fees  |                              | ^ 10,80,54,457<br>(10,90,56,317) | \$3,50,00,000<br>(3,50,00,000)           |                                 |
| <b>Expenditure</b> Rent                              | Nil<br>(93,84,150)           |                                  |  |                                 |
| Insurance Premium                                    |                              | @1,43,982<br>(1,05,153)          |  |                                 |
| Remuneration   |                              |                                  |  | 20,12,904<br>(2,25,00,000)      |
| Professional Fees                                    | 12,00,000<br>(9,29,240)      |                                  |  |                                 |
| Dividend   | 2,00,00,000<br>(6,00,00,000) |                                  |  |                                 |
| <b>Liabilities</b> Advisory fees received in advance |                              | ^ Nil<br>(3,67,15,410)           |  |                                 |
| Property Tax Payable                                 | Nil<br>(33,78,424)           |                                  |  |                                 |
| <b>Assets</b> Prepaid Expenses                       |                              | @65,702<br>(52,346)              |  |                                 |
| Receivable   |                              |                                  | \$Nil<br>(36,24,724)                     |                                 |

Note : Figures in Bracket indicate previous year figures

@ - HDFC ERGO General Insurance Company Limited

\$ - HDFC Investment Trust

# - HDFC Venture Capital Limited

^ - Griha Investments

#### 7. Dues from Companies under the Same Management under Section 370(1B) of the Companies Act, 1956

The maximum amount outstanding during the year due from Griha Investments was ₹ 7,00,38,342 (Previous Year ₹ 5,56,74,996) and the balance outstanding as on 31<sup>st</sup> March, 2011 is ₹ Nil (Previous Year ₹ Nil).

The maximum amount outstanding during the year due from HDFC Venture Capital Limited was ₹ 52,11,675 (Previous Year ₹ Nil) and the balance outstanding as on 31<sup>st</sup> March, 2011 is ₹ Nil (Previous Year ₹ Nil).

#### 8. Employee benefits

As required by Accounting Standard on "Employee Benefits" (AS-15), notified under the Companies (Accounting Standards) Rules, 2006, the following disclosures have been made:

- The Company has recognised ₹ 26,19,656 (Previous Year ₹ 22,02,898) in the Profit and Loss Account on account of Contribution to Provident Fund.

## Schedule 14 (Continued)

## NOTES FORMING PART OF THE ACCOUNTS

- b) Details of Company's unfunded post-retirement benefit plans for its employees are given below which is as certified by the actuary and relied upon by the auditors :

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| <b>Change in the Benefit Obligations :</b>  |                        |                         |
| Liability at the beginning of the year  | 30,50,720              | 15,03,056               |
| Interest Cost   | 3,55,965               | 2,12,067                |
| Current Service Cost  | 13,98,843              | 12,33,286               |
| Actuarial Loss  | 2,372                  | 1,02,311                |
| Liability at the end of the year  | 48,07,900              | 30,50,720               |
| <b>Amount Recognised in Balance Sheet :</b>   |                        |                         |
| Liability at the end of the year  | 48,07,900              | 30,50,720               |
| Fair Value of the plan at the end of the year                                       | —                      | —                       |
| Amount recognised in the Balance Sheet under<br>"Provision for Retirement Benefits" | 48,07,900              | 30,50,720               |
| <b>Expenses Recognised in the Profit and Loss Account :</b>                         |                        |                         |
| Current Service Cost  | 13,98,843              | 12,33,286               |
| Interest Cost   | 3,55,965               | 2,12,067                |
| Actuarial Loss  | 2,372                  | 1,02,311                |
| Expense recognised in the Profit and Loss<br>Account under "Staff Expenses"         | 17,57,180              | 15,47,664               |
| <b>Reconciliation of the Liability Recognised in the Balance Sheet :</b>            |                        |                         |
| Opening Net Liability   | 30,50,720              | 15,03,056               |
| Expense recognised  | 17,57,180              | 15,47,664               |
| Amount recognised in Balance Sheet under<br>"Provision for Retirement Benefits"     | 48,07,900              | 30,50,720               |

| Particulars                                 | 2010-11   | 2009-10   | 2008-09   | 2007-08  | 2006-07  |
|---|-----------|-----------|-----------|----------|----------|
| Present Value of defined benefit obligation | 48,07,900 | 30,50,720 | 15,03,056 | 2,77,465 | 1,61,212 |
| Experience Adjustment on Liability          | 1,15,584  | 1,84,004  | (10,267)  |          |          |

## Principal Assumptions :

|                        | Current Year % | Previous Year % |
|------------------------|----------------|-----------------|
| Discount Rate          | 8.25           | 8               |
| Salary Escalation Rate | 6              | 6               |
| Attrition Rate         | 2              | 2               |

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS****9. Managerial Remuneration :**

Remuneration to the Managing Director for the period 1<sup>st</sup> April, 2010 to 21<sup>st</sup> May, 2010 is as under :

| Particulars                    | Current Year<br>Rupees | Previous Year<br>Rupees |
|--------------------------------|------------------------|-------------------------|
| Salary and Allowances          | 19,24,839              | 2,16,14,312             |
| Contribution to Provident Fund | 88,065                 | 6,30,000                |
| Perquisites                    | —                      | 2,55,688                |

The above does not include provision for Gratuity and Leave Encashment.

**10. Earnings Per Share :**

In accordance with the Accounting Standard on "Earnings Per Share" (AS-20), notified under the Companies (Accounting Standards) Rules, 2006:

| Particulars   | Current Year | Previous Year |
|---|--------------|---------------|
| (a) Profit for the year after Taxation [ ₹ ]                    | 3,39,24,979  | 9,77,89,270   |
| (b) Weighted average Number of Equity Shares Outstanding        | 10,00,000    | 10,00,000     |
| (c) Earnings Per Share [ ₹ ]<br>(a) / (b) { Basic and Diluted } | 33.92        | 97.79         |

**11. (i) Earnings in Foreign Currency (On Cash basis) :**

| Particulars           | Current Year<br>Rupees | Previous Year<br>Rupees |
|-----------------------|------------------------|-------------------------|
| Advisory & other fees | 7,19,44,177            | 10,52,33,076            |

**(ii) Expenditure in Foreign Currency (Cash Basis) :**

| Particulars               | Current Year<br>Rupees | Previous Year<br>Rupees |
|---------------------------|------------------------|-------------------------|
| Travelling                | 30,101                 | 1,62,840                |
| Membership & Subscription | 3,21,613               | —                       |
| Staff Welfare Expenses    | 5,35,679               | —                       |
| Professional Fees         | 1,07,010               | —                       |
| Others                    | 1,654                  | 3,569                   |
| <b>Total</b>              | <b>9,96,057</b>        | <b>1,66,409</b>         |

**Schedule 14 (Continued)****NOTES FORMING PART OF THE ACCOUNTS****12. Lease Obligations :**

In accordance with the Accounting Standard on "Leases" (AS -19), notified under the Companies (Accounting Standards) Rules, 2006, details of future lease payments under non cancellable operating lease are as under ;

| Sr. No. | Particulars   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---------|---|------------------------|-------------------------|
| 1       | Not later than one year                                 | 1,95,85,800            | 1,95,85,800             |
| 2       | Later than one year but not later than five years       | 1,14,25,050            | 3,10,10,850             |
| 3       | Later than five years                                   | Nil                    | Nil                     |
| 4       | Amount charged to Profit & Loss Account during the year | 1,95,85,800            | 81,60,750               |

**13. Deferred Tax Asset :**

In compliance with the Accounting Standard on "Accounting for Taxes on Income" (AS-22) notified under the Companies (Accounting Standards) Rules, 2006, the Company has credited an amount of ₹ 13,10,000 (Previous Year ₹ 10,77,000) in the Profit and Loss Account towards Deferred Tax Asset.

The components of deferred tax assets are :

| Particulars |                      | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------|----------------------|-----------------------------------|-----------------------------------|
| a)          | Depreciation         | 6,65,000                          | 3,76,000                          |
| b)          | Preliminary Expenses | —                                 | 14,000                            |
| c)          | Retirement Benefits  | 40,15,000                         | 29,80,000                         |
|             | <b>Total</b>         | <b>46,80,000</b>                  | <b>33,70,000</b>                  |

**14. Previous Year Comparatives :**

The previous year's figures have been regrouped/rearranged, wherever necessary.

**Schedule 15****SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention :**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period.

Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**2. Revenue Recognition :**

Advisory and other fees are accrued in accordance with the agreement.

Dividend Income is recognised on the basis of right to receive.

Interest Income is recognised on accrual basis.

## Schedule 15 (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

#### 3. Fixed Assets :

Fixed Assets are capitalised at cost inclusive of legal and/or installation expenses.

#### 4. Intangible Assets :

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing it to its working condition, less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to revenue account.

#### 5. Depreciation :

Depreciation on all Fixed Assets other than Leasehold improvements is provided for the full year in respect of assets acquired during the year. No depreciation is provided in the year of sale.

In respect of Leasehold improvements depreciation is provided on pro rata basis from the date of installation/acquisition.

Depreciation on Fixed Assets is provided on written down value basis at the rates prescribed in Schedule XIV of the Companies Act, 1956 except for certain cases, where based on the Management's estimate of the useful lives of the assets, depreciation is provided on straight line method as mentioned below:

| CLASS OF FIXED ASSETS           | RATE OF DEPRECIATION (Straight Line Method) (%) |
|---------------------------------|---|
| Computers and Computer Software | 25  |
| Leasehold Improvements          | Over the primary period of the Lease            |

#### 6. Transactions in Foreign Currency :

Transactions in foreign currency are accounted for at the rates prevailing on the date of the transaction. Premium or discount on forward exchange contracts is amortised over the life of the contract.

Foreign currency denominated monetary assets & liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance sheet.

Exchange differences arising on settlement of foreign currency transactions or restatement of foreign currency denominated monetary assets & liabilities are recognised in the Profit & Loss account.

#### 7. Employee Benefits :

##### Provident Fund :-

The Company's contributions paid / payable during the year towards Provident Fund are charged to Profit & Loss Account every year. These Funds are recognised by the Income-tax authorities.

##### Gratuity and Leave Encashment :-

The net present value of the Company's obligation towards gratuity and leave encashment is actuarially determined based in the projected unit credit method. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

#### 8. Leases :

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**Schedule 15 (Continued)****SIGNIFICANT ACCOUNTING POLICIES****9. Investments :**

Current investments are valued at lower of cost or fair value.

**10. Income Tax :**

The accounting treatment for Income Tax in respect of the Company is based on the Accounting Standard on "Accounting for Taxes on Income" (AS-22) notified under the Companies (Accounting Standards) Rules, 2006. The provision made for Income Tax in the Accounts comprises of the current tax and deferred tax. The deferred tax assets and liabilities for the year arising on account of timing differences, are recognised in the Profit and Loss Account; and the cumulative effect thereof is reflected in the Balance Sheet. The major components of the respective balance of the deferred tax assets and liabilities are disclosed in the Accounts.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No. 165539

State Code 111

Balance Sheet Date 31 3 2011

**II. Capital Raised during the year : (Amount in ₹ '000)**

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ '000)**

Total Liabilities

114066

Total Assets

114066

**SOURCES OF FUNDS**

Paid-up Capital

10000

Reserves and Surplus

63165

Secured Loans

NIL

Unsecured Loans

NIL

**APPLICATION OF FUNDS**

Net Fixed Assets

7160

Investments

10000

Net Current Assets

51325

Miscellaneous Expenditure

NIL

Deferred Tax Asset

4680

**IV. Performance of the Company (Amount in ₹ '000)**

Total Income

170662

Total Expenditure

122947

Profit/(Loss) Before Tax

47715

Profit After Tax

33925

Earnings per Share (in ₹)

33.92

Dividend %

200

**V. Generic Names of Principal Services of the Company: (as per monetary terms)**

Item Code No. (ITC Code) NIL

Product Description ADVISORY SERVICES

# HDFC Ventures Trustee Company Limited

A Wholly owned Subsidiary of Housing Development Finance Corporation Limited





## Board of Directors

Mr. S. N. Shroff

Mr. R. Anandathirtha  
(upto the close of business hours  
on December 14, 2010)

Mr. Sunil Shaligram

Ms. Sonal Modi  
(w.e.f. December 14, 2010)

### Auditors

Deloitte Haskins & Sells  
Chartered Accountants

### Bankers

HDFC Bank Ltd.

### Registered Office

Ramon House,  
H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Tel. No. : 022-6631 6190  
Fax No. : 022-2282 9673

## Directors' Report

### TO THE MEMBERS

Your directors are pleased to present the Seventh Annual Report of your Company with the audited accounts for the year ended March 31, 2011.

### Financial Results

|  | For the year<br>ended<br>March 31, 2011<br>(Rupees) | For the year<br>ended<br>March 31, 2010<br>(Rupees) |
|--|---|---|
| Profit before Tax                            | 38,40,309   | 38,28,450   |
| Provision for Tax                            | 11,00,000   | 11,72,495   |
| Profit after Tax                             | 27,40,309   | 26,55,955   |
| Profit brought forward from previous year    | 40,37,650   | 22,30,341   |
| Profit after tax available for appropriation | 67,77,959   | 48,86,296   |
| Appropriations:                              |   |   |
| General Reserve                              | 2,74,031  | 2,65,596  |
| Proposed Dividend (at ₹ 20 per equity share) | 10,00,000   | 5,00,000  |
| Interim Dividend                             | —   | —   |
| Additional Tax on Dividend                   | 1,62,225  | 83,050  |
| Balance carried to Balance Sheet             | 53,41,703   | 40,37,650   |

### Dividend

Your directors recommend payment of dividend for the year ended March 31, 2011 of ₹ 20 per equity share (previous year ₹ 10 per equity share).

### Review of Operations

Your Company has reported a profit after tax of ₹ 27.40 lacs during the year. Your Company is the Trustee to HDFC Property Fund (HPF), which is registered as a Venture Capital Fund with Securities and Exchange Board of India (SEBI). HPF has the following two schemes:

- ❑ HDFC India Real Estate Fund (HI-REF); and
- ❑ HDFC IT Corridor Fund

Your Company is also a Trustee to HDFC Investment Trust, a trust established by Housing Development Finance Corporation Limited (HDFC) for making investments in companies engaged in

construction of development projects in India.

#### Scheme HI-REF

Scheme HI-REF has been fully committed and the entire corpus of ₹ 1,000 crores of the capital commitment had been drawn down as at March 31, 2011. Exits are being made for the investments of the Scheme. During the year, the Scheme fully exited from one investment and made partial exits from two other investments.

#### Scheme IT Corridor

The Scheme has a corpus of ₹ 464.40 crores having been invested in rental income yielding commercial properties spread across 4 major Indian cities. With further hardening of interest rates during the year and increase in supply of commercial properties, the property valuation of existing properties continued to remain subdued. Exits are

being explored for the investments of the Scheme.

### Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as at March 31, 2011.

### Particulars of Employees' Remuneration

Your Company had no employees on its payroll as at March 31, 2011. The provisions of Section 217(2A) of the Companies Act, 1956 are consequently not applicable.

### Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Since the Company does not own any manufacturing facility and has no dealings in foreign exchange, the particulars stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are consequently not applicable.

### Directors

During the year under review, the board met six times. The meetings were held on April 13, 2010, May 20, 2010, July 19, 2010, September 21, 2010, December 14, 2010 and March 8, 2011.

Mr. R. Anandathirtha resigned as a director of the Company with effect from the close of business hours on December 14, 2010. Mr. R. Anandathirtha has been a director of the Company since its inception. The board wishes to place on record its appreciation for the services rendered by him during his tenure as a director of the Company.

The Board of Directors of the Company appointed Ms. Sonal Modi as an additional director of the Company with effect from December 14, 2010. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of

the Company, Ms. Sonal Modi holds office as such up to the date of the ensuing Annual General Meeting (AGM). The Company has received a notice from a Member under the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Ms. Sonal Modi as a director of the Company, along with a deposit of ₹ 500 as required under the said Act.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S. N. Shroff retires by rotation at the ensuing AGM. He is eligible for re-appointment.

The necessary resolutions for the appointment / re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM.

None of the directors of the Company are disqualified from being appointed as directors as specified in Section 274(1)(g) of the Companies Act, 1956.

### Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having registration number 117365W and statutory auditors of the Company, retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### Directors' Responsibility Statement

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

(i) In the preparation of the accounts, the

applicable accounting standards have been followed;

(ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2011 and of the profit of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts of the Company have been prepared on a going concern basis.

### Acknowledgements

Your directors would like to acknowledge and express their gratitude for the continued support received from the investors and bankers. The directors also appreciate the continued guidance received from various statutory/regulatory authorities including SEBI, Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies, Maharashtra and the Depositories.

Your directors also acknowledge the faith reposed in HDFC Property Fund by its investors and look forward to their continued support.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of HDFC Property Ventures Limited whose professionalism has ensured excellent all-round performance.

On behalf of the Board of Directors

S. N. SHROFF  
MUMBAI  
April 13, 2011

SUNIL SHALIGRAM  
Directors

## Auditors' Report

### TO THE MEMBERS OF HDFC VENTURES TRUSTEE COMPANY LIMITED

1. We have audited the attached Balance Sheet of HDFC VENTURES TRUSTEE COMPANY LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in

terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the

Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

MUMBAI  
April 13, 2011

Z. F. Billimoria  
Partner  
(Membership No. 42791)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses (i), (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xv), (xvi), (xvii), (xviii), (xix), (xx) of CARO are not applicable.

(ii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(iv) To the best of our knowledge and belief and according to the information

and explanations given to us, there were no controls or arrangements which needed to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

(v) During the year, no internal audit was undertaken.

(vi) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Income-tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

(vii) Based on our examination of the records and evaluations of the related

internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in mutual fund investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.

(viii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

MUMBAI  
April 13, 2011

Z. F. Billimoria  
Partner  
(Membership No. 42791)

## Balance Sheet as at March 31, 2011

|                                    | Schedule | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|------------------------------------|----------|-----------------------------------|-----------------------------------|
| <b>SOURCES OF FUNDS</b>            |          |                                   |                                   |
| SHAREHOLDERS' FUND                 |          |                                   |                                   |
| Share Capital                      | 1        | 5,00,000                          | 5,00,000                          |
| Reserves and Surplus               | 2        | 61,59,943                         | 45,81,859                         |
|                                    |          | <u>66,59,943</u>                  | <u>50,81,859</u>                  |
| <b>APPLICATION OF FUNDS</b>        |          |                                   |                                   |
| CURRENT ASSETS, LOANS AND ADVANCES |          |                                   |                                   |
| Cash and Bank Balances             | 3        | 85,31,793                         | 43,78,176                         |
| Loans and Advances                 | 4        | 1,55,177                          | 21,46,726                         |
|                                    |          | <u>86,86,970</u>                  | <u>65,24,902</u>                  |
| Less :                             |          |                                   |                                   |
| CURRENT LIABILITIES AND PROVISIONS |          |                                   |                                   |
| Current Liabilities                | 5        | 7,73,998                          | 7,62,426                          |
| Provisions                         | 6        | 12,53,029                         | 6,80,617                          |
|                                    |          | <u>20,27,027</u>                  | <u>14,43,043</u>                  |
| NET CURRENT ASSETS                 |          | <u>66,59,943</u>                  | <u>50,81,859</u>                  |
|                                    |          | <u>66,59,943</u>                  | <u>50,81,859</u>                  |
| Notes forming part of the Accounts | 9        |                                   |                                   |
| Significant Accounting Policies    | 10       |                                   |                                   |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 13, 2011

Directors  
**S. N. Shroff**  
**Sunil Shaligram**  
**Sonal Modi**

## Profit and Loss Account for the year ended March 31, 2011

|   | Schedule | Rupees    | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|----------|-----------|------------------------|-------------------------|
| <b>INCOME</b>   |          |           |                        |                         |
| Trusteeship Fees  |          |           | 39,21,032              | 39,21,032               |
| Other Income  | 7        |           | 3,03,616               | 1,65,698                |
|   |          |           | <u>42,24,648</u>       | <u>40,86,730</u>        |
| <b>EXPENDITURE</b>  |          |           |                        |                         |
| Administrative and Other Expenses                           | 8        |           | 3,84,339               | 2,58,280                |
|   |          |           | <u>3,84,339</u>        | <u>2,58,280</u>         |
| <b>PROFIT BEFORE TAX</b>                                    |          |           | 38,40,309              | 38,28,450               |
| Provision for Tax   |          |           |                        |                         |
| – Current   |          | 11,00,000 |                        | 11,33,000               |
| – Deferred (See Note 5)                                     |          | —         |                        | 39,495                  |
|   |          |           | <u>11,00,000</u>       | <u>11,72,495</u>        |
| <b>PROFIT AFTER TAX</b>                                     |          |           | 27,40,309              | 26,55,955               |
| Balance Brought forward from previous year                  |          |           | 40,37,650              | 22,30,341               |
| <b>Profit Available for Appropriation</b>                   |          |           | <u>67,77,959</u>       | <u>48,86,296</u>        |
| Appropriations :  |          |           |                        |                         |
| General Reserve   |          |           | 2,74,031               | 2,65,596                |
| Proposed Dividend   |          |           | 10,00,000              | 5,00,000                |
| Tax on Proposed Dividend                                    |          |           | 1,62,225               | 83,050                  |
| Balance Carried to the Balance Sheet                        |          |           | <u>53,41,703</u>       | <u>40,37,650</u>        |
| Earnings Per Share (Face Value ₹ 10 per share) (See Note 4) |          |           | 54.81                  | 53.12                   |
| (Basic and Diluted)   |          |           |                        |                         |
| Notes forming part of the Accounts                          | 9        |           |                        |                         |
| Significant Accounting Policies                             | 10       |           |                        |                         |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 13, 2011

Directors  
**S. N. Shroff**  
**Sunil Shaligram**  
**Sonal Modi**

## Cash Flow Statement for the year ended March 31, 2011

|  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                              |                        |                         |
| Profit before taxation and extra ordinary items                            | 38,40,309              | 38,28,450               |
| Adjustment for :   |                        |                         |
| Dividend on Current Investment   | (2,98,161)             | (1,63,931)              |
| Interest on Fixed Deposit with Bank  | (5,455)                | (1,767)                 |
| Operating profit before working capital changes                            | 35,36,693              | 36,62,752               |
| (Increase)/ Decrease in Current Assets                                     | 19,94,039              | (19,96,989)             |
| Increase / (Decrease) in Current Liabilities                               | 11,572                 | (9,962)                 |
| Cash Generated from Operations   | 55,42,304              | 16,55,801               |
| Income tax paid  | (11,09,253)            | (11,14,921)             |
| Net cash from Operating activities   | 44,33,051              | 5,40,880                |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                              |                        |                         |
| Purchase of Investments  | (1,32,48,690)          | (1,35,42,718)           |
| Proceeds from Sale of Investments  | 1,32,48,690            | 1,35,42,718             |
| Dividend on Current Investment   | 2,98,161               | 1,63,931                |
| Interest on Fixed Deposit with Bank  | 5,455                  | 1,767                   |
| Net cash from Investing activities   | 3,03,616               | 1,65,698                |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                              |                        |                         |
| Dividend Paid  | (5,00,000)             | —                       |
| Dividend Tax Paid  | (83,050)               | —                       |
| Net cash used in financing activities                                      | (5,83,050)             | —                       |
| Net Increase in cash and cash equivalents                                  | 41,53,617              | 7,06,578                |
| Cash and Cash equivalents at the beginning of the year (as per Schedule 3) | 43,78,176              | 36,71,598               |
| Cash and Cash equivalents at the end of the year (as per Schedule 3)       | 85,31,793              | 43,78,176               |
|  | 41,53,617              | 7,06,578                |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, April 13, 2011

Directors  
**S. N. Shroff**  
**Sunil Shaligram**  
**Sonal Modi**

## Schedules

Annexed to and forming part of the Accounts

### Schedule 1

#### SHARE CAPITAL

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| AUTHORISED   |                                   |                                   |
| 1,00,000 Equity Shares of ₹ 10 each  | <u>10,00,000</u>                  | <u>10,00,000</u>                  |
| ISSUED, SUBSCRIBED AND PAID-UP   |                                   |                                   |
| 50,000 Equity Shares of ₹ 10 each  | <u>5,00,000</u>                   | <u>5,00,000</u>                   |
| (All the shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees) |                                   |                                   |

### Schedule 2

#### RESERVES AND SURPLUS

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| GENERAL RESERVE                            |                                   |                                   |
| Opening Balance                            | 5,44,209                          | 2,78,613                          |
| Add: Transfer from Profit and Loss Account | <u>2,74,031</u>                   | <u>2,65,596</u>                   |
|  | 8,18,240                          | 5,44,209                          |
| Balance in Profit and Loss Account         | <u>53,41,703</u>                  | <u>40,37,650</u>                  |
|  | <u>61,59,943</u>                  | <u>45,81,859</u>                  |

### Schedule 3

#### CASH AND BANK BALANCES

|                               | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------------------------|-----------------------------------|-----------------------------------|
| Cash on Hand                  | 328                               | 1,507                             |
| Balance with Scheduled Bank : |                                   |                                   |
| – In Current Account          | 10,31,465                         | 3,76,669                          |
| – In Deposit Account          | <u>75,00,000</u>                  | <u>40,00,000</u>                  |
|                               | <u>85,31,793</u>                  | <u>43,78,176</u>                  |

### Schedule 4

#### LOANS AND ADVANCES

(Unsecured, considered good)

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Advance Payment of Income Tax (Net of Provision)                   | 1,27,594                          | 1,25,104                          |
| Advance Payment of Fringe Benefit Tax (Net of Provision)           | 11,220                            | 11,220                            |
| Advance recoverable in cash or in kind or for value to be received | 14,360                            | 20,08,923                         |
| Accrued Interest on Fixed Deposit with Bank                        | <u>2,003</u>                      | <u>1,479</u>                      |
|  | <u>1,55,177</u>                   | <u>21,46,726</u>                  |



### Schedule 5

#### CURRENT LIABILITIES

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Sundry Creditors - (Other than Micro and Small Enterprises) (See Note 6) | 1,19,124                          | 1,09,197                          |
| Advance Fees received  | 6,41,096                          | 6,41,096                          |
| Other Liabilities  | 13,778                            | 12,133                            |
|  | <u>7,73,998</u>                   | <u>7,62,426</u>                   |

### Schedule 6

#### PROVISIONS

|                                     | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------------------------------|-----------------------------------|-----------------------------------|
| For Income Tax (Net of Advance Tax) | 90,804                            | 97,567                            |
| Proposed Dividend                   | 10,00,000                         | 5,00,000                          |
| Tax on Proposed Dividend            | 1,62,225                          | 83,050                            |
|                                     | <u>12,53,029</u>                  | <u>6,80,617</u>                   |

### Schedule 7

#### OTHER INCOME

|  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| Dividend on Current Investment   | 2,98,161               | 1,63,931                |
| Interest on Fixed Deposit with Bank<br>(TDS : ₹ Nil ; Previous Year : ₹ Nil) | 5,455                  | 1,767                   |
|  | <u>3,03,616</u>        | <u>1,65,698</u>         |

### Schedule 8

#### ADMINISTRATIVE AND OTHER EXPENSES

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| Professional Fees   | 80,350                 | 32,000                  |
| Auditors' Remuneration (See Note 2)   | 1,10,000               | 1,10,000                |
| Directors' Sitting Fees   | 1,70,000               | 1,10,000                |
| Printing & Stationery   | 17,850                 | 2,990                   |
| Profession Tax  | 2,000                  | 2,000                   |
| Miscellaneous Expenses  | 4,139                  | 1,290                   |
| ((Net off) /Includes Exchange Gain (₹ 30.75) ; Previous Year Exchange Loss: ₹ 28) |                        |                         |
|   | <u>3,84,339</u>        | <u>2,58,280</u>         |

**Schedule 9****NOTES FORMING PART OF THE ACCOUNTS****1. Segment Reporting :**

The Company is primarily engaged in providing trust services in India. As such, there are no separate reportable segments, as per Accounting Standard on "Segment Reporting" (AS-17) notified under the Companies (Accounting Standards) Rules, 2006.

**2. Auditors' Remuneration :**

| Particulars   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---------------|------------------------|-------------------------|
| Audit Fees    | 1,00,000               | 1,00,000                |
| Other Matters | 10,000                 | 10,000                  |
| <b>Total</b>  | <b>1,10,000</b>        | <b>1,10,000</b>         |

**3. Related Party Transactions :**

As per the Accounting Standard on "Related Party Disclosures" (AS-18) notified under the Companies (Accounting Standards) Rules, 2006, the related parties of the Company during the year are as follows:

**Holding Company:** Housing Development Finance Corporation Limited.

**Controlled by the Holding Company:** HDFC Property Fund - Scheme - IT Corridor Fund

HDFC Investment Trust

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

| Particulars        | Holding Company<br>Rupees | Controlled by the<br>Holding Company<br>Rupees |
|--------------------|---------------------------|--|
| <b>Income</b>      |                           |  |
| Trusteeship fees   | —                         | #4,21,032<br>(4,21,032)                        |
| Trusteeship fees   | —                         | @5,00,000<br>(5,00,000)                        |
| <b>Expenditure</b> |                           |  |
| Dividend           | 5,00,000<br>(Nil)         | —  |
| <b>Asset</b>       |                           |  |
| Advance receivable | —                         | @ Nil<br>(20,02,773)                           |

Note : Figures in bracket are in respect of previous year

# - HDFC Property Fund - Scheme - IT Corridor Fund

@ - HDFC Investment Trust

**Schedule 9 (Continued)****NOTES FORMING PART OF THE ACCOUNTS****4. Earnings Per Share :**

In accordance with the Accounting Standard on "Earnings Per Share" (AS-20), notified under the Companies (Accounting Standards) Rules, 2006, the Earnings Per Share has been computed as under:

| Particulars  | Current Year | Previous Year |
|--|--------------|---------------|
| (a) Profit after Tax (₹)                                     | 27,40,309    | 26,55,955     |
| (b) Number of Equity Shares Outstanding                      | 50,000       | 50,000        |
| (c) Earning Per Share (₹)<br>(a) / (b) { Basic and Diluted } | 54.81        | 53.12         |

**5. Deferred Tax Asset :**

In compliance with the Accounting Standard on "Accounting for Taxes on Income" (AS-22) notified under the Companies (Accounting Standards) Rules, 2006, the Company has debited an amount of ₹ Nil (Previous Year ₹ 39,495) to the Profit and Loss Account for the year ended March 31, 2011 towards reversal of Deferred Tax Asset on account of the following :

| Particulars          | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|----------------------|-----------------------------------|-----------------------------------|
| Preliminary Expenses | —                                 | —                                 |

**6. Sundry Creditors :**

There are no amounts paid or payable during the year by the Company to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006.

**7. Previous Year Comparatives :**

The previous year figures have been regrouped/rearranged, wherever necessary.

**Schedule 10****SIGNIFICANT ACCOUNTING POLICIES****1.1. Accounting Convention :**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period.

Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**1.2. Revenue Recognition :**

- Trusteeship Fees are accrued as per the terms of the agreement.
- Dividend Income is recognised on the basis of right to receive.
- Interest Income is recognised on accrual basis.

**1.3. Investments :**

Current investments are valued at cost or market value whichever is less.

**1.4. Income Tax :**

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

**1.5. Transactions in Foreign Currency :**

Foreign currency denominated monetary assets & liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet.

Exchange differences arising on settlement of foreign currency transactions or restatement of foreign currency denominated monetary assets & liabilities are recognised in the Profit & Loss Account.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No. 149329

State Code 11

Balance Sheet Date 31 3 2011

**II. Capital Raised during the year : (Amount in ₹ '000)**

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ '000)**

Total Liabilities

8687

Total Assets

8687

**SOURCES OF FUNDS**

Paid-up Capital

500

Reserves and Surplus

6160

Secured Loans

NIL

Unsecured Loans

NIL

**APPLICATION OF FUNDS**

Net Fixed Assets

NIL

Investments

NIL

Net Current Assets

6660

Miscellaneous Expenditure

NIL

Deferred Tax Asset

NIL

**IV. Performance of the Company (Amount in ₹ '000)**

Total Income

4225

Total Expenditure

384

Profit/(Loss) Before Tax

3841

Profit After Tax

2740

Earnings per Share (in ₹)

54.81

Dividend %

200

**V. Generic Names of Principal Services of the Company: (as per monetary terms)**

Item Code No. (ITC Code) NIL

Product Description TRUSTEE SERVICES

# HDFC Realty Limited

A Wholly owned Subsidiary of Housing Development Finance Corporation Limited



## Board of Directors

Mr. M. Ramabhadran  
Mr. Gautam Bhagat  
Mr. Sunil Shaligram

### Auditors

Deloitte Haskins & Sells  
Chartered Accountants

### Bankers

HDFC Bank Ltd.

### Registered Office

Ramon House,  
H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Tel. Nos. : 022-2283 6255  
              022-2282 0282  
Fax No. : 022-2204 6758  
Website : www.hdfcrealty.com

## Directors' Report

### TO THE MEMBERS

Your directors are pleased to present the Eleventh Annual Report of your Company with the audited accounts for the year ended March 31, 2011.

### Financial Results

|  | For the year ended<br>March 31, 2011<br>(Rupees) | For the year ended<br>March 31, 2010<br>(Rupees) |
|--|--|--|
| Profit / (Loss) for the year               | 98,176   | (57,494)   |
| Loss brought forward<br>from previous year | <u>(5,61,82,133)</u>                             | <u>(5,61,24,639)</u>                             |
| Balance carried to<br>Balance Sheet        | <u><u>(5,60,83,957)</u></u>                      | <u><u>(5,61,82,133)</u></u>                      |

### Dividend

Due to unavailability of profits, your directors do not recommend any dividend for the year ended March 31, 2011.

### Review of Operations

Pursuant to an agreement entered into by your Company with HDFC Sales Private Limited (HSPL), a wholly owned subsidiary of Housing Development Finance Corporation Limited (HDFC), HSPL carries out the operations of realty brokerage for your Company on a fee basis.

### Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as at March 31, 2011.

### Particulars of Employees' Remuneration

Your Company had no employees on its payroll and all the affairs of the Company are presently being carried out by some of the employees of HDFC and HSPL. The provisions of Section 217(2A) of the Companies Act, 1956, are consequently not applicable.

### Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Since the Company does not own any manufacturing facility and has no dealings in foreign exchange, the particulars stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are consequently not applicable.

### Directors

During the year under review, the Board met four times. The meetings were held on April 30, 2010, July 14, 2010, October 18, 2010 and January 14, 2011.

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. Sunil Shaligram retires by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

Necessary resolution for the re-appointment of Mr. Sunil Shaligram as a director of the Company has been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified

from being appointed as directors in terms of Section 274 (1)(g) of the Companies Act, 1956.

#### **Audit Committee**

The members of the Audit Committee are Mr. M. Ramabhadran, Mr. Gautam Bhagat and Mr. Sunil Shaligram. The Audit Committee comprises entirely of non-executive directors. Members of the Audit Committee are qualified in the fields of finance, accounts, management and company law. The quorum for the Audit Committee is two members.

The terms of reference of the Audit Committee include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, internal control systems, control procedures, records relating to related party transactions, analysis of risks and compliance of regulatory guidelines. The financial results are made available to the committee in advance. This enables a review and discussions with the auditors before recommending it to the Board of Directors for approval.

The committee met four times during the year under review. The Audit Committee also met prior to the finalisation of the

accounts for the year ended March 31, 2011 and recommended the same to the board for its approval.

#### **Auditors**

Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having registration number 117365W and statutory auditors of the Company, retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

#### **Directors' Responsibility Statement**

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

- (i) In the preparation of the accounts, the applicable accounting standards have been followed;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were

made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2011 and of the loss of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

(iv) The annual accounts of the Company have been prepared on a going concern basis.

#### **Acknowledgements**

Your directors wish to place on record their appreciation to the employees of HDFC and HSPL who have devoted their valuable time for managing the affairs of the Company.

On behalf of the Board of Directors

|                               |   |
|-------------------------------|---|
| <p>MUMBAI<br/>May 4, 2011</p> | <p>M. RAMABHADRAN<br/>SUNIL SHALIGRAM<br/>Directors</p> |
|-------------------------------|---|



## Auditors' Report

### TO THE MEMBERS OF HDFC REALTY LIMITED

1. We have audited the attached Balance Sheet of HDFC REALTY LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in

terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the

Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

MUMBAI  
May 4, 2011

Z. F. Billimoria  
Partner  
(Membership No. 42791)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses (i)(c), (ii), (vi), (vii), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix), (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register

maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements which needed to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

(vi) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed dues, including Income-tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

(vii) The accumulated losses of the Company at the end of the financial year are in excess of fifty per cent of its net worth and the Company has incurred cash losses in the immediately preceding financial year.

(viii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

Z. F. Billimoria

Partner

MUMBAI  
May 4, 2011

(Membership No. 42791)

## Balance Sheet as at March 31, 2011

|   | Schedule | Rupees             | Rupees             | March 31, 2010<br>Rupees |
|---|----------|--------------------|--------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>                                   |          |                    |                    |                          |
| <b>SHAREHOLDERS' FUNDS</b>                                |          |                    |                    |                          |
| Share Capital   | 1        |                    | 5,75,00,700        | 5,75,00,700              |
|   |          |                    | <u>5,75,00,700</u> | <u>5,75,00,700</u>       |
| <b>APPLICATION OF FUNDS</b>                               |          |                    |                    |                          |
| <b>FIXED ASSETS</b>                                       |          |                    |                    |                          |
| Gross Block   | 2        | 2,08,13,923        |                    | 2,08,13,923              |
| Less: Depreciation  |          | <u>2,08,04,341</u> |                    | <u>2,08,02,793</u>       |
| Net Block   |          |                    | 9,582              | 11,130                   |
| CURRENT ASSETS, LOANS AND ADVANCES                        | 3        | 14,81,717          |                    | 13,96,884                |
| Less: CURRENT LIABILITIES AND PROVISIONS                  | 4        | <u>74,556</u>      |                    | <u>89,447</u>            |
| NET CURRENT ASSETS  |          |                    | 14,07,161          | 13,07,437                |
| PROFIT AND LOSS ACCOUNT                                   |          |                    | <u>5,60,83,957</u> | <u>5,61,82,133</u>       |
|   |          |                    | <u>5,75,00,700</u> | <u>5,75,00,700</u>       |
| Notes forming part of the Accounts                        | 6        |                    |                    |                          |
| Significant Accounting Policies                           | 7        |                    |                    |                          |
| Schedules 1 to 7 annexed hereto form part of the Accounts |          |                    |                    |                          |

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 4, 2011

Directors  
**M. Ramabhadran**  
**Sunil Shaligram**

## Profit and Loss Account for the year ended March 31, 2011

|   | Schedule | Rupees            | Previous Year<br>Rupees |
|---|----------|-------------------|-------------------------|
| <b>INCOME</b>   |          |                   |                         |
| Royalty Income  |          | 1,80,000          | 1,80,000                |
|   |          | <u>1,80,000</u>   | <u>1,80,000</u>         |
| <b>EXPENDITURE</b>  |          |                   |                         |
| Establishment and Other Expenses                          | 5        | 80,276            | 235,694                 |
| Depreciation  |          | 1,548             | 1,800                   |
|   |          | <u>81,824</u>     | <u>237,494</u>          |
| PROFIT / (LOSS) FOR THE YEAR                              |          | 98,176            | (57,494)                |
| Less : Loss brought forward from the Previous Year        |          | <u>56,182,133</u> | <u>56,124,639</u>       |
| LOSS CARRIED TO THE BALANCE SHEET                         |          | <u>56,083,957</u> | <u>56,182,133</u>       |
| Earnings per Share (Face Value ₹ 10) (Note 6)             |          | 0.02              | (0.01)                  |
| Notes forming part of the Accounts                        | 6        |                   |                         |
| Significant Accounting Policies                           | 7        |                   |                         |
| Schedules 1 to 7 annexed hereto form part of the Accounts |          |                   |                         |

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 4, 2011

Directors  
**M. Ramabhadran**  
**Sunil Shaligram**

## Cash Flow Statement for the year ended March 31, 2011

|  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                           |                        |                         |
| Net Profit / (Loss) before taxation                                  | 98,176                 | (57,494)                |
| Adjustments for Depreciation   | 1,548                  | 1,800                   |
| <b>Operating Profit / (Loss) before working capital changes</b>      | <u>99,724</u>          | <u>(55,694)</u>         |
| Decrease in Current Liabilities                                      | (14,891)               | 14,891                  |
|  | <u>84,833</u>          | <u>(40,803)</u>         |
| Advance Taxes Paid   | (18,000)               | (18,000)                |
| <b>Net Cash from / (used) in Operating Activities</b>                | <u>66,833</u>          | <u>(58,803)</u>         |
| <b>Net increase / decrease in cash and cash equivalents</b>          | <u>66,833</u>          | <u>(58,803)</u>         |
| Cash and cash equivalents at beginning of period (As per schedule 3) | 9,38,780               | 9,97,583                |
| Cash and cash equivalents at end of period (As per schedule 3)       | <u>10,05,613</u>       | <u>9,38,780</u>         |
|  | <u>66,833</u>          | <u>(58,803)</u>         |

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 4, 2011

Directors  
**M. Ramabhadran**  
**Sunil Shaligram**

## Schedules

Annexed to and forming part of the Accounts

### Schedule 1

#### SHARE CAPITAL

|                                  |  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|----------------------------------|--|-----------------------------------|-----------------------------------|
| AUTHORISED                       |  |                                   |                                   |
| 1,00,00,000                      | Equity Shares of ₹ 10 each   | 10,00,00,000                      | 10,00,00,000                      |
|                                  |  | <u>10,00,00,000</u>               | <u>10,00,00,000</u>               |
| ISSUED, SUBSCRIBED AND PAID - UP |  |                                   |                                   |
| 57,50,070                        | Equity Shares of ₹ 10 each<br>(All the shares are held by Housing Development<br>Finance Corporation Limited, the Holding Company,<br>and its nominees.) | 5,75,00,700                       | 5,75,00,700                       |
|                                  |  | <u>5,75,00,700</u>                | <u>5,75,00,700</u>                |

### Schedule 2

#### FIXED ASSETS

|                           | GROSS BLOCK                |           |            |                            | DEPRECIATION AND AMORTISATION |                 |            |                            | NET BLOCK                  |                            |
|---------------------------|----------------------------|-----------|------------|----------------------------|-------------------------------|-----------------|------------|----------------------------|----------------------------|----------------------------|
|                           | As at<br>March 31,<br>2010 | Additions | Deductions | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010    | For the<br>year | Deductions | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
|                           | Rupees                     | Rupees    | Rupees     | Rupees                     | Rupees                        | Rupees          | Rupees     | Rupees                     | Rupees                     | Rupees                     |
| TANGIBLE ASSETS           |                            |           |            |                            |                               |                 |            |                            |                            |                            |
| Computers - Hardware      | 2,21,898                   | -         | -          | 2,21,898                   | 2,21,898                      | -               | -          | 2,21,898                   | -                          | -                          |
| Office Equipment          | 39,047                     | -         | -          | 39,047                     | 27,917                        | 1,548           | -          | 29,465                     | 9,582                      | 11,130                     |
| INTANGIBLE ASSETS         |                            |           |            |                            |                               |                 |            |                            |                            |                            |
| Web Site Development Cost | 2,05,52,978                | -         | -          | 2,05,52,978                | 2,05,52,978                   | -               | -          | 2,05,52,978                | -                          | -                          |
|                           | <u>2,08,13,923</u>         | <u>-</u>  | <u>-</u>   | <u>2,08,13,923</u>         | <u>2,08,02,793</u>            | <u>1,548</u>    | <u>-</u>   | <u>2,08,04,341</u>         | <u>9,582</u>               | <u>11,130</u>              |
| Previous Year             | 2,08,13,923                | -         | -          | 2,08,13,923                | 2,08,00,993                   | 1,800           | -          | 2,08,02,793                | 11,130                     | 12,930                     |

**Schedule 3****CURRENT ASSETS, LOANS AND ADVANCES**

|                        | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|------------------------|-----------------------------------|-----------------------------------|
| CURRENT ASSETS         |                                   |                                   |
| Cash and Bank Balances |                                   |                                   |
| With Scheduled Bank -  |                                   |                                   |
| Current Account        | 10,05,613                         | 9,38,780                          |
|                        | <u>10,05,613</u>                  | <u>9,38,780</u>                   |
| LOANS AND ADVANCES     |                                   |                                   |
| Advance Taxes          | 4,76,104                          | 4,58,104                          |
|                        | <u>14,81,717</u>                  | <u>13,96,884</u>                  |

**Schedule 4****CURRENT LIABILITIES AND PROVISIONS**

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| CURRENT LIABILITIES   |                                   |                                   |
| Sundry Creditors - Other than Micro and<br>Small Enterprises (Note 1) | 67,007                            | 67,004                            |
| Other Liabilities   | 7,446                             | 22,340                            |
|   | <u>74,453</u>                     | <u>89,344</u>                     |
| PROVISIONS  |                                   |                                   |
| Provision for Fringe Benefit Tax - (Net of<br>Advance Tax Paid)       | 103                               | 103                               |
|   | <u>74,556</u>                     | <u>89,447</u>                     |

**Schedule 5****ESTABLISHMENT AND OTHER EXPENSES**

|                                 | For the year ended<br>March 31, 2011<br>Rupees | Previous Year<br>Rupees |
|---------------------------------|--|-------------------------|
| Auditors' Remuneration (Note 2) | 74,452   | 223,358                 |
| Professional Fees               | 5,824  | 11,336                  |
| Filing Fees                     | —  | 1,000                   |
|                                 | <u>80,276</u>                                  | <u>235,694</u>          |

**Schedule 6****NOTES FORMING PART OF THE ACCOUNTS**

1. Sundry Creditors – There is no interest paid / payable during the year by the Company to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006.

The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

2. Auditors' Remuneration:

|             | Current Year<br>Rupees | Previous Year<br>Rupees |
|-------------|------------------------|-------------------------|
| Audit Fees  | 50,000                 | 50,000                  |
| Tax Audit   | 17,500                 | 17,500                  |
| Tax Matters | —                      | 1,35,000                |
| Service Tax | 6,952                  | 20,858                  |
|             | <b>74,452</b>          | <b>2,23,358</b>         |

3. The accounts of the Company have been prepared on a going concern basis. Company continues to be a going concern in view of the commitment and financial support from its holding company Housing Development Finance Corporation Limited regarding the amounts due to it and other liabilities as and when they fall due for payment.
4. As per the Accounting Standard on 'Related Party Disclosures' (AS 18), notified under the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

**A) Holding Company**

Housing Development Finance Corporation Ltd.

**B) Fellow Subsidiaries with whom transactions are entered**

HDFC Sales Private Limited

5. The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

| Particulars                | Fellow Subsidiary Companies |                         |
|----------------------------|-----------------------------|-------------------------|
|                            | Current Year<br>Rupees      | Previous Year<br>Rupees |
| <b>INCOME</b>              |                             |                         |
| Royalty -                  |                             |                         |
| HDFC Sales Private Limited | 1,80,000                    | 1,80,000                |

6. In accordance with the Accounting Standard on 'Earnings Per Share' (AS-20), notified under the Companies (Accounting Standards) Rules, 2006, Earnings Per Share has been computed as under:

|   | Current Year | Previous Year |
|---|--------------|---------------|
| (a) Profit / (Loss) after Tax (₹)       | 98,176       | (57,494)      |
| (b) Number of Equity Shares Outstanding | 57,50,070    | 57,50,070     |
| (c) Earnings Per Share                  |              |               |
| (a)/(b) (Basic and Diluted) (₹)         | 0.02         | (0.01)        |



## **Schedule 6 (Continued)**

### **NOTES FORMING PART OF THE ACCOUNTS**

7. The Company is primarily engaged in the business of providing Real Estate Services in India. As such, there are no separate reportable segments, as per the Accounting Standard on "Segment Reporting" (AS-17), notified under the Companies (Accounting Standards) Rules, 2006.
8. Figures for the previous year have been regrouped / rearranged, wherever necessary.

## **Schedule 7**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. ACCOUNTING CONVENTION**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expense during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

#### **2. INCOME RECOGNITION**

Royalty income is recognised on the basis of the Agreement.

#### **3. FIXED ASSETS AND DEPRECIATION**

- (i) Fixed assets have been stated at purchase/ acquisition cost inclusive of legal and/or installation expenses.
- (ii) Depreciation on Fixed Assets is provided for the full financial year in respect of assets acquired during the year. No depreciation is provided in the year of sale.
- (iii) Depreciation is calculated as per the reducing balance method at the rates prescribed by the Companies Act, 1956 except as stated under (iv) and (v) below.
- (iv) Depreciation on Computers is calculated at the rate of 25 per cent per annum on straight-line method.
- (v) The Company follows the policy of writing off the web development cost over a period of 4 years. However, assets becoming obsolete due to technological changes would be written off by the Company during the same year. This policy would be subject to review by the Management at regular intervals.

#### **4. INTANGIBLE ASSETS**

These comprise of Web Site Development Cost which are stated at purchase / acquisition cost inclusive of legal and/or installation expenses.

#### **5. INCOME-TAX**

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No.

124897

State Code 11

Balance Sheet Date

31 3 2011

**II. Capital Raised during the year : (Amount in ₹ '000)**

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ '000)**

Total Liabilities

57501

Total Assets

57501

**SOURCES OF FUNDS**

Paid-up Capital

57501

Reserves and Surplus

NIL

Secured Loans

NIL

Unsecured Loans

NIL

**APPLICATION OF FUNDS**

Loans

NIL

Net Fixed Assets

10

Investments

NIL

Net Current Assets

1407

Accumulated Losses

56084

Miscellaneous Expenditure

NIL

**IV. Performance of the Company (Amount in ₹ '000)**

Total Income

180

Total Expenditure

82

Profit Before Tax

98

Profit After Tax

98

Earnings per Share (in ₹)

0.02

Dividend %

NIL

**V. Generic Names of Three Principal Services of the Company (as per monetary terms)**

Item Code No. (ITC Code)

NIL

Product Description

PROPERTY RELATED SERVICES

# HDFC Investments Limited

A Wholly owned Subsidiary of Housing Development Finance Corporation Limited



## Board of Directors

Mr. Conrad D'Souza  
Mr. V. Srinivasa Rangan  
Mr. M. Ramabhadran

### Auditors

Deloitte Haskins & Sells  
Chartered Accountants

### Bankers

HDFC Bank Ltd.  
Central Bank of India

### Registered Office

Ramon House,  
H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Tel. Nos. : 022-2283 6255  
              022-2282 0282  
Fax No. : 022-2204 6758

## Directors' Report

### TO THE MEMBERS

Your directors are pleased to present the Seventeenth Annual Report of your Company with the audited accounts for the year ended March 31, 2011.

### Financial Results

(₹ in crores)

|  | For the year ended<br>March 31, 2011 | For the year ended<br>March 31, 2010 |
|--|--------------------------------------|--------------------------------------|
| Profit before Tax                                | 169.84                               | 38.25                                |
| Provision for Tax                                | 26.65                                | 1.39                                 |
| Add: MAT credit entitlement                      | 0.69                                 | 0.08                                 |
| Profit after Tax                                 | 143.88                               | 36.94                                |
| Profit brought forward from<br>the previous year | 15.40                                | 7.12                                 |
| Profit after tax available for<br>appropriation  | 159.28                               | 44.06                                |
| Appropriations:                                  |                                      |                                      |
| General Reserve                                  | 14.39                                | 3.69                                 |
| Interim Dividend                                 | 16.00                                | 21.34                                |
| Additional Tax on Dividend                       | 2.66                                 | 3.63                                 |
| Balance carried to Balance Sheet                 | 126.23                               | 15.40                                |

### Dividend

During the year, your directors approved a payment of an interim dividend of ₹ 6 per equity share of ₹ 10 each on December 31, 2010 (previous year ₹ 8 per equity share of ₹ 10 each as an interim dividend). No final dividend was recommended by your directors.

### Review of Operations

During the year, the company acquired 1,16,66,000 equity shares of ₹ 10 each of Lafarge India Private Limited (LIPL) and 4,99,702 equity shares of ₹ 10 each of Softcell Technologies Limited by way of transfer at cost in accordance with the provisions of Section 47(iv) of the Income-tax Act, 1961 from its Holding Company, Housing Development Finance Corporation Limited (HDFC). Pursuant to the buyback offer made by LIPL, the Company has tendered all its shares. The Company also made an investment of ₹ 0.01 crore in equity shares of a non domestic company.

### Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as at March 31, 2011.

### Particulars of Employees' Remuneration

Your Company had no employee on its payroll and all the affairs of the Company are presently being carried out by some of the employees of HDFC. The provisions of Section 217(2A) of the Companies Act, 1956, are consequently not applicable.

### Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

During the year, your Company received an amount of ₹ 0.31 crores in foreign currency (previous year ₹ 0.49 crore) towards dividend from Delta Brac Housing Finance Corporation Limited, Bangladesh and invested ₹ 0.01 crore (previous year ₹ Nil) in foreign currency in a non domestic company.

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

### **Directors**

During the year, the board met seven times. The meetings were held on April 15, 2010, April 30, 2010, July 14, 2010, October 12, 2010, December 31, 2010, January 14, 2011 and February 15, 2011.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. M. Ramabhadran retires by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

Necessary resolution for the re-appointment of Mr. M. Ramabhadran as a Director of the Company has been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 274 (1)(g) of the Companies Act, 1956.

### **Audit Committee**

The members of the Audit Committee are Mr. Conrad D'Souza, Mr. V. Srinivasa Rangan and Mr. M. Ramabhadran. The Audit Committee comprises entirely non-executive directors. Members of the Audit Committee are qualified in the fields of finance, accounts and company law. The quorum for the Audit Committee is two members.

The terms of reference of the Audit Committee include approving and

implementing the audit procedures and techniques, reviewing the financial reporting systems, internal control systems, control procedures, records relating to related party transactions, analysis of risks and compliance of regulatory guidelines. The financial results are made available to the committee in advance. This enables a review and discussions with the auditors before recommending it to the Board of Directors for its approval.

The committee met five times during the year under review. The Audit Committee also met prior to the finalisation of the accounts for the year ended March 31, 2011 for review and recommended the same to the board for its approval.

### **Auditors**

Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having registration number 117365W and statutory auditors of the Company, retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### **Directors' Responsibility Statement**

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

(i) In the preparation of the accounts, the applicable accounting standards have been followed;

(ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2011 and of the profit of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts of the Company have been prepared on a going concern basis.

## Acknowledgements

Your directors wish to place on record their appreciation to the employees of HDFC who have devoted their valuable time for managing the affairs of the Company.

On behalf of the Board of Directors

MUMBAI  
May 4, 2011

CONRAD D'SOUZA  
V. SRINIVASA RANGAN  
Directors

## Auditors' Report

### TO THE MEMBERS OF HDFC INVESTMENTS LIMITED

1. We have audited the attached Balance Sheet of HDFC INVESTMENTS LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in

terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the

Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

MUMBAI  
May 4, 2011

Z. F. Billimoria  
Partner  
(Membership No. 42791)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/results/transactions etc. clauses (i), (ii), (iv), (vi), (viii), (x), (xi), (xii), (xiii), (xv), (xvi), (xvii), (xviii), (xix), and (xx) of CARO are not applicable.

(ii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted loans aggregating ₹ 279,28,00,000 to one party during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 133,87,00,000 and the maximum amount involved during the year was ₹ 162,37,00,000.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The receipts of principal amounts and interest have been regular/as per stipulations.

(iii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements which needed to be entered in the register maintained in pursuance of Section of 301 of the Companies Act, 1956.

(v) In our opinion, the internal audit functions carried out during the year by a

firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.

(vi) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed dues, including Income-tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.

(vii) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares securities, and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.

(viii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

Z. F. Billimoria  
Partner

MUMBAI  
May 4, 2011

(Membership No. 42791)



## Balance Sheet as at March 31, 2011

|  | Schedule | Rupees               | Rupees               | March 31, 2010<br>Rupees |
|--|----------|----------------------|----------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>                                    |          |                      |                      |                          |
| SHAREHOLDERS' FUNDS  |          |                      |                      |                          |
| SHARE CAPITAL  | 1        | 26,67,05,000         |                      | 26,67,05,000             |
| RESERVES AND SURPLUS                                       | 2        | 196,31,66,805        |                      | 71,09,87,489             |
|  |          | <u>222,98,71,805</u> |                      | <u>97,76,92,489</u>      |
| <b>APPLICATION OF FUNDS</b>                                |          |                      |                      |                          |
| INVESTMENTS (AT COST)                                      | 3        | 87,78,13,984         |                      | 96,75,94,635             |
| CURRENT ASSETS, LOANS AND ADVANCES                         |          |                      |                      |                          |
| Bank Balances  | 4        | 29,05,830            |                      | 41,78,416                |
| Other Current Assets:                                      |          |                      |                      |                          |
| Loans and Advances   | 5        | 135,27,57,633        |                      | 60,63,699                |
|  |          | <u>135,56,63,463</u> |                      | <u>1,02,42,115</u>       |
| Less: CURRENT LIABILITIES AND PROVISIONS                   |          |                      |                      |                          |
| Current Liabilities  | 6        | 1,87,510             |                      | 1,43,390                 |
| Provisions:  | 7        | 34,18,132            |                      | 871                      |
|  |          | <u>36,05,642</u>     |                      | <u>1,44,261</u>          |
| NET CURRENT ASSETS   |          |                      | <u>135,20,57,821</u> | <u>1,00,97,854</u>       |
|  |          |                      | <u>222,98,71,805</u> | <u>97,76,92,489</u>      |
| Notes forming part of the Accounts                         | 8        |                      |                      |                          |
| Significant Accounting Policies                            | 9        |                      |                      |                          |
| Schedules 1 to 9 annexed hereto form part of the Accounts. |          |                      |                      |                          |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 4, 2011.

Directors  
**Conrad D'Souza**  
**V. Srinivasa Rangan**  
**M. Ramabhadran**

## Profit and Loss Account for the year ended March 31, 2011

|  | Schedule | Rupees       | Rupees               | Previous Year<br>Rupees |
|--|----------|--------------|----------------------|-------------------------|
| <b>INCOME</b>  |          |              |                      |                         |
| Dividend (Note 1)  |          |              | 36,83,16,621         | 30,61,00,379            |
| Interest on Deposits   |          |              | 1,81,89,013          | 10,47,220               |
| (Tax deducted at source ₹ 18,18,902 -<br>Previous Year ₹ 1,04,720) |          |              |                      |                         |
| Profit on Sale of Investments (Note 2)                             |          |              | 131,55,67,257        | 7,74,17,802             |
|  |          |              | <u>170,20,72,891</u> | <u>38,45,65,401</u>     |
| <b>EXPENDITURE</b>   |          |              |                      |                         |
| Interest paid on Inter Corporate Deposit                           |          |              | —                    | 14,38,356               |
| Stamp Duty and Filing Fees   |          |              | 1,000                | 1,000                   |
| Auditors' Remuneration (Note 4)                                    |          |              | 2,41,006             | 4,92,865                |
| Miscellaneous Expenses   |          |              | 1,03,989             | 1,68,101                |
| Contingent Provision against Standard Assets                       |          |              | 33,46,750            | —                       |
|  |          |              | <u>36,92,745</u>     | <u>21,00,322</u>        |
| <b>PROFIT BEFORE TAX</b>   |          |              |                      |                         |
|  |          |              | 169,83,80,146        | 38,24,65,079            |
| Less: Provision for Tax (Current)                                  |          |              | 26,65,00,000         | 1,39,00,000             |
| Add: MAT credit entitlement  |          |              | 69,00,000            | 8,00,000                |
| <b>PROFIT AFTER TAX</b>  |          |              |                      |                         |
|  |          |              | 143,87,80,146        | 36,93,65,079            |
| Add: Profit brought forward from the previous year                 |          |              | 15,39,61,430         | 7,11,58,079             |
| <b>PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION</b>                |          |              |                      |                         |
|  |          |              | 159,27,41,576        | 44,05,23,158            |
| <b>APPROPRIATIONS:</b>   |          |              |                      |                         |
| General Reserve  |          | 14,38,78,015 |                      | 3,69,36,508             |
| Interim Dividend   |          | 16,00,23,000 |                      | 21,33,64,000            |
| Additional Tax on Interim Dividend                                 |          | 2,65,77,830  |                      | 3,62,61,220             |
|  |          |              | <u>33,04,78,845</u>  |                         |
| <b>BALANCE CARRIED TO THE BALANCE SHEET</b>                        |          |              |                      |                         |
|  |          |              | <u>126,22,62,731</u> | <u>15,39,61,430</u>     |
| <b>EARNINGS PER SHARE (Face Value Rs. 10)</b>                      |          |              |                      |                         |
| — Basic and Diluted (Note 8)                                       |          |              | 53.95                | 13.85                   |
| Notes forming part of the Accounts                                 | 8        |              |                      |                         |
| Significant Accounting Policies                                    | 9        |              |                      |                         |
| Schedules 1 to 9 annexed hereto form part of the Accounts.         |          |              |                      |                         |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 4, 2011.

Directors  
**Conrad D'Souza**  
**V. Srinivasa Rangan**  
**M. Ramabhadran**

## Cash Flow Statement for the year ended March 31, 2011

|   | Rupees          | Previous Year<br>Rupees |
|---|-----------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                               |                 |                         |
| Profit before tax   | 169,83,80,146   | 38,24,65,079            |
| Adjustments for:  |                 |                         |
| Profit on sale of Investments   | (131,55,67,257) | (7,74,17,802)           |
| Contingent Provision against Standard Assets                                | 33,46,750       | —                       |
| Operating Profit before Working Capital changes                             | 38,61,59,639    | 30,50,47,277            |
| Adjustments for:  |                 |                         |
| Current Assets  | (133,95,87,671) | 1,42,57,370             |
| Current Liabilities   | 44,120          | (6,98,630)              |
| Cash generated from Operations  | (95,33,83,912)  | 31,86,06,017            |
| Advance tax paid  | (26,66,35,752)  | (1,39,05,817)           |
| Net cash (used in) / from operating activities                              | (122,00,19,664) | 30,47,00,200            |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                               |                 |                         |
| Investments purchased   | (16,02,30,059)  | (11,58,89,409)          |
| Sale proceeds of Investments  | 156,55,77,967   | 11,46,82,408            |
| Net cash from / (used in) investing activities                              | 140,53,47,908   | (12,07,001)             |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                 |                         |
| Inter Corporate Deposit Accepted / (Repaid)                                 | —               | (5,00,00,000)           |
| Dividend paid   | (16,00,23,000)  | (21,33,64,000)          |
| Tax paid on Dividend  | (2,65,77,830)   | (3,62,61,220)           |
| Net cash used in financing activities                                       | (18,66,00,830)  | (29,96,25,220)          |
| Net (Decrease) / increase in cash and cash equivalents                      | (12,72,586)     | 38,67,979               |
| Cash and cash equivalents as at the beginning of the year as per Schedule 4 | 41,78,416       | 3,10,437                |
| Cash and cash equivalents as at the end of the year as per Schedule 4       | 29,05,830       | 41,78,416               |
|   | (12,72,586)     | 38,67,979               |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 4, 2011.

Directors  
**Conrad D'Souza**  
**V. Srinivasa Rangan**  
**M. Ramabhadran**

## Schedules

Annexed to and forming part of the Accounts

### Schedule 1

#### SHARE CAPITAL

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| AUTHORISED   |                                   |                                   |
| 3,30,00,000 Equity Shares of ₹ 10 each   | <u>33,00,00,000</u>               | <u>33,00,00,000</u>               |
| ISSUED, SUBSCRIBED AND PAID-UP   |                                   |                                   |
| 2,66,70,500 (Previous Year 2,66,70,500) Equity Shares<br>of ₹10 each, fully paid-up<br>(All the shares are held by Housing Development Finance<br>Corporation Limited, the Holding Company, and its nominees.) | <u>26,67,05,000</u>               | <u>26,67,05,000</u>               |

### Schedule 2

#### RESERVES AND SURPLUS

|  | Rupees              | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|---------------------|-----------------------------------|-----------------------------------|
| GENERAL RESERVE                                |                     |                                   |                                   |
| Opening Balance                                | 16,23,01,059        |                                   | 12,53,64,551                      |
| Add: Transfer from the Profit and Loss Account | <u>14,38,78,015</u> |                                   | <u>3,69,36,508</u>                |
|  |                     | 30,61,79,074                      | 16,23,01,059                      |
| SECURITIES PREMIUM                             |                     | 33,47,25,000                      | 33,47,25,000                      |
| CAPITAL REDEMPTION RESERVE                     |                     | 6,00,00,000                       | 6,00,00,000                       |
| PROFIT AND LOSS ACCOUNT                        |                     | <u>126,22,62,731</u>              | <u>15,39,61,430</u>               |
|  |                     | <u>196,31,66,805</u>              | <u>71,09,87,489</u>               |

**Schedule 3****INVESTMENTS (AT COST)**

|  | Number of<br>Shares / Units | Face Value<br>per Share/Unit<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------|--|-----------------------------------|-----------------------------------|
| <b>Long-term:</b>  |                             |  |                                   |                                   |
| <b>Equity Shares - fully paid-up</b>   |                             |  |                                   |                                   |
| Quoted   |                             |  |                                   |                                   |
| HDFC Bank Ltd.   | 3,00,00,000                 | 10                                     | 73,29,62,179                      | 73,29,62,179                      |
| (Market Value ₹ 7028,85,00,000 -<br>Previous Year ₹ 5797,50,00,000)  |                             |  |                                   |                                   |
| Delta Brac Housing Finance Corporation Ltd.,<br>Bangladesh - of Taka 100 each<br>(1,23,337 Bonus shares received -<br>Previous Year 64,350 Bonus shares received)<br>(Market Value ₹ 67,91,66,856 - Previous Year<br>₹ 64,74,17,751) | 6,16,687                    |  | 2,73,55,737                       | 2,73,55,737                       |
| Unquoted   |                             |  |                                   |                                   |
| Housing Development Finance Corporation Plc, Maldives<br>- of Rufiyaa 100 each   | 2,39,062                    |  | 9,13,87,309                       | 9,13,87,309                       |
| Softcell Technologies Ltd [See Note 7(b)]  | 4,99,702                    | 10                                     | 2,59,87,114                       | —                                 |
| <b>Class B Shares - fully paid-up</b>  |                             |  |                                   |                                   |
| Unquoted   |                             |  |                                   |                                   |
| India Asset Recovery Management Limited, Mauritius<br>- of USD 1 each<br>(Includes 5,970 Bonus shares allotted - Previous Year NA)   | 7,960                       |  | 121,645                           | —                                 |
| <b>Current:</b>  |                             |  |                                   |                                   |
| <b>Investment in Mutual Fund - Unquoted</b>  |                             |  |                                   |                                   |
| HDFC CMS Treasury Advantage Plan -<br>Dividend Reinvestment Option<br>(Repurchase price ₹ Nil -<br>Previous Year ₹ 11,58,89,410)   | —                           | —                                      | —                                 | 11,58,89,410                      |
|  |                             |  | <b>87,78,13,984</b>               | <b>96,75,94,635</b>               |
|  |                             | Book Value<br>Rupees                   |                                   | Market Value<br>Rupees            |
| <b>Aggregate of Quoted Investments</b>   |                             | <b>76,03,17,916</b>                    |                                   | <b>7096,76,66,856</b>             |
| Previous Year  |                             | (76,03,17,916)                         |                                   | (5862,24,17,751)                  |
| <b>Aggregate of Investment in Unquoted Mutual Funds</b>  |                             | —                                      |                                   | —                                 |
| Previous Year  |                             | (11,58,89,410)                         |                                   | (11,58,89,410)                    |
| <b>Aggregate of Unquoted Investments (Others)</b>  |                             | <b>11,74,96,068</b>                    |                                   |                                   |
| Previous Year  |                             | (9,13,87,309)                          |                                   |                                   |

**Note:**

- 1) Quoted investments include ₹ Nil (Previous Year ₹ 1,82,98,152) in respect of shares which are subject to lock-in period.
- 2) The Company accepted offer of buy back of 1,16,66,000 shares of ₹ 10 each from Lafarge India Pvt Ltd which were acquired during the year from its Holding Company for ₹ 24,99,85,700.

**Schedule 4****BANK BALANCES**

|                                | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--------------------------------|-----------------------------------|-----------------------------------|
| Balances With Scheduled Banks: |                                   |                                   |
| Current Accounts               | 29,05,830                         | 41,78,416                         |
|                                | <u>29,05,830</u>                  | <u>41,78,416</u>                  |

**Schedule 5****LOANS AND ADVANCES**

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Advance Income Tax (Net of Provisions) | 54,69,962                         | 52,63,699                         |
| MAT credit entitlement                 | 77,00,000                         | 8,00,000                          |
| Interest Accrued on Deposits           | 8,87,671                          | —                                 |
| Corporate Deposits                     | 133,87,00,000                     | —                                 |
|  | <u>135,27,57,633</u>              | <u>60,63,699</u>                  |

**Schedule 6****CURRENT LIABILITIES**

|  | Rupees        | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|---------------|-----------------------------------|-----------------------------------|
| Sundry Creditors (other than Micro and Small Enterprises) (Note 6) | 1,68,759      |                                   | 1,29,050                          |
| Other Liabilities  | <u>18,751</u> |                                   | 14,340                            |
|  |               | <u>1,87,510</u>                   | <u>1,43,390</u>                   |
|  |               | <u>1,87,510</u>                   | <u>1,43,390</u>                   |

**Schedule 7****PROVISIONS**

|  | Rupees           | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|------------------|-----------------------------------|-----------------------------------|
| Provision for Tax (Net of Advance Tax)       | 71,382           |                                   | 871                               |
| Contingent Provision against Standard Assets | <u>33,46,750</u> |                                   | —                                 |
|  |                  | <u>34,18,132</u>                  | <u>871</u>                        |
|  |                  | <u>34,18,132</u>                  | <u>871</u>                        |

**Schedule 8****NOTES FORMING PART OF THE ACCOUNTS**

1. Dividend income includes ₹ 52,10,751 (Previous Year ₹ 11,89,410) in respect of current investments.
2. Profit on Sale of Investments includes ₹ 767 (Previous Year ₹ Nil) in respect of quoted investment; ₹ 131,55,66,490 (Previous Year ₹ Nil) in respect of unquoted investment on account of buyback of shares of Lafarge India Pvt Ltd. which were acquired during the year from the Holding Company (See Note 7b).

## 3a. Receipts in foreign currency:

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| – Dividend  | 31,05,870              | 49,10,969               |
| – Sale proceed of shares of The Egyptian Housing Finance Co.                                | —                      | 11,46,82,408            |
| – Sale proceed of fraction share of Delta Brac Housing Finance Corporation Ltd., Bangladesh | 767                    | —                       |

## 3b. Payments in foreign currency:

|  |        |   |
|--|--------|---|
| – Investment in Class B shares of India Asset Recovery Management Limited, Mauritius | 88,555 | — |
| – Travelling Expenses  | 10,265 | — |

## 4. Auditors' Remuneration:

|                        | Current Year<br>Rupees | Previous Year<br>Rupees |
|------------------------|------------------------|-------------------------|
| Audit Fees             | 1,00,000               | 1,00,000                |
| Tax Matters            | 30,000                 | 3,05,000                |
| Other Matters          | 88,500                 | 41,500                  |
| Out of Pocket Expenses | —                      | 340                     |
| Service Tax            | 22,506                 | 46,025                  |
|                        | <u>2,41,006</u>        | <u>4,92,865</u>         |

5. The Company is primarily engaged in the business of making investments in India. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS-17) notified under the Companies (Accounting Standards) Rules, 2006.
6. Sundry creditors include ₹ Nil (Previous Year ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/payable by the Company during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Company for this purpose.
7. As per the Accounting Standard on 'Related Party Disclosures' (AS-18), notified under the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:  
Holding Company : Housing Development Finance Corporation Ltd. (HDFC)

**Schedule 8 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

(a) The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

|  | Holding Company        |                         |
|--|------------------------|-------------------------|
|  | Current Year<br>Rupees | Previous Year<br>Rupees |
| <b>INCOME</b>                            |                        |                         |
| Interest on Deposits                     | 1,81,89,013            | 10,47,220               |
| <b>EXPENDITURE</b>                       |                        |                         |
| Dividend paid                            | 16,00,23,000           | 21,33,64,000            |
| Interest on Inter Corporate Deposit      | —                      | 14,38,356               |
| <b>ASSETS</b>                            |                        |                         |
| Interest accrued but not due on Deposits | 8,87,671               | —                       |
| Investments in Corporate Deposits        | 133,87,00,000          | —                       |
| Purchase of Investments                  | 27,59,70,204           | —                       |

(b) During the year, the Company has acquired the following investments from HDFC at cost

(i) 1,16,66,000 equity shares of ₹10 each of Lafarge India Pvt Ltd of ₹ 24,99,85,700.

(ii) 4,99,702 equity shares of ₹ 10 each of Softcell Technologies Ltd of ₹ 2,59,84,504.

8. In accordance with the Accounting Standard on 'Earnings Per Share' (AS-20), notified under the Companies (Accounting Standards) Rules, 2006:

Earnings Per Share has been computed as under:

|  | Current Year  | Previous Year |
|--|---------------|---------------|
| (a) Profit after Taxation (₹)                          | 143,87,80,146 | 36,93,65,079  |
| (b) Number of Equity Shares Outstanding                | 2,66,70,500   | 2,66,70,500   |
| (c) Earnings Per Share (Basic and Diluted) (a)/(b) (₹) | 53.95         | 13.85         |

9. Provision for tax liability has been provided under MAT under Section 115 JB of Income Tax Act, 1961 and tax credit in respect of the same has been recognised as an asset since the company expects to pay normal income tax during the specified period.
10. The Company has been granted an exemption by the Reserve Bank of India from creation of a statutory reserve in terms of Section 45-IC(1) of the Reserve Bank of India Act, 1934.
11. The following additional information (other than what is already disclosed elsewhere) has been disclosed in terms of circular No. DNBS. 193 DG(VL)-2007 dated February 22, 2007 issued by the Reserve Bank of India.

| Category                        | Current Year                     |                                   | Previous Year                    |                                   |
|---------------------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
|                                 | Market Value/<br>Break up or NAV | Book Value<br>(Net of Provisions) | Market Value/<br>Break up or NAV | Book Value<br>(Net of Provisions) |
|                                 | (Rupees)                         | (Rupees)                          | (Rupees)                         | (Rupees)                          |
| Investments in:                 |                                  |                                   |                                  |                                   |
| 1. Related Parties              |                                  |                                   |                                  |                                   |
| (a) Subsidiaries                | —                                | —                                 | —                                | —                                 |
| (b) Companies in the same group | —                                | —                                 | —                                | —                                 |
| (c) Other related parties       | —                                | —                                 | —                                | —                                 |
| 2. Other than related parties   | 71,14,35,28,543                  | 87,78,13,984                      | 58,88,09,50,675                  | 96,75,94,635                      |
| Total                           | 71,14,35,28,543                  | 87,78,13,984                      | 58,88,09,50,675                  | 96,75,94,635                      |



**Schedule 8 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

12. The following additional information is disclosed in terms of RBI circular (Ref. No. DNBS (PD). CC. No. 125/03.05.002/2008-09 dated August 1, 2008):

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

|      | Items                      | Current Year | Previous Year |
|------|----------------------------|--------------|---------------|
| i)   | CRAR (%)                   | 100.36%      | 100.41%       |
| ii)  | CRAR - Tier I Capital (%)  | 100.21%      | 100.41%       |
| iii) | CRAR - Tier II Capital (%) | 0.15%        | —             |

**(b) Exposure to Real Estate Sector**

|      | Category   | Current Year<br>Rupees | Previous Year<br>Rupees |
|------|--|------------------------|-------------------------|
| a)   | Direct exposure  |                        |                         |
| i)   | <b>Residential Mortgages</b><br>Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans upto Rs. 15 lac may be shown separately)   | Nil                    | Nil                     |
| ii)  | <b>Commercial Real Estate</b><br>Lending secured by mortgages on commercial real estates (office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition development and construction, etc.). Exposure would also include non-fund based (NFB) limits; | Nil                    | Nil                     |
| iii) | Investments in Mortgage Backed Securities (MBS) and other securitised exposures -  |                        |                         |
|      | a. Residential   | Nil                    | Nil                     |
|      | b. Commercial Real Estate  | Nil                    | Nil                     |
| b)   | Indirect exposures<br>Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).   | 1,33,87,00,000         | Nil                     |

**(c) Asset Liability Management****Maturity pattern of certain items of assets and liabilities**

(₹)

| As at March 31, 2011  | 1 day to 30/31 days (one month) | Over 1 month to 2 months | Over 2 months to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total         |
|-----------------------|---------------------------------|--------------------------|---------------------------|---------------------------|-------------------------|------------------------|-------------------------|--------------|---------------|
| <b>Liabilities</b>    |                                 |                          |                           |                           |                         |                        |                         |              |               |
| Borrowings from Banks |                                 |                          |                           |                           |                         |                        |                         |              | —             |
| Market Borrowings     |                                 |                          |                           |                           |                         |                        |                         |              | —             |
| <b>Assets</b>         |                                 |                          |                           |                           |                         |                        |                         |              |               |
| Advances              |                                 | 50,00,00,000             | 55,00,000                 | 50,00,000                 | 82,82,00,000            |                        |                         |              | 133,87,00,000 |
| Investments           |                                 |                          |                           |                           |                         |                        |                         | 87,78,13,984 | 87,78,13,984  |

**Schedule 8 (Continued)****NOTES FORMING PART OF THE ACCOUNTS****Maturity pattern of certain items of assets and liabilities**

(₹)

| As at March 31, 2010  | 1 day to<br>30/31 days<br>(one month) | Over 1<br>month to<br>2 months | Over 2<br>months to<br>3 months | Over 3<br>months to<br>6 months | Over 6<br>months to<br>1 year | Over 1<br>year to<br>3 years | Over 3<br>years to<br>5 years | Over 5<br>years | Total        |
|-----------------------|---------------------------------------|--------------------------------|---------------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------------|-----------------|--------------|
| <b>Liabilities</b>    |                                       |                                |                                 |                                 |                               |                              |                               |                 |              |
| Borrowings from Banks |                                       |                                |                                 |                                 |                               |                              |                               |                 | —            |
| Market Borrowings     |                                       |                                |                                 |                                 |                               |                              |                               |                 | —            |
| <b>Assets</b>         |                                       |                                |                                 |                                 |                               |                              |                               |                 |              |
| Advances              |                                       |                                |                                 |                                 |                               |                              |                               |                 |              |
| Investments           |                                       |                                |                                 |                                 | 11,58,89,410                  |                              |                               | 85,17,05,225    | 96,75,94,635 |

**Schedule 9****SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONVENTION**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, relevant provisions of the Companies Act, 1956 and the guidelines issued by Reserve Bank of India.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**2. SYSTEM OF ACCOUNTING**

The Company adopts the accrual concept in the preparation of the accounts.

**3. REVENUE RECOGNITION**

Interest and other dues are accounted on accrual basis. Dividend is accounted when the right to receive is established.

**4. INVESTMENTS**

Investments are classified as long term and current in accordance with the Accounting Standard on 'Accounting for Investments' (AS-13) notified under the Companies (Accounting Standards) Rules, 2006. Long term investments are valued at acquisition cost. Current Investments are valued at lower of cost and market value.

**5. INCOME-TAX**

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

**6. FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currency are recorded at the rates of exchange in force at the time transactions are effected. Monetary items denominated in a foreign currency are translated using the exchange rates prevailing at the date of Balance Sheet.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No.

83933

State Code

11

Balance Sheet Date

31 3 2011

**II. Capital Raised during the year : (Amount in ₹ '000)**

Public Issue

NIL

Bonus Issue

NIL

Rights Issue

NIL

Private Placement

NIL

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ '000)**

Total Liabilities

2233477

Total Assets

2233477

**SOURCES OF FUNDS**

Paid-up Capital

266705

Secured Loans

NIL

Reserves and Surplus

1963167

Unsecured Loans

NIL

**APPLICATION OF FUNDS**

Net Fixed Assets

NIL

Net Current Assets

1352058

Accumulated Losses

NIL

Investments

877814

Miscellaneous Expenditure

NIL

**IV. Performance of the Company (Amount in ₹ '000)**

Total Income

1702073

Profit Before Tax

1698380

Earnings per Share (in ₹)

53.95

Total Expenditure

3693

Profit After Tax

1438780

Dividend %

60.00

**V. Generic Names of Principal Services of the Company: (as per monetary terms)**

Item Code No. (ITC Code)

NIL

Product Description

INVESTMENTS

Item Code No. (ITC Code)

NIL

Product Description

INVESTMENT CONSULTANCY

**Schedule to Balance Sheet as at March 31, 2011**

(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in lac)

|     | Particulars  | Amount outstanding<br>as at March 31, 2011 | Amount overdue<br>as at March 31, 2010 |
|-----|--|--|--|
|     | <b>Liabilities side :</b>  |  |  |
| (1) | <b>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b> |  |  |
|     | (a) Debentures :   |  |  |
|     | Secured  | NIL  | N.A.                                   |
|     | Unsecured (other than falling within the meaning of public deposits*)  | NIL  | N.A.                                   |
|     | (b) Deferred Credits   | NIL  | N.A.                                   |
|     | (c) Term Loans   | NIL  | N.A.                                   |
|     | (d) Inter-corporate loans and borrowing  | NIL  | N.A.                                   |
|     | (e) Commercial Paper   | NIL  | N.A.                                   |
|     | (f) Other Loans (specify nature)   |  |  |
|     | Sundry Creditors   | 1.69                                       | N.A.                                   |
|     | Interest accrued but not due on loans  | NIL  | N.A.                                   |
|     | Other Liabilities  | 0.19                                       | N.A.                                   |

\* Please see Note I

**Schedule to Balance Sheet as at March 31, 2011 (Continued)**

(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in lac)

|     | Particulars  | Amount outstanding<br>as at March 31, 2011 |
|-----|--|--|
|     | <b>Assets side :</b>   |  |
| (2) | <b>Break-up of Loans and Advances including bills receivables<br/>[other than those included in (3) below] :</b> |  |
|     | (a) Secured  | NIL  |
|     | (b) Unsecured  | 13,527.58                                  |
| (3) | <b>Break-up of Leased Assets and stock on hire and other assets counting towards<br/>AFC activities</b>          |  |
|     | (i) Lease assets including lease rentals under sundry debtors :  |  |
|     | (a) Financial lease  | NIL  |
|     | (b) Operating lease  | NIL  |
|     | (ii) Stock on hire including hire charges under sundry debtors:  |  |
|     | (a) Assets on hire   | NIL  |
|     | (b) Repossessed Assets   | NIL  |
|     | (iii) Other loans counting towards AFC activities  |  |
|     | (a) Loans where assets have been repossessed   | NIL  |
|     | (b) Loans other than (a) above   | NIL  |
| (4) | <b>Break-up of Investments :</b>   |  |
|     | Current Investments :  |  |
|     | 1. Quoted :  |  |
|     | (i) Shares : (a) Equity  | NIL  |
|     | (b) Preference   | NIL  |
|     | (ii) Debentures and Bonds  | NIL  |
|     | (iii) Units of mutual funds  | NIL  |
|     | (iv) Government Securities   | NIL  |
|     | (v) Others (please specify)  | NIL  |
|     | 2. Unquoted :  |  |
|     | (i) Shares : (a) Equity  | NIL  |
|     | (b) Preference   | NIL  |
|     | (ii) Debentures and Bonds  | NIL  |
|     | (iii) Units of mutual funds  | NIL  |
|     | (iv) Government Securities   | NIL  |
|     | (v) Others (please specify)  | NIL  |

**Schedule to Balance Sheet as at March 31, 2011 (Continued)**

(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in lac)

|  | Particulars                 | Amount outstanding<br>as at March 31, 2011 |
|--|-----------------------------|--|
|  | <b>Assets side :</b>        |  |
|  | Long Term investments :     |  |
|  | 1. Quoted :                 |  |
|  | (i) Shares : (a) Equity     | 7,603.18                                   |
|  | (b) Preference              | NIL  |
|  | (ii) Debentures and Bonds   | NIL  |
|  | (iii) Units of mutual funds | NIL  |
|  | (iv) Government Securities  | NIL  |
|  | (v) Others (Please specify) | NIL  |
|  | 2. Unquoted :               |  |
|  | (i) Shares : (a) Equity     | 1,174.96                                   |
|  | (b) Preference              | NIL  |
|  | (ii) Debentures and Bonds   | NIL  |
|  | (iii) Units of mutual funds | NIL  |
|  | (iv) Government Securities  | NIL  |
|  | (v) Others (Please specify) | NIL  |

(₹ in lac)

|     |  |   |           |
|-----|--|---|-----------|
| (5) | <b>Borrower group-wise classification of assets financed as in (2) and (3) above :</b> |   |           |
|     | Please see Note 2  |   |           |
|     | Category   | Amount net of provisions as at March 31, 2011 |           |
|     |  | Secured                                       | Unsecured |
|     | 1. Related Parties **  |   |           |
|     | (a) Subsidiaries   |   | NIL       |
|     | (b) Companies in the same Group  | 13,395.88                                     | 13,395.88 |
|     | (c) Other related parties  |   | NIL       |
|     | 2. Other than related parties  |   | NIL       |
|     | Total  | 13,395.88                                     | 13,395.88 |

**Schedule to Balance Sheet as at March 31, 2011 (Continued)**

(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in lac)

|  |  |   |   |
|--|--|---|---|
| (6) <b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b><br>Please see Note 3 |  |   |   |
| Category   |  | Market Value / Break up<br>or fair value or NAV<br>as at March 31, 2011 | Book Value<br>(Net of Provisions)<br>as at March 31, 2011 |
| 1. Related Parties **  |  |   |   |
| (a) Subsidiaries   |  | NIL   | N.A.  |
| (b) Companies in the same group  |  | NIL   | N.A.  |
| (c) Other related parties  |  | NIL   | N.A.  |
| 2. Other than related parties  |  |   |   |
| (a) Delta Brac Housing Finance Corporation Ltd., Bangladesh  |  | 6,791.67  | 273.56  |
| (b) Housing Development Finance Corporation Plc., Maldives   |  | 1,512.81  | 913.87  |
| (c) India Asset Recovery Management Ltd, Mauritius   |  | 3.55  | 1.22  |
| (d) HDFC Bank Ltd.   |  | 7,02,885.00   | 7,329.62  |
| (e) Softcell Technologies Ltd  |  | 242.26  | 259.87  |
| Total  |  | 7,11,435.29   | 8,778.14  |

\*\* As per Accounting Standard of ICAI (Please see Note 3)

(7) **Other information**

(₹ in lac)

|       | Particulars                             | Amount |
|-------|---|--------|
| (i)   | Gross Non-Performing Assets             |        |
|       | (a) Related parties                     | N.A.   |
|       | (b) Other than related parties          | N.A.   |
| (ii)  | Net Non-Performing Assets               |        |
|       | (a) Related parties                     | N.A.   |
|       | (b) Other than related parties          | N.A.   |
| (iii) | Assets acquired in satisfaction of debt | N.A.   |

**Notes:**

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

# HDFC Holdings Limited

A Wholly owned Subsidiary of Housing Development Finance Corporation Limited





## Board of Directors

Mr. Conrad D'Souza  
Mr. V. Srinivasa Rangan  
Mr. M. Ramabhadran

### Auditors

Deloitte Haskins & Sells  
Chartered Accountants

### Bankers

HDFC Bank Ltd.

### Registered Office

Ramon House,  
H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Tel. Nos. : 022-2283 6255  
              022-2282 0282  
Fax No. : 022-2204 6758

## Directors' Report

### TO THE MEMBERS

Your directors are pleased to present the Twelfth Annual Report of your Company with the audited accounts for the year ended March 31, 2011.

### Financial Results

|   | For the year ended<br>March 31, 2011<br>(Rupees in crores) | For the year ended<br>March 31, 2010<br>(Rupees in crores) |
|---|--|--|
| Profit before Tax   | 39.39  | 18.86  |
| Provision for Tax   | 13.10  | 6.40   |
| Profit after Tax  | 26.29  | 12.46  |
| Profit brought forward from the<br>previous year                                      | 12.36  | 24.70  |
| Profit after tax available for<br>appropriation                                       | 38.65  | 37.16  |
| Appropriation:  |  |  |
| Special Reserve (under Section<br>45-1C(1) of the Reserve Bank<br>of India Act, 1934) | 5.26   | 2.49   |
| General Reserve   | 2.63   | 1.25   |
| Interim Dividend  | Nil  | 18.00  |
| Additional Tax on Interim Dividend  | Nil  | 3.06   |
| Proposed Dividend (at ₹ 65 per equity share)  | 5.20   | —  |
| Additional Tax on Proposed Dividend   | 0.84   | —  |
| Profit carried to Balance Sheet   | 24.72  | 12.36  |

### Dividend

Your directors recommend payment of dividend for the year ended March 31, 2011 of ₹ 65 per equity share of ₹10 each (previous year ₹ 225 per equity share of ₹ 10 each as an interim dividend).

### Review of Operations

During the year, your Company received ₹ 37.30 crores as dividend from its subsidiary company, Griha Investments.

During the year, the Company made an investment of ₹ 2.40 crores in equity shares and ₹ 2.50 crores in convertible preference shares of domestic companies. The Company also made an investment of ₹ 6.99 crores in equity shares of a non domestic company.

### Subsidiary Company

In accordance with the provisions of Section 212(1) of the Companies Act, 1956, the annual report of Griha Investments, a company incorporated in Mauritius under the Companies Act, 2001, a wholly owned subsidiary of the Company, has been attached to this Report.

### Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as at March 31, 2011.

### Particulars of Employees' Remuneration

The Company had no employees on its

payroll as all the affairs of the Company are presently being carried out by some of the employees of its holding company, Housing Development Finance Corporation Limited (HDFC). The provisions of Section 217(2A) of the Companies Act, 1956, are consequently not applicable.

#### **Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

During the year, the Company received a total amount of ₹ 37.30 crores (previous year ₹ 18.21 crores) in foreign currency towards dividend from its subsidiary company and invested ₹ 6.99 crores (previous year ₹ Nil) in foreign currency in a non domestic company.

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

#### **Directors**

During the year, the board met seven times. The meetings were held on April 15, 2010, April 30, 2010, July 14, 2010, October 12, 2010, January 14, 2011, February 15, 2011 and February 25, 2011.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company,

Mr. M. Ramabhadran retires by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

Necessary resolution for the re-appointment of Mr. M. Ramabhadran has been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 274 (1)(g) of the Companies Act, 1956.

#### **Auditors**

Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having registration number 117365W and statutory auditors of the Company, retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

#### **Directors' Responsibility Statement**

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

- (i) In the preparation of the accounts, the applicable accounting standards have been followed;
- (ii) Accounting policies selected were

applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2011 and of the profit of the Company for the period ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

(iv) The annual accounts of the Company have been prepared on a going concern basis.

#### **Compliance Certificate**

Pursuant to the provisions of Section 383A of the Companies Act, 1956, a certificate from Messrs Bhandari & Associates, Company Secretaries, certifying that the Company has complied with the applicable provisions of the Companies Act, 1956, is attached herewith as an annex to this report.

#### **Acknowledgements**

Your directors wish to place on record their appreciation to all the employees of HDFC who devoted their valuable time for managing the affairs of the Company.

On behalf of the Board of Directors

CONRAD D'SOUZA

MUMBAI  
May 4, 2011

V. SRINIVASA RANGAN  
Directors

## COMPLIANCE CERTIFICATE

(PURSUANT TO SECTION 383A OF THE COMPANIES ACT, 1956)

Corporate identity number (CIN) of the Company: - U65993MH2000PLC123680  
To the Members of HDFC HOLDINGS LIMITED

We have examined the registers, records, books and papers of 'HDFC HOLDINGS LIMITED' (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st MARCH 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we hereby certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act, and the Rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies Maharashtra, Mumbai under the Act and the rules made thereunder.

3. The Company, being a 'Public Limited Company', comments under provisions of Section 3(1)(iii) of the Act in respect of 'Private Limited Company' is not required.

4. The Board of Directors duly met **7 (Seven)** times respectively on 15th April 2010, 30th April 2010, 14th July 2010, 12th October 2010, 14th January 2011, 15th February 2011 and 25th March 2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed, in the Minutes Book maintained for the purpose.

5. The Company has not closed its Register of Members during the financial year.

6. The annual general meeting for the financial year ended on 31st March 2010 was held on 14th July 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

7. No Extra Ordinary General Meeting was held during the Financial Year.

8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.

12. The Company has not issued any duplicate share certificates during the financial year.

13. (i) The Company has not made any allotment, transfer and transmission of securities during the financial year.

(ii) The Company has not deposited any amount in a separate bank account as no dividend was declared during the financial year.

(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.

(iv) The Company has no amount payable in respect of unclaimed/unpaid dividend account, application money due

for refund, matured deposits, matured debentures and the interest accrued thereon as on 31st March 2011.

(v) The Company has duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted. There was no appointment of Director, Additional Directors, Alternate Directors and Directors to fill casual vacancy during the financial year.

15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.

16. The Company has not appointed any sole-selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company has no preference share capital or debentures and hence there was no redemption of preference share capital or debentures during the financial year.

22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights

shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.

24. The Company has not made any borrowings during the financial year ended on 31st March, 2011.

25. The Company has made corporate deposits and investments in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose. However the Company has not made any advances or given any guarantees or provided securities to other bodies corporate.

26. The Company has not altered the provisions of the Memorandum with

respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was no prosecution initiated

against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees, as there were no employees employed during the financial year.

33. There were no employees employed during the financial year, hence the Company was not required to deduct any contribution towards Provident Fund.

For BHANDARI & ASSOCIATES  
Company Secretaries

S. N. BHANDARI  
Proprietor  
C. P. 366

MUMBAI  
April 10, 2011

## ANNEXURE 'A'

Registers as maintained by the Company :

- |   |  |
|---|--|
| 1. Register of Members under Section 150.   | 6. Minutes Book of Board Meetings under Section 193(1).    |
| 2. Register of Contracts under Section 301.   | 7. Minutes Book of General Meeting under Section 193(1).   |
| 3. Register of Directors, Managing Director, Manager and Secretary under Section 303. | 8. Register of Investments.                                |
| 4. Register of Directors' Shareholdings under Section 307.                            | 9. Register of Directors Attendance at the Board Meetings. |
| 5. Books of Accounts under Section 209.   | 10. Register of Members Attendance at the General Meeting. |
|   | 11. Register of Share Application and Allotment.           |
|   | 12. Register of share transfer.                            |

## ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Maharashtra, Mumbai during the financial year ending on 31st March, 2011 :

| Sr. No. | Form No./ Return | Filed under Section | For                           | Date of filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid Yes/No |
|---------|------------------|---------------------|-------------------------------|----------------|---|---|
| 1.      | Form 66          | 383A                | Compliance and Record 2009-10 | 28/07/10       | Yes   | N/A   |
| 2.      | Form 23AC / ACA  | 220                 | Compliance and Record 2009-10 | 07/08/10       | Yes   | N/A   |
| 3.      | Form 20B         | 159                 | Compliance and Record 2009-10 | 16/08/10       | Yes   | N/A   |

## Auditors' Report

### TO THE MEMBERS OF HDFC HOLDINGS LIMITED

1. We have audited the attached Balance Sheet of HDFC HOLDINGS LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO)

issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the

explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

MUMBAI  
May 4, 2011

Z. F. Billimoria  
Partner  
(Membership No. 42791)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/results/transactions etc., clauses (i), (ii), (iv), (vi), (viii), (x), (xi), (xii), (xiii), (xv), (xvi), (xvii), (xviii), (xix), and (xx) of CARO are not applicable.

(ii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted loans aggregating ₹ 1,33,04,00,000 to one party during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 35,73,00,000 and the maximum amount involved during the year was ₹ 56,34,00,000.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The receipts of principal amounts and interest have been regular/as per stipulations.

(iii) To the best of our knowledge and belief and according to the information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties covered under in the register maintained under Section 301 of the Companies Act, 1956.

(iv) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements which needed to be entered in the register maintained in pursuance of Section of 301 of the Companies Act, 1956.

(v) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.

(vi) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed dues, including Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Cess and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

(vii) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares securities and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.

(viii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

Z. F. Billimoria  
Partner  
MUMBAI  
May 4, 2011 (Membership No. 42791)

**Balance Sheet as at March 31, 2011**

|  | Schedule | Rupees       | Rupees              | March 31, 2010<br>Rupees |
|--|----------|--------------|---------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>                  |          |              |                     |                          |
| SHAREHOLDERS' FUNDS                      |          |              |                     |                          |
| SHARE CAPITAL                            | 1        |              | 80,00,700           | 80,00,700                |
| RESERVES AND SURPLUS                     | 2        |              | 44,11,83,797        | 23,87,37,229             |
|  |          |              | <u>44,91,84,497</u> | <u>24,67,37,929</u>      |
| <b>APPLICATION OF FUNDS</b>              |          |              |                     |                          |
| INVESTMENTS (AT COST)                    | 3        |              | 13,56,31,541        | 1,53,84,825              |
| CURRENT ASSETS, LOANS AND ADVANCES       |          |              |                     |                          |
| Bank Balances                            | 4        | 17,33,133    |                     | 7,14,684                 |
| Other Current Assets:                    |          |              |                     |                          |
| Loans and Advances                       | 5        | 37,50,72,281 |                     | 23,24,07,898             |
|  |          | 37,68,05,414 |                     | 23,31,22,582             |
| LESS: CURRENT LIABILITIES AND PROVISIONS |          |              |                     |                          |
| Current Liabilities                      | 6        | 2,20,435     |                     | 71,695                   |
| Provisions                               | 7        | 6,30,32,023  |                     | 16,97,783                |
|  |          | 6,32,52,458  |                     | 17,69,478                |
| NET CURRENT ASSETS                       |          |              | 31,35,52,956        | 23,13,53,104             |
|  |          |              | <u>44,91,84,497</u> | <u>24,67,37,929</u>      |
| Notes forming part of the Accounts       | 8        |              |                     |                          |
| Significant Accounting Policies          | 9        |              |                     |                          |

Schedules 1 to 9 annexed hereto form part of the Accounts.

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 4, 2011.

Directors  
**Conrad D'Souza**  
**V. Srinivasa Rangan**  
**M. Ramabhadran**



## Profit and Loss Account for the year ended March 31, 2011

|   | Schedule | Rupees              | Previous Year<br>Rupees |
|---|----------|---------------------|-------------------------|
| <b>INCOME</b>   |          |                     |                         |
| Dividend (Note 1)   |          | 37,36,95,566        | 18,25,22,921            |
| Interest on Deposits<br>(Tax deducted at source ₹. 21,27,145 - Previous Year ₹. 9,19,835) |          | 2,12,71,408         | 63,98,835               |
|   |          | <u>39,49,66,974</u> | <u>18,89,21,756</u>     |
| <b>EXPENDITURE</b>  |          |                     |                         |
| Stamp Duty and Filing Fees  |          | 1,500               | —                       |
| Auditors' Remuneration (Note 3)   |          | 1,35,118            | 3,52,960                |
| Miscellaneous Expenses  |          | 49,548              | 15,582                  |
| Contingent Provision against Standard Assets  |          | 8,93,250            | —                       |
|   |          | <u>10,79,416</u>    | <u>3,68,542</u>         |
| <b>PROFIT BEFORE TAX</b>  |          | 39,38,87,558        | 18,85,53,214            |
| Less: Provision for Tax (Current)   |          | 13,10,00,000        | 6,40,00,000             |
| <b>PROFIT AFTER TAX</b>   |          | 26,28,87,558        | 12,45,53,214            |
| Add: Profit brought forward from the previous year  |          | 12,36,12,576        | 24,70,34,756            |
| <b>PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION</b>                                       |          | 38,65,00,134        | 37,15,87,970            |
| <b>APPROPRIATION:</b>   |          |                     |                         |
| Special Reserve (under Section 45 - IC(1) of the<br>Reserve Bank of India Act, 1934)      |          | 5,25,77,512         | 2,49,10,643             |
| General Reserve   |          | 2,62,88,756         | 1,24,55,321             |
| Interim Dividend  |          | —                   | 18,00,15,750            |
| Additional Tax on Interim Dividend  |          | —                   | 3,05,93,680             |
| Proposed Dividend   |          | 5,20,04,550         | —                       |
| Additional Tax on Proposed Dividend   |          | 84,36,440           | —                       |
|   |          | <u>13,93,07,258</u> | <u>24,79,75,394</u>     |
| <b>BALANCE CARRIED TO THE BALANCE SHEET</b>   |          | <u>24,71,92,876</u> | <u>12,36,12,576</u>     |
| <b>EARNINGS PER SHARE (Face Value ₹. 10)</b>  |          |                     |                         |
| — Basic and Diluted (Note 7)  |          | 328.58              | 155.68                  |
| Notes forming part of the Accounts  | 8        |                     |                         |
| Significant Accounting Policies   | 9        |                     |                         |
| Schedules 1 to 9 annexed hereto form part of the Accounts.                                |          |                     |                         |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 4, 2011.

Directors  
**Conrad D'Souza**  
**V. Srinivasa Rangan**  
**M. Ramabhadran**



## Cash Flow Statement for the year ended March 31, 2011

|   | Rupees         | Previous Year<br>Rupees |
|---|----------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                               |                |                         |
| Profit before tax   | 39,38,87,558   | 18,85,53,214            |
| Adjustments for:  |                |                         |
| Contingent Provision against Standard Assets                                | 8,93,250       | —                       |
| Operating Profit before Working Capital changes                             | 39,47,80,808   | 18,85,53,214            |
| Adjustments for:  |                |                         |
| Current Assets  | (14,05,37,242) | 8,61,06,105             |
| Current Liabilities   | 1,48,740       | —                       |
| Cash generated from Operations  | 25,43,92,306   | 27,46,59,319            |
| Advance tax paid  | (13,31,27,141) | (7,79,19,835)           |
| Net cash from operating activities  | 12,12,65,165   | 19,67,39,484            |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                               |                |                         |
| Purchase of Investments   | (12,02,46,716) | (4,42,921)              |
| Net cash used in investing activities                                       | (12,02,46,716) | (4,42,921)              |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                |                         |
| Dividend paid   | —              | (18,00,15,750)          |
| Tax paid on Dividend  | —              | (3,05,93,680)           |
| Net cash used in financing activities                                       | —              | (21,06,09,430)          |
| Net Increase / (Decrease) in cash and cash equivalents                      | 10,18,449      | (1,43,12,867)           |
| Cash and cash equivalents as at the beginning of the year as per Schedule 4 | 7,14,684       | 1,50,27,551             |
| Cash and cash equivalents as at the end of the year as per Schedule 4       | 17,33,133      | 7,14,684                |
|   | 10,18,449      | (1,43,12,867)           |

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 4, 2011.

Directors  
**Conrad D'Souza**  
**V. Srinivasa Rangan**  
**M. Ramabhadran**

## Schedules

Annexed to and forming part of the Accounts

### Schedule 1

#### SHARE CAPITAL

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| <b>AUTHORISED</b>  |                                   |                                   |
| 5,00,00,000 Equity Shares of ₹. 10 each  | <u>50,00,00,000</u>               | <u>50,00,00,000</u>               |
| Issued, Subscribed and Paid-up:<br>8,00,070 Equity Shares of ₹. 10 each fully paid-up                                | <u>80,00,700</u>                  | <u>80,00,700</u>                  |
| (All the shares are held by Housing Development Finance Corporation Limited, the holding company, and its nominees.) |                                   |                                   |

### Schedule 2

#### RESERVES AND SURPLUS

|  | Rupees             | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|--------------------|-----------------------------------|-----------------------------------|
| <b>SPECIAL RESERVE (under Section 45-IC(I) of the Reserve Bank of India Act, 1934)</b> |                    |                                   |                                   |
| Opening Balance  | 8,66,69,332        |                                   | 6,17,58,689                       |
| Add: Transfer from the Profit and Loss Account   | <u>5,25,77,512</u> |                                   | <u>2,49,10,643</u>                |
|  |                    | 13,92,46,844                      | 8,66,69,332                       |
| <b>GENERAL RESERVE</b>   |                    |                                   |                                   |
| Opening Balance  | 1,24,55,321        |                                   | —                                 |
| Add: Transfer from the Profit and Loss Account   | <u>2,62,88,756</u> |                                   | <u>1,24,55,321</u>                |
|  |                    | 3,87,44,077                       | 1,24,55,321                       |
| <b>SECURITIES PREMIUM</b>  |                    | 1,60,00,000                       | 1,60,00,000                       |
| <b>PROFIT AND LOSS ACCOUNT</b>   |                    | <u>24,71,92,876</u>               | <u>12,36,12,576</u>               |
|  |                    | <u>44,11,83,797</u>               | <u>23,87,37,229</u>               |

### Schedule 3

#### INVESTMENTS (AT COST)

|   | Number of<br>Shares/Units | Face Value<br>per Share/Unit<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|---------------------------|--|-----------------------------------|-----------------------------------|
| <b>Long-term:</b>   |                           |  |                                   |                                   |
| <b>Equity Shares - fully paid-up</b>  |                           |  |                                   |                                   |
| Subsidiary:   |                           |  |                                   |                                   |
| Un-Quoted   |                           |  |                                   |                                   |
| Griha Investments (Mauritius)<br>– of US\$ 1 each                             | 40,000                    |  | 20,03,400                         | 20,03,400                         |
| <b>Other Companies:</b>   |                           |  |                                   |                                   |
| Quoted  |                           |  |                                   |                                   |
| HDFC Bank Ltd.<br>(Market Value ₹. 23,42,950 -<br>Previous Year ₹. 19,32,500) | 1,000                     | 10                                     | 2,49,979                          | 2,49,979                          |
| Carried forward   |                           |  | <u>22,53,379</u>                  | <u>22,53,379</u>                  |

**Schedule 3** (Continued)**INVESTMENTS (AT COST)**

|   | Number of<br>Shares/Units | Face Value<br>per Share/Unit<br>Rupees | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|---------------------------|--|-----------------------------------|-----------------------------------|
| Brought forward   |                           |  | 22,53,379                         | 22,53,379                         |
| Unquoted  |                           |  |                                   |                                   |
| Angels Health Pvt. Ltd.   | 1,80,000                  | 10                                     | 2,41,37,875                       | —                                 |
| Kaizen Management Advisors Pvt. Ltd.                                | 10                        | 10                                     | 100                               | —                                 |
| <b>Preferred Stock - fully paid-up</b>                              |                           |  |                                   |                                   |
| Unquoted  |                           |  |                                   |                                   |
| Tyfone, Inc., USA – of USD 0.001 each                               | 14,43,696                 |  | 6,99,41,250                       | —                                 |
| <b>Convertible Preference Shares</b>                                |                           |  |                                   |                                   |
| Unquoted  |                           |  |                                   |                                   |
| 0.01 % Convertible Preference Shares                                |                           |  |                                   |                                   |
| Kaizen Management Advisors Pvt. Ltd.                                | 25,00,000                 | 10                                     | 2,55,23,925                       | —                                 |
| <b>Current:</b>   |                           |  |                                   |                                   |
| Investment in Mutual Fund - Unquoted                                |                           |  |                                   |                                   |
| HDFC Liquid Fund - Dividend Reinvestment Option                     | 13,56,839                 | 10                                     | 1,37,75,012                       | 1,31,31,446                       |
| (Repurchase price ₹. 1,40,00,540 -<br>Previous Year ₹. 1,33,49,731) |                           |  | <u>13,56,31,541</u>               | <u>1,53,84,825</u>                |
|   |                           |  | Book Value<br>Rupees              | Market Value<br>Rupees            |
| <b>Aggregate of Quoted Investments</b>                              |                           |  | 2,49,979                          | 23,42,950                         |
| Previous Year   |                           |  | (2,49,979)                        | (19,32,500)                       |
| <b>Aggregate of Investment in Unquoted Mutual Funds</b>             |                           |  | 1,37,75,012                       | 1,40,00,540                       |
| Previous Year   |                           |  | (1,31,31,446)                     | (1,33,49,731)                     |
| <b>Aggregate of Unquoted Investments (Others)</b>                   |                           |  | 12,16,06,550                      |                                   |
| Previous Year   |                           |  | (20,03,400)                       |                                   |

**Schedule 4****BANK BALANCES**

|                               | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------------------------|-----------------------------------|-----------------------------------|
| Cheques on Hand               | 4,94,696                          | —                                 |
| Balances with Scheduled Bank: |                                   |                                   |
| Current Account               | 12,38,437                         | 7,14,684                          |
|                               | <u>17,33,133</u>                  | <u>7,14,684</u>                   |

**Schedule 5****LOANS AND ADVANCES**

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Advance Income Tax (Net of Provisions) | 1,60,82,510                       | 1,39,55,369                       |
| Interest Accrued on Deposits           | 16,89,771                         | 52,529                            |
| Corporate Deposits                     | 35,73,00,000                      | 21,84,00,000                      |
|  | <u>37,50,72,281</u>               | <u>23,24,07,898</u>               |

**Schedule 6****CURRENT LIABILITIES**

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Sundry Creditors (other than Micro and Small Enterprises) (Note 6) | 94,306                            | 64,525                            |
| Other Liabilities  | 1,26,129                          | 7,170                             |
|  | <u>2,20,435</u>                   | <u>71,695</u>                     |

**Schedule 7****PROVISIONS**

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Provision for Tax (Net of Advance Tax)       | 16,97,783                         | 16,97,783                         |
| Contingent Provision against Standard Assets | 8,93,250                          | —                                 |
| Proposed Dividend                            | 5,20,04,550                       | —                                 |
| Additional Tax on Dividend                   | 84,36,440                         | —                                 |
|  | <u>6,30,32,023</u>                | <u>16,97,783</u>                  |

**Schedule 8****NOTES FORMING PART OF THE ACCOUNTS**

1. Dividend income includes ₹ 6,43,566 (Previous Year ₹ 4,42,921) in respect of current investments and ₹ 37,30,40,000 (Previous Year ₹ 18,20,70,000) from Subsidiary Company.

|                                      |                        |                         |
|--------------------------------------|------------------------|-------------------------|
| 2. (a) Receipts in foreign currency: | Current Year<br>Rupees | Previous Year<br>Rupees |
| Dividend                             | 37,30,40,000           | 18,20,70,000            |
| (b) Payments in foreign currency     |                        |                         |
| Tyfone, Inc., USA                    | 6,99,41,250            | —                       |
| 3. Auditors' Remuneration:           | Current Year<br>Rupees | Previous Year<br>Rupees |
| Audit Fees                           | 50,000                 | 50,000                  |
| Tax Matters                          | 15,000                 | 2,60,000                |
| Other Matters                        | 57,500                 | 10,000                  |
| Service Tax                          | 12,618                 | 32,960                  |
|                                      | <u>1,35,118</u>        | <u>3,52,960</u>         |

4. The Company is primarily engaged in the business of making investments. As such, there are no separate business segments, as per the Accounting Standard on 'Segment Reporting' (AS-17) notified under the Companies (Accounting Standards) Rules, 2006. The analysis of geographical segments is based on assets located outside India. The disclosures in respect thereof are as under:

|                                 | Current Year<br>Rupees | Previous Year<br>Rupees |
|---------------------------------|------------------------|-------------------------|
| Segment Assets (as at year end) | 7,19,44,650            | 20,03,400               |
| Segment Revenue                 | 37,30,40,000           | 18,20,70,000            |

**Schedule 8 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

5. As per the Accounting Standard on 'Related Party Disclosures' (AS-18), notified under the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

(A) Holding Company : Housing Development Finance Corporation Ltd.

(B) Wholly Owned Subsidiary : Griha Investments (Mauritius)

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

|  | Holding Company        |                         | Wholly Owned Subsidiary Company |                         |
|--|------------------------|-------------------------|---------------------------------|-------------------------|
|  | Current Year<br>Rupees | Previous Year<br>Rupees | Current Year<br>Rupees          | Previous Year<br>Rupees |
| <b>INCOME</b>                            |                        |                         |                                 |                         |
| Interest on Deposits                     | 2,12,71,408            | 63,67,743               |                                 |                         |
| Dividend on equity shares                |                        |                         | 37,30,40,000                    | 18,20,70,000            |
| <b>EXPENSES</b>                          |                        |                         |                                 |                         |
| Dividend on equity shares                | —                      | 18,00,15,750            |                                 |                         |
| <b>ASSETS</b>                            |                        |                         |                                 |                         |
| Interest accrued but not due on Deposits | 16,89,771              | 52,529                  |                                 |                         |
| Investments in Corporate Deposits        | 35,73,00,000           | 21,84,00,000            |                                 |                         |

6. Sundry creditors include ₹ Nil (Previous Year ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/payable by the Company during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Company for this purpose.

7. In accordance with the Accounting Standard on 'Earnings Per Share' (AS-20), notified under the Companies (Accounting Standards) Rules, 2006:

Earnings Per Share has been computed as under:

|  | Current Year | Previous Year |
|--|--------------|---------------|
| (a) Profit after Taxation (₹)                          | 26,28,87,558 | 12,45,53,214  |
| (b) Number of Equity Shares Outstanding                | 8,00,070     | 8,00,070      |
| (c) Earnings Per Share (Basic and Diluted) (a)/(b) (₹) | 328.58       | 155.68        |

8. The following additional information (other than what is already disclosed elsewhere) has been disclosed in terms of circular No. DNBS. 193 DG(VL)-2007 dated February 22, 2007 issued by the Reserve Bank of India.

| Category                        | Current Year           |                                   | Previous Year          |                                   |
|---------------------------------|------------------------|-----------------------------------|------------------------|-----------------------------------|
|                                 | Market Value<br>or NAV | Book Value<br>(Net of Provisions) | Market Value<br>or NAV | Book Value<br>(Net of Provisions) |
|                                 | Rupees                 | Rupees                            | Rupees                 | Rupees                            |
| Investments in:                 |                        |                                   |                        |                                   |
| 1. Related Parties              |                        |                                   |                        |                                   |
| (a) Subsidiaries                | 33,61,76,547           | 20,03,400                         | 3,54,37,898            | 20,03,400                         |
| (b) Companies in the same group | —                      | —                                 | —                      | —                                 |
| (c) Other related parties       | —                      | —                                 | —                      | —                                 |
| 2. Other than related parties   | (6,38,65,938)          | 13,36,28,141                      | 1,52,82,231            | 1,33,81,425                       |
| Total                           | 27,23,10,609           | 13,56,31,541                      | 5,07,20,129            | 1,53,84,825                       |

9. Figures for the previous year have been regrouped/rearranged, wherever necessary.

**Schedule 9****SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONVENTION**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, relevant provisions of the Companies Act, 1956 and the guidelines issued by Reserve Bank of India.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**2. SYSTEM OF ACCOUNTING**

The Company adopts the accrual concept in the preparation of the accounts.

**3. REVENUE RECOGNITION**

Interest and other dues are accounted on accrual basis. Dividend is accounted when the right to receive is established.

**4. INVESTMENTS**

Investments are classified as long term and current in accordance with the Accounting Standard on 'Accounting for Investments' (AS-13) notified under the Companies (Accounting Standards) Rules, 2006. Long term investments are valued at acquisition cost less provision for diminution other than temporary, if any. Current Investments are valued at lower of cost and market value.

**5. INCOME-TAX**

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

**6. FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currency are recorded at the rates of exchange in force at the time transactions are effected. Monetary items denominated in a foreign currency are translated using the exchange rates prevailing at the date of Balance Sheet.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**Registration No. 

|   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|
| 1 | 1 | - | 1 | 2 | 3 | 6 | 8 | 0 |
|---|---|---|---|---|---|---|---|---|

State Code 

|   |   |
|---|---|
| 1 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |
|---|
| 3 |
|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 1 | 1 |
|---|---|---|---|

**II. Capital Raised during the year : (Amount in ₹ '000)**

Public Issue

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Rights Issue

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Bonus Issue

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Private Placement

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ '000)**

Total Liabilities

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | 5 | 1 | 2 | 4 | 3 | 7 |
|--|--|--|---|---|---|---|---|---|

Total Assets

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | 5 | 1 | 2 | 4 | 3 | 7 |
|--|--|--|---|---|---|---|---|---|

**SOURCES OF FUNDS**

Paid-up Capital

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 8 | 0 | 0 | 1 |
|--|--|--|--|---|---|---|---|

Reserves and Surplus

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 4 | 4 | 1 | 1 | 8 | 4 |
|--|--|---|---|---|---|---|---|

Secured Loans

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Unsecured Loans

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

**APPLICATION OF FUNDS**

Net Fixed Assets

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Investments

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 1 | 3 | 5 | 6 | 3 | 2 |
|--|--|---|---|---|---|---|---|

Net Current Assets

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 3 | 1 | 3 | 5 | 5 | 3 |
|--|--|---|---|---|---|---|---|

Miscellaneous Expenditure

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Accumulated Losses

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

**IV. Performance of the Company (Amount in ₹ '000)**

Total Income

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 3 | 9 | 4 | 9 | 6 | 7 |
|--|--|---|---|---|---|---|---|

Total Expenditure

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 1 | 0 | 7 | 9 |
|--|--|--|--|---|---|---|---|

Profit Before Tax

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 3 | 9 | 3 | 8 | 8 | 8 |
|--|--|---|---|---|---|---|---|

Profit After Tax

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 2 | 6 | 2 | 8 | 8 | 8 |
|--|--|---|---|---|---|---|---|

Earnings per Share (in ₹)

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 3 | 2 | 8 | . | 5 | 8 |
|--|--|---|---|---|---|---|---|

Dividend %

|  |  |  |  |   |   |   |
|--|--|--|--|---|---|---|
|  |  |  |  | 6 | 5 | 0 |
|--|--|--|--|---|---|---|

**V. Generic Names of Principal Services of the Company: (as per monetary terms)**Item Code No. (ITC Code) 

|   |   |   |
|---|---|---|
| N | I | L |
|---|---|---|

Product Description 

|   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|
| I | N | V | E | S | T | M | E | N | T | S |
|---|---|---|---|---|---|---|---|---|---|---|

Item Code No. (ITC Code) 

|   |   |   |
|---|---|---|
| N | I | L |
|---|---|---|

Product Description 

|   |   |   |   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|---|
| I | N | V | E | S | T | M | E | N | T |  | C | O | N | S | U | L | T | A | N | C | Y |
|---|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|---|

**Schedule to Balance Sheet as at March 31, 2011**

(as required in terms of Paragraph 13 of Non-Banking Financial (non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in lac)

|     | Particulars  | Amount outstanding<br>as at March 31, 2011 | Amount overdue<br>as at March 31, 2011 |
|-----|--|--|--|
|     | <b>Liabilities side :</b>  |  |  |
| (1) | <b>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b> |  |  |
|     | (a) Debentures :   |  |  |
|     | Secured  | NIL  | N.A.                                   |
|     | Unsecured (other than falling within the meaning of public deposits*)  | NIL  | N.A.                                   |
|     | (b) Deferred Credits   | NIL  | N.A.                                   |
|     | (c) Term Loans   | NIL  | N.A.                                   |
|     | (d) Inter-corporate loans and borrowing  | NIL  | N.A.                                   |
|     | (e) Commercial Paper   | NIL  | N.A.                                   |
|     | (f) Other Loans (specify nature)   |  |  |
|     | Sundry Creditors   | 0.94                                       | N.A.                                   |
|     | Other Liabilities  | 1.26                                       | N.A.                                   |

\* Please see Note 1



**Schedule to Balance Sheet as at March 31, 2011 (Continued)**

(as required in terms of Paragraph 13 of Non-Banking Financial (non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in lac)

|     | Particulars  | Amount outstanding<br>as at March 31, 2011 |
|-----|--|--|
|     | <b>Assets side :</b>   |  |
| (2) | <b>Break-up of Loans and Advances including bills receivables<br/>[other than those included in (3) below] :</b> |  |
|     | (a) Secured  | NIL  |
|     | (b) Unsecured  | 3,750.72                                   |
| (3) | <b>Break-up of Leased Assets and stock on hire and other<br/>assets counting towards AFC activities</b>          |  |
|     | (i) Lease assets including lease rentals under sundry debtors :  |  |
|     | (a) Financial lease  | NIL  |
|     | (b) Operating lease  | NIL  |
|     | (ii) Stock on hire including hire charges under sundry debtors:  |  |
|     | (a) Assets on hire   | NIL  |
|     | (b) Repossessed Assets   | NIL  |
|     | (iii) Other loans counting towards AFC activities  |  |
|     | (a) Loans where assets have been repossessed   | NIL  |
|     | (b) Loans other than (a) above   | NIL  |
| (4) | <b>Break-up of Investments :</b>   |  |
|     | Current Investments :  |  |
|     | 1. Quoted :  |  |
|     | (i) Shares : (a) Equity  | NIL  |
|     | (b) Preference   | NIL  |
|     | (ii) Debentures and Bonds  | NIL  |
|     | (iii) Units of mutual funds  | NIL  |
|     | (iv) Government Securities   | NIL  |
|     | (v) Others (please specify)  | NIL  |
|     | 2. Unquoted :  |  |
|     | (i) Shares : (a) Equity  | NIL  |
|     | (b) Preference   | NIL  |
|     | (ii) Debentures and Bonds  | NIL  |
|     | (iii) Units of mutual funds  | 137.75                                     |
|     | (iv) Government Securities   | NIL  |
|     | (v) Others (please specify)  | NIL  |

**Schedule to Balance Sheet as at March 31, 2011 (Continued)**

(as required in terms of Paragraph 13 of Non-Banking Financial (non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in lac)

|  | Particulars                 | Amount outstanding<br>as at March 31, 2011 |
|--|-----------------------------|--|
|  | <b>Assets side :</b>        |  |
|  | Long Term investments :     |  |
|  | 1. Quoted :                 |  |
|  | (i) Shares : (a) Equity     | 2.50                                       |
|  | (b) Preference              | NIL  |
|  | (ii) Debentures and Bonds   | NIL  |
|  | (iii) Units of mutual funds | NIL  |
|  | (iv) Government Securities  | NIL  |
|  | (v) Others (Please specify) | NIL  |
|  | 2. Unquoted :               |  |
|  | (i) Shares : (a) Equity     | 261.42                                     |
|  | (b) Preference              | 954.65                                     |
|  | (ii) Debentures and Bonds   | NIL  |
|  | (iii) Units of mutual funds | NIL  |
|  | (iv) Government Securities  | NIL  |
|  | (v) Others (Please specify) | NIL  |

(₹ in lac)

| (5)                             | <b>Borrower group-wise classification of assets financed as in (2) and (3) above :</b> |           |          |
|---------------------------------|--|-----------|----------|
|                                 | Please see Note 2  |           |          |
| Category                        | Amount net of provisions as at March 31, 2011  |           |          |
|                                 | Secured  | Unsecured | Total    |
| 1. Related Parties **           |  |           |          |
| (a) Subsidiaries                |  |           | NIL      |
| (b) Companies in the same Group |  | 3,589.90  | 3,589.90 |
| (c) Other related parties       |  |           | NIL      |
| 2. Other than related parties   |  |           | NIL      |
| Total                           |  | 3,589.90  | 3,589.90 |

**Schedule to Balance Sheet as at March 31, 2011 (Continued)**

(as required in terms of Paragraph 13 of Non-Banking Financial (non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in lac)

| (6) <b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b><br>Please see Note 3 |   |   |  |
|--|---|---|--|
| Category   | Market Value / Break up<br>or fair value or NAV<br>as at March 31, 2011 | Book Value<br>(Net of Provisions)<br>as at March 31, 2011 |  |
| 1. Related Parties **  |   |   |  |
| (a) Subsidiaries   | 3,361.77  | 20.03   |  |
| (b) Companies in the same group  | NIL   | N.A.  |  |
| (c) Other related parties  | NIL   | N.A.  |  |
| 2. Other than related parties  |   |   |  |
| (a) HDFC Bank Ltd.   | 23.43   | 2.50  |  |
| (b) HDFC Mutual Fund   | 140.00  | 137.75  |  |
| (c) Angels Health Pvt Ltd  | 241.38  | 241.38  |  |
| (d) Kaizen Management Advisors Pvt Ltd   | (956.82)  | 255.24  |  |
| (e) Tyfone Inc, USA  | (86.65)   | 699.41  |  |
| Total  | 2,723.11  | 1,356.31  |  |

\*\* As per Accounting Standard of ICAI (Please see Note 3)

**(7) Other information**

(₹ in lac)

|       | Particulars                             | Amount |
|-------|---|--------|
| (i)   | Gross Non-Performing Assets             |        |
|       | (a) Related parties                     | N.A.   |
|       | (b) Other than related parties          | N.A.   |
| (ii)  | Net Non-Performing Assets               |        |
|       | (a) Related parties                     | N.A.   |
|       | (b) Other than related parties          | N.A.   |
| (iii) | Assets acquired in satisfaction of debt | N.A.   |

**Notes:**

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

# Griha Investments

A Wholly owned Subsidiary of HDFC Holdings Limited



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## Board of Directors

|                         | <i>Date of appointment</i> |
|-------------------------|----------------------------|
| Mr. Dev Joory           | 27 March 2006              |
| Mr. Fareed Soreefan     | 27 March 2006              |
| Mr. Keki M. Mistry      | 24 August 2007             |
| Mr. Marc Lagesse        | 24 August 2007             |
| Mr. Hariharan Jayakumar | 21 August 2008             |

### Auditors

Kemp Chatteris Deloitte  
7th Floor, Raffles Tower  
19 Cybercity  
Ebene  
MAURITIUS

### Banker

SBI (Mauritius) Limited  
7th Floor, SBI Tower  
Mindspace Building  
Ebene  
MAURITIUS

### Administrator and Secretary

International Financial Services Limited  
IFS Court  
Twenty Eight  
Cybercity  
Ebene  
MAURITIUS

### Registered Office

c/o International Financial Services Limited  
IFS Court  
Twenty Eight  
Cybercity  
Ebene  
MAURITIUS

## Commentary of the Directors for the year ended March 31, 2011

### Results

The results for the year are shown in the Statement of Comprehensive Income and related notes.

### Directors

The present membership of the Board is set out on this page.

### Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flows of the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company; and
- would enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

### Auditors

The auditors, Kemp Chatteris Deloitte, have indicated their willingness to continue in office.

## Independent Auditor's Report

### To the shareholders of Griha Investments

This report is made solely to the company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### Report on the Financial Statements

We have audited the financial statements of Griha Investments which comprise the Statement of Financial Position as at March 31, 2011 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Directors' responsibilities for the financial statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category I Global Business License companies. They are also responsible for such internal control

as they determine is necessary to enable the preparation of financial statements that 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 conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category I Global Business License companies.

#### Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the Company other than in our capacities as auditors;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

MAURITIUS      Kemp Chatteris Deloitte  
April 21, 2011      Chartered Accountants

## Certificate

### From the Secretary Under Section 166 (D) of the Companies Act 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **Griha Investments** under the Mauritius Companies Act 2001 during the financial year ended March 31, 2011.

For INTERNATIONAL FINANCIAL SERVICES LIMITED  
Secretary

April 21, 2011

Registered Office:  
IFS Court, Twenty Eight, Cybercity, Ebene, MAURITIUS

## Statement of Financial Position at March 31, 2011

|                                     | Notes | 2011<br>USD             | 2010<br>USD             |
|-------------------------------------|-------|-------------------------|-------------------------|
| <b>ASSETS</b>                       |       |                         |                         |
| <b>Non-current assets</b>           |       |                         |                         |
| Investment                          | 9     | 2                       | 2                       |
| Office equipment                    | 10    | 406                     | 814                     |
|                                     |       | <u>408</u>              | <u>816</u>              |
| <b>Current assets</b>               |       |                         |                         |
| Receivables and prepayments         | 11    | 5,987,327               | 7,399,013               |
| Cash and cash equivalents           |       | 3,263,542               | 491,386                 |
|                                     |       | <u>9,250,869</u>        | <u>7,890,399</u>        |
| <b>Total assets</b>                 |       | <u><u>9,251,277</u></u> | <u><u>7,891,215</u></u> |
| <b>EQUITY AND LIABILITIES</b>       |       |                         |                         |
| <b>Capital and reserves</b>         |       |                         |                         |
| Stated capital                      | 12    | 40,000                  | 40,000                  |
| Retained earnings                   |       | 9,133,573               | 7,489,150               |
| <b>Total equity</b>                 |       | <u>9,173,573</u>        | <u>7,529,150</u>        |
| <b>Current liabilities</b>          |       |                         |                         |
| Accruals and payables               | 13    | 6,290                   | 276,084                 |
| Tax liability                       | 4     | 71,414                  | 85,981                  |
|                                     |       | <u>77,704</u>           | <u>362,065</u>          |
| <b>Total equity and liabilities</b> |       | <u><u>9,251,277</u></u> | <u><u>7,891,215</u></u> |

The notes form an integral part of these financial statements.

Approved by the Board of Directors and authorised for issue on **April 21, 2011** and signed on its behalf by:

Directors  
**Dev Joory**  
**Hariharan Jayakumar**

## Statement of Comprehensive Income for the year ended March 31, 2011

|  | Notes | 2011<br>USD             | 2010<br>USD              |
|--|-------|-------------------------|--------------------------|
| <b>INCOME</b>                                  |       |                         |                          |
| Management fees                                | 5     | 12,643,888              | 13,696,295               |
| Interest income                                |       | 22,778                  | 40,905                   |
| Realised gain on disposal of investment        |       | —                       | 1,308                    |
| Other income                                   | 6     | 5,975                   | 85,969                   |
|  |       | <u>12,672,641</u>       | <u>13,824,477</u>        |
| <b>EXPENSES</b>                                |       |                         |                          |
| Advisory fees                                  | 7     | 2,354,976               | 2,228,518                |
| Professional fees                              |       | 177,351                 | 325,153                  |
| Salary   |       | 109,898                 | 102,391                  |
| Directors fees                                 |       | 24,092                  | 23,000                   |
| Travel and accommodation                       |       | 19,144                  | 13,510                   |
| Administration fees                            | 7     | 12,000                  | 12,000                   |
| Facilitation fee                               |       | 12,000                  | 12,000                   |
| General expenses                               |       | 9,452                   | 8,493                    |
| Audit fees                                     |       | 5,060                   | 5,060                    |
| Licence fees                                   |       | 3,750                   | 3,750                    |
| Bank charges                                   |       | 2,341                   | 1,920                    |
| Board meeting expenses                         |       | 680                     | 10,355                   |
| Depreciation                                   | 10    | 408                     | 813                      |
| Insurance                                      |       | 239                     | 578                      |
|  |       | <u>2,731,391</u>        | <u>2,747,541</u>         |
| <b>OPERATING PROFIT</b>                        |       | <u>9,941,250</u>        | <u>11,076,936</u>        |
| Unrealised gain / (loss) on exchange           |       | 728                     | (144)                    |
| <b>PROFIT BEFORE TAXATION</b>                  |       | <u>9,941,978</u>        | <u>11,076,792</u>        |
| Taxation                                       | 4     | (297,555)               | (331,042)                |
| <b>PROFIT FOR THE YEAR</b>                     |       | <u>9,644,423</u>        | <u>10,745,750</u>        |
| Other comprehensive income                     |       | —                       | (1,145)                  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> |       | <u><u>9,644,423</u></u> | <u><u>10,744,605</u></u> |

The notes form an integral part of these financial statements.



## Statement of Cash Flows for the year ended March 31, 2011

|  | Notes | 2011<br>USD             | 2010<br>USD           |
|--|-------|-------------------------|-----------------------|
| <b>Cash flows from operating activities</b>          |       |                         |                       |
| Profit for the year                                  |       | 9,941,978               | 11,076,792            |
| Adjustment for:                                      |       |                         |                       |
| Unrealised exchange (gain) / loss                    |       | (728)                   | 144                   |
| Interest receivable                                  |       | (22,778)                | (40,905)              |
| Depreciation charges                                 | 10    | 408                     | 813                   |
| Realised gain on disposal of investment              |       | —                       | (1,308)               |
|  |       | <u>9,918,880</u>        | <u>11,035,536</u>     |
| Changes in working capital:                          |       |                         |                       |
| Decrease / (increase) in receivables and prepayments |       | 1,411,686               | (5,842,141)           |
| Decrease in accruals and payables                    |       | (269,794)               | (1,933,516)           |
| <b>Cash flows from operating activities</b>          |       | <u>11,060,772</u>       | <u>3,259,879</u>      |
| Tax paid   |       | (312,122)               | (316,869)             |
| <b>Net cash flows from operating activities</b>      |       | <u>10,748,650</u>       | <u>2,943,010</u>      |
| <b>Cash flows from investing activities</b>          |       |                         |                       |
| Interest income                                      |       | 22,778                  | 40,905                |
| Proceeds from sale of investment                     |       | —                       | 51,308                |
| <b>Net cash flows from investing activities</b>      |       | <u>22,778</u>           | <u>92,213</u>         |
| <b>Cash flows from financing activities</b>          |       |                         |                       |
| Dividend paid  | 8     | (8,000,000)             | (4,000,000)           |
| <b>Net cash flows used in financing activities</b>   |       | <u>(8,000,000)</u>      | <u>(4,000,000)</u>    |
| <b>Movement in cash and cash equivalents</b>         |       | <u>2,771,428</u>        | <u>(964,777)</u>      |
| Unrealised profit / (loss) on exchange               |       | 728                     | (144)                 |
| Cash and cash equivalents at beginning of the year   |       | 491,386                 | 1,456,307             |
| <b>Cash and cash equivalents at end of the year</b>  |       | <u><u>3,263,542</u></u> | <u><u>491,386</u></u> |

The notes form an integral part of these financial statements.

## Statement of Changes in Equity for the year ended March 31, 2011

|                            | Notes | Stated<br>capital<br>USD | Retained<br>earnings<br>USD | Fair value<br>reserve<br>USD | Total<br>USD            |
|----------------------------|-------|--------------------------|-----------------------------|------------------------------|-------------------------|
| At 1 April 2009            |       | 40,000                   | 743,400                     | 1,145                        | 784,545                 |
| Profit for the year        |       | —                        | 10,745,750                  | —                            | 10,745,750              |
| Dividend paid              | 8     | —                        | (4,000,000)                 | —                            | (4,000,000)             |
| Other comprehensive income |       | —                        | —                           | (1,145)                      | (1,145)                 |
| At 31 March 2010           |       | <u>40,000</u>            | <u>7,489,150</u>            | <u>—</u>                     | <u>7,529,150</u>        |
| At 1 April 2010            |       | <b>40,000</b>            | <b>7,489,150</b>            | <b>—</b>                     | <b>7,529,150</b>        |
| Profit for the year        |       | —                        | 9,644,423                   | —                            | 9,644,423               |
| Dividend paid              | 8     | —                        | (8,000,000)                 | —                            | (8,000,000)             |
| Other comprehensive income |       | —                        | —                           | —                            | —                       |
| At 31 March 2011           |       | <u><b>40,000</b></u>     | <u><b>9,133,573</b></u>     | <u><b>—</b></u>              | <u><b>9,173,573</b></u> |

The notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

### 1. GENERAL

The Company was incorporated in Mauritius under the Companies Act 2001 on 27 March 2006 and holds a Category I Global Business Licence issued by the Financial Services Commission. The Company is a private company with liability limited by shares and has an issued stated capital of USD 40,000. It has also received an authorisation under Section 98 of the Securities Act 2005 to operate as a CIS Manager. The Company's registered office is IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius.

The principal activity of the Company is to act as an investment manager to HIREF International LLC and its Special Purpose Vehicles.

The financial statements of the Company are expressed in US Dollars ("USD") which is the currency of the primary economic environment in which the Company operates.

### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2010. The adoption of these new and revised Standards and Interpretations has not resulted in major changes to the company's accounting policies.

#### 2.1 New and revised IFRSs and IFRICs applied with no material effect on financial statements

The following relevant new and revised Standards and Interpretations have also been adopted in these financial statements. Their application has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

|        |  |
|--------|--|
| IAS 1  | Presentation of Financial Statements - Amendments resulting from April 2009 Annual Improvements to IFRSs               |
| IAS 7  | Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs                            |
| IAS 32 | Financial Instruments: Presentation - Amendments relating to classification of rights issues                           |
| IAS 36 | Impairment of Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs                                 |
| IAS 38 | Intangible Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs                                  |
| IAS 39 | Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items                              |
| IAS 39 | Financial Instruments: Recognition and Measurement - Amendments resulting from April 2009 Annual Improvements to IFRSs |

#### 2.2 New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant IFRSs and IFRICs were in issue but effective on annual periods beginning on or after the respective dates as indicated:

|        |   |
|--------|---|
| IAS 1  | Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011) |
| IAS 12 | Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)                                 |
| IAS 24 | Related Party Disclosures - Revised definition of related parties (effective 1 January 2011)                                      |
| IFRS 7 | Financial Instruments: Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)   |
| IFRS 7 | Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets (effective 1 July 2011) |
| IFRS 9 | Financial Instruments - Classification and measurement (effective 1 January 2013)   |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Continued)**

The directors anticipate that these amendments will be adopted in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

**3. ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently, are set out below:

**Basis of preparation**

The financial statements have been prepared under the historical cost convention. The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

**Foreign currency translation****(i) Functional and presentation currency**

The Company's business or other activity is carried out in a currency other than the Mauritian Rupee which is a requirement of the Financial Services Act 2007. Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements of the Company are presented in US Dollars, which is the functional currency of the Company.

Management has determined the functional currency of the Company to be USD. In making this judgement, management evaluates among other factors, the regulatory and competitive environment, as well as the economic environment in which the financial assets of the Company are invested and in particular, the economic environment of the investors.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period-end exchange rates of assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

**Income tax**

Income tax expenses represent the sum of the tax currently payable and deferred tax and are provided for in accordance with the existing legislation in Mauritius.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

**Deferred tax**

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**Cash and cash equivalents**

Cash comprises of currency and current deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and are held for the purpose of meeting short term cash commitments rather than investment or other purpose.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Continued)

### Revenue recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rates unless collectibility is in doubt. Management fee income is receivable from the provision of investment management services and it is recognised on an accrual basis in the period the services are provided. For Reco Fort Private Limited only, the management fee is recognised on a receipt basis.

Other income is recognised on an accrual basis.

### Expense recognition

All expenses are accounted for in the Statement of Comprehensive Income on the accrual basis.

### Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, 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 are reviewed at each reporting date and adjusted to reflect the current best estimate.

### Office equipment

Office equipment is stated at cost less accumulated depreciation and impairment losses. It is recorded at cost based on at the exchange rates prevailing at the date of the purchase. Same are adjusted at year end for depreciation at 50% on cost price. The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the differences between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

### Financial instruments

Financial instruments are recognized on the Statement of Financial Position when the Company has become party to the contractual provisions of the financial instruments as follows:

#### (i) Financial Assets

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months of the reporting date.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Gains and losses arising from changes in the fair valuation of available-for-sale investments are recognised in Statement of Financial Position.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available for sale financial assets are carried at their fair values.

#### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011** (Continued)

interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

**Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the statement of comprehensive income in the year in which they arise.

**(ii) Financial liabilities****Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

**Other financial liabilities**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Disclosures about financial instruments to which the Company is a party are provided in note 14.

**Impairment of assets**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

**4. TAXATION**

Under current laws and regulations, the Company is subject to income tax in Mauritius at the rate of 15% but is entitled to a tax credit for foreign taxes equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income, thus reducing its maximum effective tax rate to 3%.

The Company had a tax charge of USD 297,555 for the year ended March 31, 2011, out of which USD 71,414 was unsettled as at year end.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011** (Continued)

No Mauritian capital gain tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholder(s) will be exempt in Mauritius from any withholding tax.

|   | 2011<br>USD         | 2010<br>USD         |
|---|---------------------|---------------------|
| Profit before taxation                                | <u>9,941,978</u>    | <u>11,076,792</u>   |
| Tax at the applicable rate of 15%                     | <u>1,491,297</u>    | <u>1,661,519</u>    |
| Tax effect of :                                       |                     |                     |
| Unrealised (profit) / loss on exchange                | (109)               | 22                  |
| Exempt income   | <u>(3,417)</u>      | <u>(6,332)</u>      |
|   | <u>1,487,771</u>    | <u>1,655,209</u>    |
| Foreign tax credit                                    | <u>(1,190,216)</u>  | <u>(1,324,167)</u>  |
| Tax charge for year ended 31 March                    | <u>297,555</u>      | <u>331,042</u>      |
| <b>Tax Liability</b>                                  | <b>2011<br/>USD</b> | <b>2010<br/>USD</b> |
| At 1 April  | 85,981              | 71,808              |
| Current tax on the adjusted profit for the year at 3% | 297,555             | 331,042             |
| Tax liability paid during the year                    | (85,981)            | (71,808)            |
| Tax paid under APS                                    | <u>(226,141)</u>    | <u>(245,061)</u>    |
| At 31 March   | <u>71,414</u>       | <u>85,981</u>       |

**5. MANAGEMENT FEES**

|  | 2011<br>USD       | 2010<br>USD       |
|--|-------------------|-------------------|
| Management fees from HIREF International LLC | 12,301,760        | 13,125,000        |
| Management fees from Reco Fort Pte. Ltd.     | 270,833           | 500,000           |
| Management fees from EIF-Coinvest XII        | <u>71,295</u>     | <u>71,295</u>     |
|  | <u>12,643,888</u> | <u>13,696,295</u> |

The Company receives a yearly management fee equivalent to 1.75% of the total commitment amount (USD 750 million), receivable in advance, from HIREF International LLC (the "Fund") in respect of the investment management services provided. Following divestment in ACE MAURITIUS LIMITED and subsequent return of capital contribution to investors, the management fees receivable by the Company was computed based on revised assets under management of the Fund.

The Company is also entitled to an annual management fee equivalent to 1% of aggregate investment of USD 50 million made by Reco Fort Pte. Ltd. ("RECO") in HIREF-SUB I LIMITED (a subsidiary of the Fund).

The Company also receives an annual management fee equal to 1% of the equity tranche portion investment made by EIF-Coinvest XII in GILEPPE MAURITIUS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011** (Continued)**6. OTHER INCOME**

| Reimbursement of expenses from: | 2011<br>USD  | 2010<br>USD   |
|---------------------------------|--------------|---------------|
| CRYSTAL MAURITIUS LIMITED       | —            | 85,969        |
| ALBERT MAURITIUS LIMITED        | 5,975        | —             |
|                                 | <u>5,975</u> | <u>85,969</u> |

Other income relates to reimbursement of expenses paid by the Company on behalf of the above-mentioned subsidiaries of HIREF International LLC pursuant to the provisions of the Investment Management Agreement dated 24 August 2007, entered between the Company and HIREF International LLC.

**7. OTHER AGREEMENTS AND FEES***Administration Agreement*

The Company has entered into an agreement with International Financial Services Limited (the "Administrator"), a company incorporated under the laws of Mauritius. In consideration for the services to be performed by the Administrator, the latter is entitled to receive from the Company a quarterly fee of USD 3,000 in advance, as agreed between the Company and the Administrator from time to time.

*Investment Advisory Agreement*

The Company has entered into an Investment Advisory Agreement with HDFC Property Ventures Limited (the "Investment Advisor"), a company based in India. Under the Agreement, the Investment Advisor is entitled to an annual fee of USD 2,000,000 payable half-yearly in advance. The Agreement also provides that the Company shall pay to the Investment Advisor an additional fee amounting to 40% of (i) all other fees, and (ii) any performance related income (but excluding the Annual Investment Management Fee) by whatever name called, received by the Company pertaining to eligible investments managed by the latter for the relevant financial year.

Pursuant to a Board meeting held on 9 August 2010, it has been agreed to increase the annual advisory fees payable to the Investment Advisor to USD 2,500,000 per annum.

**8. DIVIDEND**

During the year, the Company declared and paid dividends aggregating to USD 8,000,000 (2010: USD 4,000,000) out of retained earnings, to its sole shareholder. The dividend represents a dividend of USD 200 (2010: USD 100) per ordinary share.

**9. INVESTMENT**

|                                       | 2011<br>USD | 2010<br>USD |
|---------------------------------------|-------------|-------------|
| Investment in HIREF International LLC | <u>2</u>    | <u>2</u>    |

The investment consists of 2 Class B equity shares of USD 1 each and represents 0.003% of the issued share capital of HIREF International LLC, an unquoted company incorporated in Mauritius. The directors consider cost to approximate its fair value.

*Rights of shares*

Each Class B shareholder is entitled to vote only on specific matters and a right to receive carried interest as prescribed by the Constitution of HIREF International LLC.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Continued)

## 10. OFFICE EQUIPMENT

|  |                     |
|--|---------------------|
| Cost   | USD                 |
| At 1 April 2009, 31 March 2010 and 31 March 2011 | <u>5,962</u>        |
| Depreciation                                     |                     |
| At 1 April 2009                                  | 4,335               |
| Charge for the year                              | 813                 |
| At 31 March 2010                                 | <u>5,148</u>        |
| Charge for the year                              | 408                 |
| <b>At 31 March 2011</b>                          | <u><b>5,556</b></u> |
| Net book value                                   |                     |
| <b>At 31 March 2011</b>                          | <u><b>406</b></u>   |
| At 31 March 2010                                 | <u>814</u>          |

## 11. RECEIVABLES AND PREPAYMENTS

|                                   | 2011<br>USD      | 2010<br>USD      |
|-----------------------------------|------------------|------------------|
| Prepayments and other receivables | 4,953            | 831,612          |
| Management fee receivable         | 5,979,734        | 6,562,500        |
| Amount due by related company     | —                | 4,628            |
| Interest receivable               | 2,640            | 273              |
|                                   | <u>5,987,327</u> | <u>7,399,013</u> |

The directors have assessed the carrying value of the receivables and are of opinion that they are fairly stated in the financial statements.

The Company's credit risk is primarily attributable to management fee receivable from HIREF International LLC.

The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivable and represents the Company's maximum exposure to credit risk. There are no past due debt.

The Company has concentration of credit risk in its management fee receivables. The table below shows the credit risk ratio of the Company:

|              | 2011<br>Ratio (%) | 2011<br>USD      | 2010<br>USD      |
|--------------|-------------------|------------------|------------------|
| Major debtor | 100%              | <u>5,979,734</u> | <u>6,562,500</u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Continued)

## 12. STATED CAPITAL

|  | 2011<br>USD   | 2010<br>USD   |
|--|---------------|---------------|
| <b>Issued and fully paid</b>                   |               |               |
| At 1 April and 31 March                        | <u>40,000</u> | <u>40,000</u> |
| No of ordinary shares of<br>USD1 each in issue | <u>40,000</u> | <u>40,000</u> |

Ordinary shareholders are entitled to vote on all matters requiring shareholders approval, to receive dividends and a share of distribution on winding up of the Company.

## 13. ACCRUALS AND PAYABLES

|                                     | 2011<br>USD  | 2010<br>USD    |
|-------------------------------------|--------------|----------------|
| Accrued expenses                    | 6,290        | 191            |
| Management fees received in advance | —            | 270,833        |
| Other accruals                      | —            | 5,060          |
|                                     | <u>6,290</u> | <u>276,084</u> |

The Company ensures that all payables are paid within the credit timeframe.

## 14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

*Capital risk management*

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholder.

The capital structure of the Company consists of equity attributable to the equity holders of the parent, comprising stated capital and retained earnings.

*Categories of financial instruments*

|  | 2011<br>USD      | 2010<br>USD      |
|--|------------------|------------------|
| <b>Financial assets</b>                                    |                  |                  |
| Available-for-sale   | 2                | 2                |
| Loan and receivables (including cash and cash equivalents) | <u>9,247,057</u> | <u>7,059,927</u> |
|  | <u>9,247,059</u> | <u>7,059,929</u> |
| <b>Financial liabilities</b>                               |                  |                  |
| Amortised cost   | <u>6,290</u>     | <u>5,251</u>     |

*Currency risk*

The Company holds certain assets denominated in Mauritian Rupees ("MUR"). Consequently, it is exposed to the risk that the exchange rate of the USD relative to the MUR may change in a manner, which has a material effect on the reported value of the Company's assets, which is denominated in MUR.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011** (Continued)*Currency profile*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

|     | Financial<br>assets<br>2011 | Financial<br>liabilities<br>2011 | Financial<br>assets<br>2010 | Financial<br>liabilities<br>2010 |
|-----|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
|     | USD                         | USD                              | USD                         | USD                              |
| USD | 9,245,752                   | 6,290                            | 7,059,512                   | 5,251                            |
| MUR | 1,307                       | —                                | 417                         | —                                |
|     | <u>9,247,059</u>            | <u>6,290</u>                     | <u>7,059,929</u>            | <u>5,251</u>                     |

*Financial risk management*

In its ordinary operations, the Company's investment activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it invests.

The following is a summary of the main risks:

*Foreign currency sensitivity analysis*

The table below details the Company's sensitivity to a 10% increase and decrease in the US Dollar ("USD") against the MUR. 10% is used as the sensitivity rate as it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in currency rates.

|              | 10%<br>increase<br>MUR Impact<br>31 March 2011 | 10%<br>decrease<br>MUR Impact<br>31 March 2011 | 10%<br>increase<br>MUR Impact<br>31 March 2010 | 10%<br>decrease<br>MUR Impact<br>31 March 2010 |
|--------------|--|--|--|--|
|              | USD  | USD  | USD  | USD  |
| Other equity | (119)  | 119  | (38)   | 38   |

*Interest rate risk*

The Company's only interest bearing asset consists of its cash at bank, which is stated at amortised cost and bears interest at market rate. Therefore, the Company does not have fair value interest rate risk and its exposure on cash flow interest rate risk is considered as being low.

*Equity price risks*

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

*Credit risk management**Concentration risk*

Credit risk refers to the risk that the receivables will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties where appropriate, as a means of mitigating the risk of financial loss from defaults.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011** (Continued)

The Company has concentration of credit risk and is primarily attributable to management fee receivables as disclosed in Note 11. The amount presented in the Statement of Financial Position represent the Company's maximum exposure to credit risk. The Company's exposure and the credit ratings of its counterparty are continuously monitored.

*Liquidity risk profiles*

The liquidity risk profile of the Company is less than one year.

*Fair values*

The Company's financial assets and liabilities include investment, cash and cash equivalents, receivables and accruals. The carrying amounts of these assets and liabilities approximate their fair values.

**15. RELATED PARTY TRANSACTIONS**

Two directors of the Company, Messrs Dev Joory and Fareed Soreefan, are also directors of the Administrator and hence deemed to have beneficial interests in the Administration Agreement between the Company and the Administrator.

During the year ended 31 March 2011, the Company transacted with related entities. The nature and the volume of transactions with the entities are as follows:

|  | Nature of Transaction                             |     | Volume of transaction in 2011 | Volume of transaction in 2010 |
|--|---|-----|-------------------------------|-------------------------------|
| International Financial Services Limited | Administration fees                               | USD | 12,000                        | 12,000                        |
| HIREF International LLC                  | Management fees                                   | USD | 12,301,760                    | 13,125,000                    |
| HDFC Property Ventures Limited           | Advisory fees                                     | USD | 2,354,976                     | 2,228,518                     |
| Campbell Limited                         | Professional fees                                 | USD | 29,395                        | 22,331                        |
| Crystal Mauritius Limited                | (Reimbursement of expenses)/<br>Professional fees | USD | —                             | (85,969)                      |
| Albert Mauritius Limited                 | Professional fees                                 | USD | 9,000                         | 35,592                        |
|  | Reimbursement of expenses                         | USD | (5,975)                       | —                             |

The balances with related entities are as follows:

|                         | Nature of Transaction      |     | 2011      | 2010      |
|-------------------------|----------------------------|-----|-----------|-----------|
| JIFE Mauritius Limited  | Loan granted               | USD | —         | 4,628     |
| HIREF International LLC | Management fees receivable | USD | 5,979,734 | 6,562,500 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011** (Continued)

*Compensation of key management personnel*

The remuneration of key management personnel during the year was as follows:

|        | <b>31 March 2011</b> | 31 March 2010 |
|--------|----------------------|---------------|
|        | <b>USD</b>           | USD           |
| Salary | <b>101,765</b>       | 95,392        |

**16. HOLDING COMPANY**

The shares of the Company are held by HDFC Holdings Limited, a company incorporated in the city of Maharashtra (Mumbai), India on 17 January 2000.

# HDFC Sales Private Limited

A Wholly owned Subsidiary of Housing Development Finance Corporation Limited



## Board of Directors

Ms. Renu Sud Karnad  
**Chairperson**

### Directors

Mr. M. Ramabhadran  
Mr. Suresh Menon  
(upto the close of business hours on  
December 27, 2010)  
Mr. Mathew Joseph  
Mr. Gautam Bhagat  
Mr. S. N. Nagendra  
(w.e.f. January 10, 2011)

### Auditors

Deloitte Haskins & Sells  
Chartered Accountants

### Bankers

HDFC Bank Ltd.  
Axis Bank Ltd.

### Registered Office

Ramon House,  
H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate,  
Mumbai 400 020.  
Tel. No. : 022-6155 2400  
Fax No. : 022-6155 2499

## Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Seventh Annual Report of your Company with the audited accounts for the year ended March 31, 2011.

### Financial Results

|   | For the year ended<br>March 31, 2011<br>(Rupees) | For the year ended<br>March 31, 2010<br>(Rupees) |
|---|--|--|
| Profit before Tax                                 | 4,56,02,187                                      | 5,53,58,021                                      |
| Provision for Income Tax<br>(net of deferred tax) | 1,62,32,000                                      | 1,89,68,000                                      |
| Profit after Tax                                  | 2,93,70,187                                      | 3,63,90,021                                      |
| Balance brought forward from<br>the Previous Year | 1,64,06,375                                      | (1,99,83,646)                                    |
| Balance carried to Balance Sheet                  | 4,57,76,562                                      | 1,64,06,375                                      |

### Dividend

Your directors do not recommend any dividend for the year ended March 31, 2011.

### Review of Operations

During the year, the approval and disbursement value of individual loans sourced by your Company for Housing Development Finance Corporation Limited (HDFC), its holding company was ₹17,723.84 crores and ₹12,890.53 crores respectively.

Your Company continues to carry out the operations of the realty brokerage of HDFC Realty Limited, a wholly owned subsidiary of HDFC, on a fee basis. During the year, your Company assisted in brokerage related activities in respect of 1,556 properties.

Your Company continues to act as a corporate agent of HDFC Standard Life Insurance Company Limited. During the year, your Company sold 8,332 policies.

Your Company continues to act as a corporate agent for selling motor, health and home insurance products of HDFC ERGO General Insurance Company Limited. During the year, your Company sold 14,960 policies.

Your Company also acts as a corporate agent for selling mutual fund products of HDFC Mutual Fund.

During the year, the approval and disbursement value of education loans sourced by your Company for Credila Financial Services Private Limited was ₹ 9.09 crores.

### Branch Network

In order to have a wide geographic spread, during the year, your Company opened 13 branches. Your Company now has 71 branches. In addition, your Company also operates from select offices of HDFC and thus has established its presence in 143 locations.

### Particulars of Employees' Remuneration

Your Company had 3,114 employees as on March 31, 2011 of which the sales staff comprises 2,514 employees. During the year, no employee employed throughout the year was in receipt of remuneration of ₹ 60 lacs or more per annum.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under, the names and other particulars of the employees are

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

### Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as at March 31, 2011.

### Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Since the Company does not own any manufacturing facility and has no dealings in foreign exchange, the particulars stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are consequently not applicable.

### Directors

During the year under review, the Board met six times. The meetings were held on April 6, 2010, May 3, 2010, May 26, 2010, July 14, 2010, October 18, 2010 and January 10, 2011.

Mr. Suresh Menon resigned as a director of the Company with effect from the close of business hours on December 27, 2010. Mr. Suresh Menon has been a director of the Company since 2004. The board wishes to place on record its appreciation for the services rendered by him during his tenure as a director of the Company.

The Board of Directors of the Company appointed Mr. S. N. Nagendra as an additional director of the Company with effect from January 10, 2011. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S. N. Nagendra holds office as such up to the date of the ensuing Annual General

Meeting (AGM). The Company has received a notice from a Member under the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. S. N. Nagendra as a director of the Company, along with a deposit of ₹ 500 as required under the said Act.

In accordance with the provisions of the Companies Act, 1956 and Article 44 of the Articles of Association of the Company, all the directors of the Company viz., Ms. Renu Sud Karnad, Mr. M. Ramabhadran, Mr. Mathew Joseph and Mr. Gautam Bhagat retire by rotation at the ensuing Annual General Meeting (AGM). They are eligible for re-appointment.

The necessary resolutions for the appointment / re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 274 (1)(g) of the Companies Act, 1956.

### Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having registration number 117365W and statutory auditors of the Company, retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### Directors' Responsibility Statement

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

(i) In the preparation of the accounts, the applicable accounting standards have been followed;

(ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2011 and of the profit of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

(iv) The annual accounts of the Company have been prepared on a going concern basis.

### Compliance Certificate

Pursuant to the provisions of Section 383A of the Companies Act, 1956, a certificate from Messrs Bhandari & Associates, Company Secretaries, certifying that the Company has complied with the applicable provisions of the Companies Act, 1956, is attached herewith as an annex to this report.

### Acknowledgements

Your directors would like to express its sincere appreciation to all its stakeholders for their support and continued patronage.

Your directors recognize and appreciate the sincere hard work, loyalty and efforts of the employees of the Company whose professionalism has ensured excellent all-round performance despite the challenging environment.

On behalf of the Board of Directors

MUMBAI  
May 10, 2011

RENU SUD KARNAD  
Chairperson



## COMPLIANCE CERTIFICATE

(PURSUANT TO SECTION 383A OF THE COMPANIES ACT, 1956)

Corporate identity number (CIN) of the Company: U65920MH2004PTC144182  
TO THE MEMBERS OF HDFC SALES PRIVATE LIMITED

We have examined the registers, records, books and papers of 'HDFC SALES PRIVATE LIMITED' (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st MARCH, 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Maharashtra, Mumbai under the Act and the rules made thereunder.

3. The Company is a 'Public Limited Company' in terms of Section 3(1)(iv)(c) of the Act, which being a subsidiary of a Company which is not a private company, has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 2 (Two) excluding its present and past employees and the Company during the year under scrutiny:

(i) has not invited public to subscribe for its shares or debentures; and

(ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.

4. The Board of Directors duly met 6 (Six) times respectively on 6<sup>th</sup> April 2010, 3<sup>rd</sup> May, 2010, 26<sup>th</sup> May 2010, 14<sup>th</sup> July 2010, 18<sup>th</sup> October 2010 and 10<sup>th</sup> January 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the minutes book maintained for the purpose.

5. The Company has not closed its Register of Members during the financial year.

6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2010 was held on 14<sup>th</sup> July, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. ONE Extra Ordinary General Meeting was held during the financial year after giving due notice to the members of the company and the resolution passed thereat were duly recorded in the minutes book maintained for the purpose.

8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government.

12. The Company has not issued any duplicate share certificates during the Financial Year.

13. (i) The Company has not made any allotment, transfer and transmission of securities during the financial year.

(ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.

(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.

(iv) The Company has no amount payable in respect of unclaimed/unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as on 31<sup>st</sup> March, 2011.

(v) The Company has duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and the appointment of additional director was duly made. However there was no appointment of alternate directors and directors to fill casual vacancy during the financial year.

15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.

16. The Company has not appointed any sole-selling agent during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such

authorities prescribed under the various provisions of the Act during the financial year.

18. The directors have disclosed their interest in other firms/companies to the Board of Director pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company has no preference share capital or debentures and hence there was no redemption of preference share capital or debentures during the financial year.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act, during the financial year.

24. The amount borrowed by the Company during the financial year ending 31<sup>st</sup> March, 2011 are within the borrowing limits of the company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened Extra-ordinary General Meeting.

25. The Company has not made loans and investments or given any guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.

26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities.

For BHANDARI & ASSOCIATES  
Company Secretaries

S. N. BHANDARI  
Proprietor  
C.P. 366

MUMBAI,  
April 11, 2011

## ANNEXURE 'A'

Registers as maintained by the Company:

1. Register of Members under Section 150.
2. Register of Contracts under Section 301.
3. Register of Directors, Managing Director, Manager and Secretary under Section 303.
4. Register of Directors Shareholdings under Section 307.
5. Register of Fixed Assets.
6. Books of Accounts under Section 209.
7. Minutes Book of Board Meetings under Section 193(1).
8. Minutes Book of General Meeting under Section 193(1).
9. Register of Directors Attendance at the Board Meetings.
10. Register of Members Attendance at the General Meetings.
11. Register of Share Application and Allotment.
12. Register of Share Transfer.

## ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending as on 31<sup>st</sup> March, 2011.

| Sr. No. | Form No./ Return | Filed Under Section | For   | Date of filing | Whether filed within prescribed time<br>Yes / No | If delay in filing whether requisite additional fee paid<br>Yes / No |
|---------|------------------|---------------------|---|----------------|--|--|
| 1.      | Form 23          | 192                 | Registration of Resolution  | 04/06/10       | Yes  | N/A  |
| 2.      | Form 66          | 383A                | Compliance and Record 2009-10   | 28/07/10       | Yes  | N/A  |
| 3.      | Form 23AC/ ACA   | 220                 | Compliance and Record 2009-10   | 07/08/10       | Yes  | N/A  |
| 4.      | Form 20B         | 159                 | Compliance and Record 2009-10   | 16/08/10       | Yes  | N/A  |
| 5.      | Form 32          | 303                 | Particulars of Directors, Manager and Secretary and the changes among them. | 18/01/11       | Yes  | N/A  |

## Auditors' Report

### TO THE MEMBERS OF HDFC SALES PRIVATE LIMITED

1. We have audited the attached Balance Sheet of HDFC SALES PRIVATE LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the

Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in

conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

Z. F. Billimoria  
Partner  
MUMBAI  
May 10, 2011 (Membership No. 42791)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result/transaction etc. clauses (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has taken loans aggregating ₹ 31,00,00,000 from one party during the year. At the year-end, the outstanding balance of such loans taken aggregated ₹ 23,45,00,000 and the maximum amount involved during the year was ₹ 31,00,00,000.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.

(v) In our opinion and according to the information and explanations given to us, the internal control systems are generally commensurate with the size of the company and the nature of its business with regards to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements which needed to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

(vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed

dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There are no undisputed amounts payable in respect of the above dues, outstanding as at March 31, 2011 for a period of more than six months from the date they became payable, except for the amounts payable towards Labour Welfare Fund amounting to ₹ 3,416 and for Profession Tax amounting to ₹ 1,06,361 since payment thereof is not accepted by the authorities.

(c) There were no dues of Provident Fund, Employees State Insurance dues, Income-tax, Service Tax, which have not been deposited as on 31st March, 2011 on account of disputes.

(ix) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis amounting to ₹ 69,68,946 have been used for long term investment.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by and on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants  
(Registration No. 117365W)

Z. F. Billimoria

Partner

MUMBAI

May 10, 2011

(Membership No. 42791)

**Balance Sheet as at March 31, 2011**

|   | Schedule | Rupees              | As At<br>March 31, 2011<br>Rupees | Rupees              | As At<br>March 31, 2010<br>Rupees |
|---|----------|---------------------|-----------------------------------|---------------------|-----------------------------------|
| <b>SOURCES OF FUNDS</b>                         |          |                     |                                   |                     |                                   |
| <b>SHAREHOLDERS' FUNDS</b>                      |          |                     |                                   |                     |                                   |
| Share Capital                                   | 1        |                     | 4,01,00,000                       |                     | 4,01,00,000                       |
| <b>LOAN LIABILITY</b>                           |          |                     |                                   |                     |                                   |
| Unsecured Loan                                  | 2        |                     | 23,45,00,000                      |                     | 20,00,00,000                      |
| PROFIT AND LOSS ACCOUNT                         |          |                     | 4,57,76,562                       |                     | 1,64,06,375                       |
|   |          |                     | <u>32,03,76,562</u>               |                     | <u>25,65,06,375</u>               |
| <b>APPLICATION OF FUNDS</b>                     |          |                     |                                   |                     |                                   |
| <b>FIXED ASSETS</b>                             |          |                     |                                   |                     |                                   |
| Gross Block                                     | 3        | 9,00,43,207         |                                   | 5,73,74,149         |                                   |
| Less: Depreciation                              |          | <u>3,34,03,545</u>  |                                   | <u>2,21,73,297</u>  |                                   |
| Net Block                                       |          | 5,66,39,662         |                                   | 3,52,00,852         |                                   |
| Capital Work In Progress                        |          | <u>52,30,855</u>    |                                   | <u>15,60,780</u>    |                                   |
|   |          |                     | 6,18,70,517                       |                     | 3,67,61,632                       |
| DEFERRED TAX ASSETS (Note 9)                    |          |                     | 1,35,00,000                       |                     | 57,32,000                         |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>       |          |                     |                                   |                     |                                   |
| Sundry Debtors                                  | 4        | 4,55,13,368         |                                   | 3,90,29,621         |                                   |
| Cash and Bank Balances                          | 5        | 7,30,41,252         |                                   | 6,93,46,262         |                                   |
| Loans and Advances                              | 6        | 25,72,09,398        |                                   | 21,83,07,916        |                                   |
|   |          | <u>37,57,64,018</u> |                                   | <u>32,66,83,799</u> |                                   |
| <b>Less: CURRENT LIABILITIES AND PROVISIONS</b> |          |                     |                                   |                     |                                   |
| Current Liabilities                             | 7        | 10,93,19,130        |                                   | 9,83,05,655         |                                   |
| Provisions                                      | 8        | 2,14,38,843         |                                   | 1,43,65,401         |                                   |
|   |          | <u>13,07,57,973</u> |                                   | <u>11,26,71,056</u> |                                   |
| NET CURRENT ASSETS                              |          |                     | 24,50,06,045                      |                     | 21,40,12,743                      |
|   |          |                     | <u>32,03,76,562</u>               |                     | <u>25,65,06,375</u>               |
| Notes forming parts of the Accounts             | 13       |                     |                                   |                     |                                   |
| Significant Accounting Policies                 | 14       |                     |                                   |                     |                                   |

Schedules 1 to 14 annexed hereto form part of the Accounts.

As per our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 10, 2011

**Renu Sud Karnad**  
Chairperson

Directors  
**Gautam Bhagat**  
**M. Ramabhadran**

## Profit and Loss Account for the year ended March 31, 2011

|  | Schedule | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|----------|------------------------|-------------------------|
| <b>INCOME</b>  |          |                        |                         |
| Commission & Brokerage                                     |          | 109,68,05,098          | 78,80,91,127            |
| Management Fees  |          | 39,77,844              | 28,15,560               |
| Profit on Sale of Assets (Net)                             |          | —                      | 44,739                  |
| Interest on Income Tax Refund                              |          | 7,85,432               | —                       |
| Interest on Bank Deposits                                  |          | 1,000                  | 928                     |
| Miscellaneous Income                                       |          | 5,83,938               | —                       |
|  |          | <u>110,21,53,312</u>   | <u>79,09,52,354</u>     |
| <b>EXPENDITURE AND CHARGES</b>                             |          |                        |                         |
| Interest and Other Charges                                 | 9        | 1,45,47,070            | 1,62,21,219             |
| Staff Expenses   | 10       | 88,45,53,566           | 63,32,40,849            |
| Establishment Expenses                                     | 11       | 5,39,92,008            | 3,60,87,260             |
| Other Expenses   | 12       | 8,79,25,937            | 3,94,37,452             |
| Auditors' Remuneration (Note 7)                            |          | 4,10,000               | 20,40,340               |
| Depreciation   |          | 1,44,48,689            | 85,67,213               |
| Loss on Sale of Assets (Net)                               |          | 6,73,855               | —                       |
|  |          | <u>105,65,51,125</u>   | <u>73,55,94,333</u>     |
| <b>PROFIT BEFORE TAX</b>                                   |          | <b>4,56,02,187</b>     | <b>5,53,58,021</b>      |
| Provision for Income Tax                                   |          |                        |                         |
| Current  |          | 2,40,00,000            | 2,47,00,000             |
| Deferred Tax (Note 9)                                      |          | (77,68,000)            | (57,32,000)             |
| <b>PROFIT AFTER TAX</b>                                    |          | <b>2,93,70,187</b>     | <b>3,63,90,021</b>      |
| Balance brought forward from the Previous Year             |          | 1,64,06,375            | (1,99,83,646)           |
| <b>PROFIT CARRIED TO THE BALANCE SHEET</b>                 |          | <b>4,57,76,562</b>     | <b>1,64,06,375</b>      |
| <b>EARNINGS PER SHARE (Face value ₹10) (Note 11)</b>       |          |                        |                         |
| — Basic & Diluted  |          | 7.32                   | 9.07                    |
| Notes forming parts of the Accounts                        | 13       |                        |                         |
| Significant Accounting Policies                            | 14       |                        |                         |
| Schedules 1 to 14 annexed hereto form part of the Accounts |          |                        |                         |

As per our report attached.

For Deloitte Haskins & Sells  
Chartered Accountants

Z. F. Billimoria  
Partner

MUMBAI, May 10, 2011

Renu Sud Karnad  
Chairperson

Directors  
Gautam Bhagat  
M. Ramabhadran



## Cash Flow statement for the year ended March 31, 2011

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                            |                        |                         |
| Profit before Tax   | 4,56,02,187            | 5,53,58,021             |
| <b>Adjustments for :</b>  |                        |                         |
| Interest on Bank Deposits   | (1,000)                | (928)                   |
| Interest on Inter Corporate Deposit                                     | 1,45,08,469            | 1,61,80,762             |
| Depreciation  | 1,44,48,689            | 85,67,213               |
| (Profit)/ Loss on Sale of Assets  | 6,73,855               | (44,739)                |
| Provision for Employee Benefits   | 70,73,442              | 59,45,929               |
| <b>Operating Profit before Working Capital Changes</b>                  | <b>8,23,05,642</b>     | <b>8,60,06,258</b>      |
| Adjustments for :   |                        |                         |
| Current Assets  | (1,14,52,984)          | (2,76,93,805)           |
| Current Liabilities   | 1,10,13,475            | 6,55,02,354             |
| Cash generated from operations  | 8,18,66,133            | 12,38,14,807            |
| Taxes Paid  | (5,79,32,246)          | (8,93,51,656)           |
| <b>Net cash from operating activities</b>                               | <b>2,39,33,887</b>     | <b>3,44,63,151</b>      |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                            |                        |                         |
| Purchase of Fixed Assets  | (4,19,21,114)          | (2,07,49,571)           |
| Sale of Fixed Assets  | 16,89,686              | 1,73,815                |
| Interest on Bank Deposits   | 1,000                  | 928                     |
| <b>Net cash used in investing activities</b>                            | <b>(4,02,30,428)</b>   | <b>(205,74,828)</b>     |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                            |                        |                         |
| Interest on Inter Corporate Deposit                                     | (145,08,469)           | (161,80,762)            |
| Repayment of Inter Corporate Deposit                                    | (140,500,000)          | —                       |
| Inter-Corporate Deposit Accepted  | 17,50,00,000           | 5,95,00,000             |
| <b>Net cash from Financing activities</b>                               | <b>1,99,91,531</b>     | <b>4,33,19,238</b>      |
| Net increase in cash and cash equivalents                               | <b>36,94,990</b>       | <b>5,72,07,561</b>      |
| Cash and cash equivalents at the beginning of the year (See Note below) | <b>6,93,36,262</b>     | <b>1,21,28,701</b>      |
| Cash and cash equivalents at the end of the year (See Note below)       | <b>7,30,31,252</b>     | <b>6,93,36,262</b>      |
|   | <b>36,94,990</b>       | <b>5,72,07,561</b>      |
| Note:   |                        |                         |
| Cash and cash equivalents as per Schedule 5                             | <b>7,30,41,252</b>     | <b>6,93,46,262</b>      |
| Less: Fixed Deposit (Against guarantee issued)                          | <b>10,000</b>          | <b>10,000</b>           |
|   | <b>7,30,31,252</b>     | <b>6,93,36,262</b>      |

As per our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

MUMBAI, May 10, 2011

**Renu Sud Karnad**  
Chairperson

Directors  
**Gautam Bhagat**  
**M. Ramabhadran**

## Schedules

Annexed to and forming part of the Accounts

### Schedule 1

#### SHARE CAPITAL

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| AUTHORISED  |                                   |                                   |
| 50,00,000 Equity Shares of ₹10 each   | 5,00,00,000                       | 5,00,00,000                       |
|   | <u>5,00,00,000</u>                | <u>5,00,00,000</u>                |
| ISSUED, SUBSCRIBED AND PAID UP  |                                   |                                   |
| 40,10,000 Equity Shares of ₹10 each   | 4,01,00,000                       | 4,01,00,000                       |
| (All the Shares are held by Housing Development Finance Corporation Limited, the Holding Company) | <u>4,01,00,000</u>                | <u>4,01,00,000</u>                |

### Schedule 2

#### UNSECURED LOANS

|                         | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|-------------------------|-----------------------------------|-----------------------------------|
| Inter Corporate Deposit | 23,45,00,000                      | 20,00,00,000                      |
|                         | <u>23,45,00,000</u>               | <u>20,00,00,000</u>               |

### Schedule 3

#### FIXED ASSETS

|   | GROSS BLOCK                       |                     |                      |                                   | DEPRECIATION                      |                           |                      |                                   | NET BLOCK                         |                                   |
|---|-----------------------------------|---------------------|----------------------|-----------------------------------|-----------------------------------|---------------------------|----------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | As at March<br>31, 2010<br>Rupees | Additions<br>Rupees | Deductions<br>Rupees | As at March<br>31, 2011<br>Rupees | As at March<br>31, 2010<br>Rupees | For the<br>Year<br>Rupees | Deductions<br>Rupees | As at March<br>31, 2011<br>Rupees | As at March<br>31, 2011<br>Rupees | As at March<br>31, 2010<br>Rupees |
| Leasehold Improvements                        | 3,16,74,479                       | 1,96,33,906         | 47,91,203            | 4,65,17,182                       | 1,01,24,546                       | 70,32,641                 | 30,43,075            | 1,41,14,112                       | 3,24,03,070                       | 2,15,49,933                       |
| Computers                                     | 1,49,03,424                       | 1,27,91,952         | 37,429               | 2,76,57,947                       | 76,12,851                         | 47,21,351                 | 7,306                | 1,23,26,896                       | 1,53,31,051                       | 72,90,573                         |
| Furniture & Fittings,<br>Office Equipment etc | 38,49,559                         | 25,57,548           | 2,46,034             | 61,61,073                         | 26,84,862                         | 18,79,108                 | 89,355               | 44,74,615                         | 16,86,458                         | 11,64,697                         |
| Air Conditioners                              | 57,75,462                         | 32,67,633           | 5,07,315             | 85,35,780                         | 17,42,695                         | 7,57,445                  | 78,705               | 24,21,435                         | 61,14,345                         | 40,32,767                         |
| Building                                      | 11,71,225                         | –                   | –                    | 11,71,225                         | 8,343                             | 58,144                    | –                    | 66,487                            | 11,04,738                         | 11,62,882                         |
|   | <u>5,73,74,149</u>                | <u>3,82,51,039</u>  | <u>55,81,981</u>     | <u>9,00,43,207</u>                | <u>2,21,73,297</u>                | <u>1,44,48,689</u>        | <u>32,18,441</u>     | <u>3,34,03,545</u>                | <u>5,66,39,662</u>                | <u>3,52,00,852</u>                |
| Previous Year                                 | 4,66,51,344                       | 2,08,35,502         | 1,01,12,697          | 5,73,74,149                       | 2,35,89,704                       | 85,67,213                 | 99,83,620            | 2,21,73,297                       | 3,52,00,852                       | 2,30,61,640                       |

**Schedule 4**

**SUNDRY DEBTORS (Note 2)**

(Unsecured, considered good)

|                                    |                    | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|------------------------------------|--------------------|-----------------------------------|-----------------------------------|
| More than six months               | 85,44,911          | 88,80,422                         |                                   |
| Others                             | 3,69,68,457        | 3,10,79,568                       |                                   |
|                                    | 4,55,13,368        | 3,99,59,990                       |                                   |
| Less: Provision for Doubtful Debts | —                  | 9,30,369                          | 3,90,29,621                       |
|                                    | <u>4,55,13,368</u> | <u>3,90,29,621</u>                | <u>3,90,29,621</u>                |

**Schedule 5**

**CASH AND BANK BALANCES**

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| Cheques on Hand                               | —                                 | 5,21,21,811                       |
| Balances with Scheduled Banks:                |                                   |                                   |
| In Current Account                            | 7,30,31,252                       | 1,72,14,451                       |
| In Deposit Account (Against guarantee issued) | 10,000                            | 10,000                            |
|   | <u>7,30,41,252</u>                | <u>6,93,46,262</u>                |

**Schedule 6**

**LOANS AND ADVANCES (Note 3)**

(Unsecured and Considered good)

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Advances recoverable in cash or in kind for the value to be received | 3,02,69,475                       | 2,53,00,239                       |
| Advance Income Tax (Net of Provision)                                | 22,66,14,318                      | 19,26,82,072                      |
| Advance Fringe Benefit Tax (Net of Provision)                        | 3,25,605                          | 3,25,605                          |
|  | <u>25,72,09,398</u>               | <u>21,83,07,916</u>               |

**Schedule 7**

**CURRENT LIABILITIES (Note 4)**

|   | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| Sundry Creditors - Micro and Small Enterprises            | —                                 | —                                 |
| Sundry Creditors - Other than Micro and Small Enterprises | 9,42,54,045                       | 8,41,85,988                       |
| Other Liabilities   | 1,50,65,085                       | 1,41,19,667                       |
|   | <u>10,93,19,130</u>               | <u>9,83,05,655</u>                |

**Schedule 8**  
**PROVISIONS**

|  | As at<br>March 31, 2011<br>Rupees | As at<br>March 31, 2010<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Provision for Employee Benefits (Note 6) | 2,14,38,843                       | 1,43,65,401                       |
|  | <u>2,14,38,843</u>                | <u>1,43,65,401</u>                |

**Schedule 9**  
**INTEREST AND OTHER CHARGES**

|                                     | Current Year<br>Rupees | Previous Year<br>Rupees |
|-------------------------------------|------------------------|-------------------------|
| Bank Charges                        | 38,601                 | 40,457                  |
| Interest on Inter Corporate Deposit | 1,45,08,469            | 1,61,80,762             |
|                                     | <u>1,45,47,070</u>     | <u>1,62,21,219</u>      |

**Schedule 10**  
**STAFF EXPENSES**

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| Salaries and Bonus (Note 5)               | 82,57,98,937           | 59,96,44,814            |
| Contribution to Provident and Other Funds | 3,69,08,095            | 2,37,41,444             |
| Staff Training and Welfare Expenses       | 1,64,95,051            | 64,41,316               |
| Gratuity                                  | 53,51,483              | 34,13,275               |
|   | <u>88,45,53,566</u>    | <u>63,32,40,849</u>     |

**Schedule 11**  
**ESTABLISHMENT EXPENSES**

|                         | Current Year<br>Rupees | Previous Year<br>Rupees |
|-------------------------|------------------------|-------------------------|
| Rent                    | 3,46,53,215            | 2,67,69,600             |
| Rates and Taxes         | —                      | 19,574                  |
| Electricity Expenses    | 57,60,607              | 37,78,702               |
| General Office Expenses | 18,33,587              | 9,91,153                |
| Insurance Charges       | 31,30,440              | 18,32,461               |
| Repairs to Buildings    | 75,55,987              | 20,95,536               |
| Repairs to Equipments   | 5,52,103               | 5,01,610                |
| Repairs to Others       | 5,06,069               | 98,624                  |
|                         | <u>5,39,92,008</u>     | <u>3,60,87,260</u>      |

**Schedule 12****OTHER EXPENSES**

|  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| Travelling and Conveyance                  | 1,28,30,204            | 67,80,669               |
| Printing & Stationery                      | 35,15,682              | 24,32,908               |
| Postage, Telephone and Fax                 | 90,20,560              | 69,13,563               |
| Royalty                                    | 1,80,000               | 1,80,000                |
| Advertisement and Sales Promotion Expenses | 39,17,141              | 37,59,450               |
| Service Tax                                | 1,60,18,321            | 73,84,566               |
| Legal and Professional Fees                | 1,08,56,352            | 62,39,031               |
| Commission and Fees                        | 2,07,73,330            | 13,21,232               |
| Bad Debts                                  | 58,11,368              | —                       |
| Interest on Delayed Payments               | 71,982                 | 83,404                  |
| Computer Expense                           | 20,26,436              | 11,87,050               |
| Computer Software Expenses                 | 23,28,478              | 6,15,239                |
| Provision for Doubtful Debts               | —                      | 9,30,369                |
| Miscellaneous Expenses                     | 5,76,083               | 16,09,971               |
|  | <b>8,79,25,937</b>     | <b>3,94,37,452</b>      |

**Schedule 13****NOTES FORMING PART OF THE ACCOUNTS**

- 1) Estimated amount of contracts remaining to be executed on account of capital account and not provided for is ₹ 23,36,646 (Previous Year ₹ 6,87,170).
- 2) Sundry debtors include amounts due from the following Companies under the Same Management within the meaning of Section 370(1B) of the Companies Act, 1956.

| Particulars                                  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| HDFC Standard Life Insurance Company Limited | 35,45,786              | 38,61,292               |
| HDFC ERGO General Insurance Company Limited  | 1,17,10,557            | 97,29,269               |
| HDFC Asset Management Company Limited        | 27,649                 | 27,649                  |
| Total  | <b>1,52,83,992</b>     | <b>1,36,18,210</b>      |

- 3) Loans and Advances include ₹ 1,12,127/- (Previous Year ₹ 1,57,785/-) due from HDFC ERGO General Insurance Company Limited, a Company under the Same Management within the meaning of Section 370(1B) of the Companies Act, 1956.
- 4) Sundry Creditors – There is no interest paid/ payable during the year by the Company to the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006.

The above information takes into accounts only those suppliers who have responded to enquiries made by the Company for this purpose.

**Schedule 13 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

- 5) (i) Salaries and bonus includes ₹ 1,57,44,825/- (Previous Year ₹ 1,33,75,006/-) being amount paid to Holding Company, on account of personnel deputed to the Company.
- (ii) Salaries and bonus is net of recovery from Holding Company, to the extent of ₹ 8,00,86,638/- (Previous Year ₹ 5,63,11,194/-) towards outsourcing services rendered by the employees.
- 6) Consequent to the adoption of Accounting Standard on Employee Benefits (AS 15) (Revised 2005) notified under the Companies (Accounting Standards) Rules, 2006, the following disclosures have been made as required by the standard:
- (i) The Company has recognised ₹ 2,08,68,143/- (Previous Year ₹ 1,23,60,193/-) in the Profit and Loss Account, on account of Contribution to Provident Fund.
- (ii) The Company has recognised ₹ 1,59,84,020/- (Previous Year ₹ 1,13,40,160/-) in the Profit and Loss Account, on account of Contribution to Employee's State Insurance Corporation.
- (iii) The Company has recognised ₹ 55,932/- (Previous Year ₹ 21,246/-) in the Profit and Loss Account, on account of Contribution to Labour Welfare Fund.
- (iv) The details of the Company's non funded post-retirement benefit plans towards gratuity for its employees are given below which is certified by the actuary and relied upon by auditors:

**Change in the Benefits Obligations:**

|  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| Liability at the beginning of the year | 78,74,678              | 46,96,338               |
| Current Service Cost                   | 35,65,497              | 19,96,953               |
| Interest Cost                          | 8,88,215               | 5,09,626                |
| Benefit Paid                           | (6,74,982)             | (2,34,935)              |
| Actuarial loss                         | 8,97,771               | 9,06,696                |
| Liability at the end of the year       | 1,25,51,179            | 78,74,678               |

**Amount Recognised in the Balance Sheet:**

|  | Current Year<br>Rupees | Previous Year<br>Rupees |
|--|------------------------|-------------------------|
| Liability at the end of the year   | 1,25,51,179            | 78,74,678               |
| Fair Value of the plan at the end of the year                                  | —                      | —                       |
| Amount Recognised in the Balance Sheet under "Provision for Employee Benefits" | 1,25,51,179            | 78,74,678               |

**Expense Recognised in the Profit and Loss Account:**

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| Current Service Cost  | 35,65,497              | 19,96,953               |
| Interest Cost   | 8,88,215               | 5,09,626                |
| Net Actuarial loss to be recognised   | 2,22,789               | 9,06,696                |
| Expense recognised in the Profit & Loss Account included under staff expenses | 46,76,501              | 34,13,275               |

**Schedule 13 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

| <b>Reconciliation of the Liability Recognised in the Balance Sheet:</b>        | <b>2010-11</b>     | <b>2009-10</b>        | <b>2008-09</b>         | <b>2007-08</b> |
|--|--------------------|-----------------------|------------------------|----------------|
|  | <b>Rupees</b>      | <b>Rupees</b>         | <b>Rupees</b>          | <b>Rupees</b>  |
| Opening Net Liability  | <b>78,74,678</b>   | 46,96,338             | 33,34,495              | 17,95,081      |
| Expense Recognised   | <b>53,51,483</b>   | 34,13,275             | 13,61,843              | 15,39,414      |
| Benefit Paid   | <b>(6,74,982)</b>  | (2,34,935)            | —                      | —              |
| Amount Recognised in the Balance Sheet under "Provision for Employee Benefits" | <b>1,25,51,179</b> | 78,74,678             | 46,96,338              | 33,34,495      |
| <b>Experience Adjustment:</b>  |                    |                       |                        |                |
| On Plan Liabilities (Gain)/ Loss   | <b>20,72,113</b>   | (3,50,206)            | (2,29,495)             | —              |
| <b>Principal Assumptions:</b>  |                    | <b>Current Year %</b> | <b>Previous Year %</b> |                |
| Discount Rate  |                    | <b>8.25</b>           | 8                      |                |
| Salary Escalation Rate   |                    | <b>5</b>              | 5                      |                |

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

On account of change in the parameters considered for actuarial valuation in current year, there is an experience adjustment on gain of ₹ 20,72,113 (Previous Years Loss of ₹ 3,50,206).

**7) Auditors' Remuneration:**

| <b>Particulars</b>     | <b>Current Year</b> | <b>Previous Year</b> |
|------------------------|---------------------|----------------------|
|                        | <b>Rupees</b>       | <b>Rupees</b>        |
| Audit Fees             | <b>3,50,000</b>     | 3,00,000             |
| Tax Audit Fees         | <b>60,000</b>       | 50,000               |
| Tax Matters            | <b>Nil</b>          | 16,90,000            |
| Out of Pocket Expenses | <b>Nil</b>          | 340                  |
|                        | <b>4,10,000</b>     | <b>20,40,340</b>     |

Service tax on the above amounting to ₹ 42,230/- (Previous Year ₹ 2,10,155/-) shall be claimed as an input credit and hence disclosed under Advances Recoverable under schedule 6.

**8) Related Party Transactions:**

As per the Accounting Standard on "Related Party Disclosures" (AS-18) notified under the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows :

- |  |   |
|--|---|
| A) Holding Company   | : Housing Development Finance Corporation Limited   |
| B) Fellow Subsidiaries<br>(with whom transactions have been entered during the year) | : HDFC Standard Life Insurance Company Limited<br>HDFC Realty Limited<br>HDFC Asset Management Company Limited<br>HDFC ERGO General Insurance Company Limited<br>Credila Financial Services Private Limited (w.e.f. - July 9, 2010) |
| C) Key Management Personnel  | : Mr. Gautam Bhagat, Director   |

**Schedule 13 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

The nature and volume of transactions of the Company with the above related parties were as follows:

| Particulars                         | Holding company<br>Rupees      | Fellow Subsidiary<br>Companies<br>Rupees  | Key Management<br>Personnel<br>Rupees |
|-------------------------------------|--------------------------------|---|---------------------------------------|
| <b>Income</b>                       |                                |   |                                       |
| Commission                          | 79,50,77,987<br>(62,17,74,116) |   |                                       |
| Management Fees                     | 39,77,844<br>(28,15,560)       |   |                                       |
| Brokerage                           | 3,44,376<br>(1,64,103)         | Nil\$<br>(2,87,758)<br>Nil*<br>(51,565)   |                                       |
| Insurance Commission                |                                | 4,94,23,884@<br>(4,51,21,251)<br>13,81,69,632*<br>(4,80,57,478)<br>11,35,816 %<br>(Nil) |                                       |
| <b>Expenditure</b>                  |                                |   |                                       |
| Remuneration<br>- Mr. Gautam Bhagat |                                |   | ✕                                     |
| Interest on Inter Corporate Deposit | 1,45,08,469<br>(1,61,80,762)   |   |                                       |
| Royalty                             |                                | 1,80,000#<br>(1,80,000)   |                                       |
| Insurance Expense                   |                                | 31,30,440*<br>(18,32,461)   |                                       |
| Registration Fee                    |                                | Nil@<br>(6,500)   |                                       |
| <b>Assets</b>                       |                                |   |                                       |
| Amount Due                          | 51,039<br>(34,303)             | 35,45,786@<br>(38,61,292)<br>27,649\$<br>(27,649)<br>1,17,10,557*<br>(98,87,054)        |                                       |
| <b>Liabilities</b>                  |                                |   |                                       |
| Amount Due                          | 11,812<br>(72,357)             |   |                                       |
| Inter Corporate<br>Deposit          | 23,45,00,000<br>(20,00,00,000) |   |                                       |

Note: Figures in bracket pertain to the previous year

@ HDFC Standard Life Insurance Company Limited

# HDFC Realty Limited

\* HDFC ERGO General Insurance Company Limited

\$ HDFC Asset Management Company Limited

% Credila Financial Services Private Limited

✕ Deputation Cost amounting to ₹ 74,03,078/- (Previous Year ₹ 65,77,212/-) paid to Holding Company



**Schedule 13 (Continued)****NOTES FORMING PART OF THE ACCOUNTS**

- 9) The major components of Deferred Tax Assets are as under:

| Particulars  | Deferred Tax Asset |                  |
|--------------|--------------------|------------------|
|              | Current Year       | Previous Year    |
| Depreciation | 20,70,000          | 17,93,300        |
| Others       | 1,14,30,000        | 39,38,700        |
| <b>Total</b> | <b>1,35,00,000</b> | <b>57,32,000</b> |

**Deferred Tax Asset (Net) ₹ 77,68,000** (Previous Year ₹ 57,32,000)

10) **Segment Reporting**

The Company is primarily engaged in distribution of financial products in India. As such, there are no separate reportable segments, as per the Accounting Standard on "Segment Reporting" (AS-17) notified under the Companies (Accounting Standards) Rules, 2006.

11) **Earnings Per Share**

In accordance with the Accounting Standard on 'Earnings Per Share' (AS 20), notified under the Companies (Accounting Standards) Rules, 2006, the Basic Earning Per Share has been computed by dividing the Profit/(Loss) for the period by the weighted average number of equity shares for the respective periods as follows.

|  | Current Year | Previous Year |
|--|--------------|---------------|
| a Profit for the period (₹)  | 2,93,70,187  | 3,63,90,021   |
| b Weighted average number of shares for computation of Basic Earning Per Share | 4,010,000    | 4,010,000     |
| c EPS (Face value of ₹10 each) (Basic) (a/b)                                   | 7.32         | 9.07          |

12) **Accounting Period**

Figures for the previous year have been regrouped / rearranged whenever necessary.

**Schedule 14****SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**2. System of Accounting**

The Company adopts the accrual concept in the preparation of the accounts.

**3. Revenue Recognition**

Commission Income, Management Fees and Brokerage are accounted for on an accrual basis.

**4. Fixed Assets**

Fixed Assets are capitalised at cost inclusive of legal and/or installation expenses.

**5. Depreciation**

Depreciation on all Fixed Assets is provided on a pro-rata basis from the date of installation / acquisition. Depreciation is provided in the year of sale on pro-rata basis till the date of Sale.

Depreciation on Computers and Leasehold Improvements is calculated as per the straight-line method; and on other assets as per the reducing balance method. All assets except Computers and Leasehold Improvements are depreciated at the rates specified by the Companies Act, 1956. Depreciation on Computers is calculated at the rate of 25 per cent per annum. Depreciation on Leasehold Improvements is provided as per the straight-line method over the primary period of lease. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

**6. Income Tax**

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit & Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

**7. Employee Benefits****Provident Fund: -**

The Company's contributions paid / payable during the year towards Provident Fund are charged to Profit and Loss Account every year. These Funds are recognised by the Income Tax authorities.

**Gratuity, Leave Encashment and Leave Travel Allowance: -**

The net present value of the Company's obligation towards gratuity, leave encashment and leave travel allowance is actuarially determined based in the projected unit credit method. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No.

1144182

State Code 111

Balance Sheet Date

31 3 2011

**II. Capital Raised during the year : (Amount in ₹ '000)**

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ '000)**

Total Liabilities

320376

Total Assets

320376

**SOURCES OF FUNDS**

Paid-up Capital

40100

Profit and Loss Account

45776

Secured Loan

NIL

Unsecured Loan

234500

**APPLICATION OF FUNDS**

Net Fixed Assets

61870

Investments

NIL

Net Current Assets

245006

Deferred Tax Asset

13500

Miscellaneous Expenses

NIL

Accumulated Losses

NIL

**IV. Performance of the Company (Amount in ₹ '000)**

Total Income

1102153

Total Expenditure

1056551

Profit Before Tax

45602

Profit After Tax

29370

Earnings per Share (in ₹)

7.32

Dividend %

NIL

**V. Generic Names of Principal Services of the Company: (as per monetary terms)**

Item Code No. (ITC Code)

NIL

Product Description

MARKETING

# Credila Financial Services Private Limited

A Subsidiary of Housing Development Finance Corporation Limited



## Board of Directors

Ms. Renu Sud Karnad  
**Chairperson**

### Directors

Mr. V. Srinivasa Rangan  
Mr. Subodh Salunke  
Mr. C. B. Chhaya  
Mr. Anil R. Bohora  
Mr. Ajay R. Bohora

### Auditors

Deloitte Haskins & Sells  
Chartered Accountants

### Bankers

Syndicate Bank  
HDFC Bank Ltd.  
Punjab National Bank

### Registered Office

B-301, Citi Point,  
Andheri-Kurla Road,  
Next To Kohinoor Continental,  
Andheri East, Mumbai 400 059.  
Tel. No. : 022-2471 2448  
Fax No. : 022-2471 2447

## Directors' Report

### TO THE MEMBERS

Your directors have great pleasure in presenting herewith the Sixth Annual Report for the year ended March 31, 2011.

### Business

This financial year the business of the Company expanded substantially. As on March 31, 2011 the Company has increased the loan portfolio to ₹ 180.9 crore. During the financial year 2010-11 Company had obtained two Credit Lines from Syndicate Bank for ₹ 250 crore for onward lending to Indian Students for education loan. The outstanding loan as on March 31, 2011 was ₹ 153.5 crore.

### Accounts

The working of the Company for the financial year ended March 31, 2011 resulted in a loss of ₹ 11.25 crores.

The loss is attributable mainly due to the expenses related to setup cost, heavy marketing expenses incurred by the Company, all the expenses related to improvement of the required systems, processes, workflows, technology platform. The directors expect expansion of business in the forthcoming year from the operations perspective.

### Dividend

Due to unavailability of profits, your directors do not recommend any dividend for the year ended March 31, 2011.

### Capital of the Company

As on March 31, 2011, the paid-up equity share capital of the Company was ₹ 30.4 crores.

During the year, the Company has issued and allotted:

- (i) 12,000,000 Compulsorily Convertible Preference Shares

(CCPS) of ₹ 10 each at par to its holding company viz. Housing Development Finance Corporation Limited (HDFC Ltd.). As per the terms and conditions of the issue of CCPS, dividend per annum on CCPS shall be equivalent to 0.01% on the subscription amount on a preferential basis, subject to the availability of distributable profits. CCPS shall be converted into Equity Shares at a price of ₹ 10 each at any time at the option of HDFC or at maturity which is 7 years from the date of issue.

- (ii) 6,000,000 Optionally Convertible Preference Shares (OCPS) of ₹ 10 each at par to its Holding Company viz. HDFC Ltd. As per the terms and conditions of the issue of OCPS, dividend per annum on OCPS shall be equivalent to 0.01% on the subscription amount on a preferential basis, subject to the availability of distributable profits.

### Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as at March 31, 2011.

### Directors

The Board of Directors at its meetings held on December 24, 2009 & March 26, 2010 appointed Mr. V. Srinivasa Rangan and Mr. Subodh Salunke as directors of the Company.

The Board at its meeting held on October 20, 2010 appointed Ms. Renu Sud Karnad as the Chairperson of the Board.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. C. B. Chhaya is liable to retire by rotation at

the ensuing AGM. He is eligible for re-appointment.

Necessary resolutions for the re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 274(1) (g) of the Companies Act, 1956.

#### Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, having registration number 117365W, the statutory auditors of the Company, retire at the ensuing AGM and are eligible for re-appointment.

The Company has received a certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

#### Particulars of Employees

Your Company had 143 employees as on March 31, 2011. During the year, no employee employed throughout the year or part of the year was in receipt of remuneration of ₹ 60 Lakhs or

more per annum or ₹ 5 Lakhs or more per month.

#### Particulars Regarding Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Since the Company does not own any manufacturing facility and has no dealings in foreign exchange, the particulars stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are consequently not applicable.

#### Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your directors hereby confirm that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) the directors have selected accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss of the Company for that period.

- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities to the best of their knowledge and ability.

- d) the directors have prepared annual accounts on a going concern basis.

#### Acknowledgements

The Company would like to acknowledge the role of all its stakeholders - shareholders, borrowers, and lenders for their continuing support to the Company.

The directors appreciate the guidance received from various regulatory authorities including the Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies, and the Financial Intelligence Unit (India).

Your directors value the professionalism of all the employees of the Company who have relentlessly worked in a challenging environment and whose efforts have stood the Company in good stead.

For and on behalf of the Board of Directors

MUMBAI  
April 15, 2011

RENU SUD KARNAD  
Chairperson

## Auditors' Report

### TO THE MEMBERS OF CREDILA FINANCIAL SERVICES PRIVATE LIMITED

1. We have audited the attached Balance Sheet of CREDILA FINANCIAL SERVICES PRIVATE LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in

terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

(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 it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so

required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

(ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

U.M. NEOGI  
Partner  
MUMBAI  
April 20, 2011 (Membership No. 30235)



## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the activities and the nature of the business of the Company, clauses 4(i)(c), 4(ii), 4(iii), 4(v), 4(vi), 4(viii), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xviii), 4(xix) and 4(xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the information and explanation given to us, no material discrepancies were noticed on such verification.

(iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(iv) The internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate

with the size of the Company and the nature of its Business.

(v) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Tax Deducted at Source, Professional Tax, Service Tax, and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts in respect of the material statutory dues referred to above in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

(c) There are no dues of income tax, sales tax, service tax, custom duty, wealth tax, excise duty and cess which have not been deposited as on 31st March, 2011 on account of any dispute.

(vi) The accumulated losses of the Company at the end of the financial year are less than fifty percent of its net worth (without considering accumulated losses). The Company has incurred cash loss during the financial year and in the immediately preceding financial year.

(vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to a bank and a debenture holder.

(viii) In our opinion and according to the information and explanations given to us, the term loans availed by the Company during the year were, *prima facie*, applied by the Company for the education loan purposes for which the loans were obtained, other than temporary deployment pending application. For this purpose, term loan availed by the Company from a bank and utilised for repayment of loan taken for disbursement of education loans has been considered to be applied for education loan purpose.

(ix) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117365W)

U.M. NEOGI  
Partner  
MUMBAI  
April 20, 2011 (Membership No. 30235)



## Balance Sheet as at March 31, 2011

|   | Schedule | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|---|----------|------------------------------|------------------------------|
| <b>SOURCES OF FUNDS</b>                             |          |                              |                              |
| <b>SHAREHOLDERS' FUND</b>                           |          |                              |                              |
| Share Capital                                       | 1        | 484,086,700                  | 154,253,350                  |
| Reserves and Surplus                                | 2        | 80,293,300                   | 40,146,650                   |
|   |          | <u>564,380,000</u>           | <u>194,400,000</u>           |
| <b>LOAN FUNDS</b>                                   |          |                              |                              |
| Secured Loans                                       | 3        | 1,535,392,315                | 220,076,469                  |
| Unsecured Loans                                     | 4        | 10,023,833                   | 83,151,020                   |
|   |          | <u>1,545,416,148</u>         | <u>303,227,489</u>           |
| <b>Total</b>  |          | <u>2,109,796,148</u>         | <u>497,627,489</u>           |
| <b>APPLICATION OF FUNDS</b>                         |          |                              |                              |
| <b>FIXED ASSETS</b>                                 | 5        |                              |                              |
| Gross Block   |          | 21,065,283                   | 17,892,374                   |
| Less: Depreciation / Amortisation                   |          | <u>5,658,909</u>             | <u>5,131,700</u>             |
| Net Block   |          | 15,406,374                   | 12,760,674                   |
| <b>CAPITAL WORK IN PROGRESS</b>                     |          | <u>1,322,122</u>             | <u>—</u>                     |
|   |          | <u>16,728,496</u>            | <u>12,760,674</u>            |
| <b>DEFERRED TAX ASSETS</b>                          | 18(8)    | 1,989,290                    | 545,627                      |
| <b>LESS: DEFERRED TAX LIABILITY</b>                 |          | <u>1,989,290</u>             | <u>545,627</u>               |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>           |          |                              |                              |
| Receivable Under Financing Activity                 | 6        | 1,809,739,186                | 265,432,273                  |
| Cash and Bank Balances                              | 7        | 29,724,870                   | 43,486,979                   |
| Other Current Assets                                | 8        | 12,417,376                   | 2,547,754                    |
| Loans and Advances                                  | 9        | 16,817,584                   | 51,673,930                   |
|   |          | <u>1,868,699,016</u>         | <u>363,140,936</u>           |
| <b>Less: CURRENT LIABILITIES AND PROVISIONS</b>     | 10       |                              |                              |
| Current Liabilities                                 |          | 10,164,504                   | 5,867,014                    |
| Provisions  |          | <u>6,669,393</u>             | <u>1,002,872</u>             |
|   |          | <u>16,833,897</u>            | <u>6,869,886</u>             |
| <b>NET CURRENT ASSETS</b>                           |          | <u>1,851,865,119</u>         | <u>356,271,050</u>           |
| <b>MISCELLANEOUS EXPENDITURE</b>                    | 11       | —                            | 44,200                       |
| (to the extent not written off or adjusted)         |          |                              |                              |
| <b>PROFIT AND LOSS ACCOUNT</b>                      |          | <u>241,202,533</u>           | <u>128,551,565</u>           |
| <b>Total</b>  |          | <u>2,109,796,148</u>         | <u>497,627,489</u>           |
| <b>STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES</b> | 17       |                              |                              |
| <b>NOTES TO THE ACCOUNTS</b>                        | 18       |                              |                              |

The Schedules referred to above form an integral part of the Accounts.  
In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**U. M. Neogi**  
Partner

Place: MUMBAI  
Date: April 20, 2011

For and on behalf of the Board

**Anil Bohora**  
Managing Director

**Samir Dewanjee**  
Company Secretary  
Place: MUMBAI  
Date: April 15, 2011

**Ajay Bohora**  
Managing Director

**Profit & Loss Account for the year ended March 31, 2011**

|  | Schedule | Current Year<br>₹    | Previous Year<br>₹   |
|--|----------|----------------------|----------------------|
| <b>INCOME</b>  |          |                      |                      |
| Operating Income   | 12A      | 120,715,302          | 31,272,786           |
| Commission, Fees and Other Charges   | 12B      | 40,060,398           | 9,762,972            |
|  |          | <u>160,775,700</u>   | <u>41,035,758</u>    |
| <b>EXPENDITURE</b>   |          |                      |                      |
| Interest and Other Charges   | 13       | 90,074,669           | 22,227,199           |
| Staff Expenses   | 14       | 56,471,990           | 27,739,015           |
| Establishment Expenses   | 15       | 8,129,390            | 4,435,549            |
| Other Expenses   | 16       | 110,620,434          | 22,178,688           |
| Depreciation/Amortisation  |          | 3,263,797            | 2,021,124            |
| Provisions for Non-Performing Assets   |          | 350,810              | —                    |
| Contingent Provisions against Standard Assets                                      |          | 4,515,578            | —                    |
|  |          | <u>273,426,668</u>   | <u>78,601,575</u>    |
| <b>LOSS BEFORE TAXATION</b>  |          | <b>(112,650,968)</b> | <b>(37,565,817)</b>  |
| Excess Provision for Fringe Benefit Tax in respect of an earlier year written back |          | —                    | (6,104)              |
| <b>LOSS AFTER TAXATION</b>   |          | <b>(112,650,968)</b> | <b>(37,559,713)</b>  |
| Add: Brought forward from the previous year  |          | <b>(128,551,565)</b> | <b>(90,991,852)</b>  |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>  |          | <b>(241,202,533)</b> | <b>(128,551,565)</b> |
| Earnings per Equity Share of ₹10 each  |          |                      |                      |
| — Basic and Diluted (₹)  |          | <b>(4.40)</b>        | <b>(2.46)</b>        |
| (Note 14 of Schedule 18)   |          |                      |                      |
| STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES                                       | 17       |                      |                      |
| NOTES TO THE ACCOUNTS  | 18       |                      |                      |

The Schedules referred to above form an integral part of the Accounts

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

**U. M. Neogi**

Partner

Place: MUMBAI

Date: April 20, 2011

For and on behalf of the Board

**Anil Bohora**

Managing Director

**Samir Dewanjee**

Company Secretary

Place: MUMBAI

Date: April 15, 2011

**Ajay Bohora**

Managing Director

## Cash Flow Statement for the year ended March 31, 2011

|  | ₹               | Current Year<br>₹      | ₹             | Previous Year<br>₹   |
|--|-----------------|------------------------|---------------|----------------------|
| <b>Loss Before Taxation</b>  |                 | (112,650,968)          |               | (37,565,817)         |
| Adjustments for :  |                 |                        |               |                      |
| Depreciation/Amortisation  | 3,263,797       |                        | 2,021,124     |                      |
| Loss on Fixed Assets sold/discarded  | 229,190         |                        | —             |                      |
| Provisions for Non-Performing Assets   | 350,810         |                        | —             |                      |
| Contingent Provisions against Standard Assets  | 4,515,578       |                        | —             |                      |
|  |                 | <u>8,359,375</u>       |               | <u>2,021,124</u>     |
| <b>Operating loss before working capital changes</b>   |                 | <u>(104,291,593)</u>   |               | <u>(35,544,693)</u>  |
| Change in working Capital:   |                 |                        |               |                      |
| Receivable Under Financing Activity  | (1,544,306,913) |                        | (208,107,063) |                      |
| Other Current Assets   | (9,869,622)     |                        | 63,731        |                      |
| Loans and Advances   | 35,774,453      |                        | (38,768,396)  |                      |
| Current Liabilities and Provisions   | 5,097,623       |                        | (3,132,767)   |                      |
| Miscellaneous Expenditure  | 44,200          |                        | 44,200        |                      |
|  |                 | <u>(1,513,260,259)</u> |               | <u>(249,900,295)</u> |
| <b>Cash Used in Operations</b>   |                 | <u>(1,617,551,852)</u> |               | <u>(285,444,988)</u> |
| Income Tax Paid  | (918,107)       |                        | (851,944)     |                      |
| Fringe Benefit Tax Paid  | —               |                        | (251,596)     |                      |
|  |                 | <u>(918,107)</u>       |               | <u>(1,103,540)</u>   |
| <b>Net Cash Used in Operating Activities (A)</b>   |                 | <u>(1,618,469,959)</u> |               | <u>(286,548,528)</u> |
| Acquisition of Fixed Assets (after adjustments of increase/decrease in capital work-in-progress) | (7,477,309)     |                        | (4,454,229)   |                      |
| Sale of Fixed Assets   | 16,500          |                        | —             |                      |
| Purchase of current investments in Mutual Fund   | (685,346,902)   |                        | —             |                      |
| Sale of current investments in Mutual Fund   | 685,346,902     |                        | —             |                      |
|  |                 | <u>(7,460,809)</u>     |               | <u>(4,454,229)</u>   |
| <b>Net Cash Used in Investing Activities (B)</b>   |                 | <u>(7,460,809)</u>     |               | <u>(4,454,229)</u>   |
| Proceeds from Long term borrowings   | 1,540,042,315   |                        | 189,863,510   |                      |
| Repayment of Long term borrowings  | (224,726,469)   |                        | —             |                      |
| Proceeds from Issue of Equity Shares   | 110,280,000     |                        | —             |                      |
| Proceeds from Issue of CCPS and OCPS   | 180,000,000     |                        | —             |                      |
| Proceeds from / (Repayment of) Short term Borrowings (Net)                                       | 6,572,813       |                        | 401,669       |                      |
|  |                 | <u>1,612,168,659</u>   |               | <u>190,265,179</u>   |
| <b>Net Cash From Financing Activities (C)</b>  |                 | <u>1,612,168,659</u>   |               | <u>190,265,179</u>   |
| <b>Net Decrease in Cash and Cash equivalents (A+B+C)</b>   |                 | <u>(13,762,109)</u>    |               | <u>(100,737,578)</u> |
| <b>Opening Balance of Cash and Cash equivalents (Note 1)</b>                                     |                 | <u>43,486,979</u>      |               | <u>144,224,557</u>   |
| <b>Closing balance of Cash and Cash equivalents (Note 1)</b>                                     |                 | <u>29,724,870</u>      |               | <u>43,486,979</u>    |
| <b>Net Decrease in Cash and Cash equivalents</b>   |                 | <u>(13,762,109)</u>    |               | <u>(100,737,578)</u> |

**Cash Flow Statement for the year ended March 31, 2011 (Continued)****Notes**

| 1. Cash and Cash equivalents   | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|--|------------------------------|------------------------------|
| Cash on hand   | 2,100                        | 2,100                        |
| Balance With Scheduled Banks   |                              |                              |
| On Current Accounts  | 13,172,770                   | 309,879                      |
| On Fixed Deposit Accounts  | 16,550,000                   | 43,175,000                   |
|  | <u>29,724,870</u>            | <u>43,486,979</u>            |
| 2. Conversion of Optionally Convertible Subordinated Debentures (Previous Year - Compulsorily Convertible Preference Shares) into the Equity Shares is a non cash transaction. |                              |                              |
| 3. Previous year figures have been regrouped, wherever necessary to conform to the current year's classifications.   |                              |                              |

The Schedules referred to above form an integral part of the Accounts.

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants  
**U. M. Neogi**  
Partner

Place: MUMBAI  
Date: April 20, 2011

For and on behalf of the Board

**Anil Bohora**  
Managing Director  
**Samir Dewanjee**  
Company Secretary  
Place: MUMBAI  
Date: April 15, 2011

**Ajay Bohora**  
Managing Director

## Schedules

### Forming part of the Balance Sheet as at March 31, 2011

#### Schedule 1

##### SHARE CAPITAL

|   | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|---|------------------------------|------------------------------|
| <b>AUTHORISED:</b>  |                              |                              |
| <b>Equity Shares:</b>   |                              |                              |
| <b>40,000,000</b> (Previous Year 20,000,000) Equity Shares of ₹ 10/- each   | <b>400,000,000</b>           | 200,000,000                  |
| <b>Preference Shares:</b>   |                              |                              |
| <b>15,000,000</b> (Previous Year Nil) Compulsorily Convertible Preference Shares of ₹ 10/- each   | <b>150,000,000</b>           | —                            |
| <b>15,000,000</b> (Previous Year Nil) Optionally Convertible Preference Shares of ₹ 10/- each   | <b>150,000,000</b>           | —                            |
|   | <b>700,000,000</b>           | 200,000,000                  |
| <b>ISSUED, SUBSCRIBED &amp; PAID UP:</b>  |                              |                              |
| <b>Equity Shares :</b>  |                              |                              |
| <b>30,408,670</b> (Previous Year 15,425,335) Equity Shares of ₹ 10/- each fully paid up   | <b>304,086,700</b>           | 154,253,350                  |
| <b>Of the above:</b>  |                              |                              |
| (i) 3,955,335 Equity Shares of ₹ 10/- each were issued during the previous year as fully paid up on conversion of Compulsorily Convertible Preference Shares into Equity Shares   |                              |                              |
| (ii) 3,955,335 Equity Shares of ₹ 10/- each were issued during the year as fully paid up on conversion of Optionally Convertible Subordinated Debentures into Equity Shares (Refer Note 2 of Schedule 18)   |                              |                              |
| (iii) 18,938,670 (including 3,955,335 referred to in (i) and (ii) above, and 11,028,000 issued during the year) Equity Shares of ₹ 10/- each fully paid up are held by Housing Development Finance Corporation Limited, which became the holding company on 9th July, 2010. |                              |                              |
| <b>Preference Shares:</b>   |                              |                              |
| <b>12,000,000</b> (Previous Year Nil) Compulsorily Convertible Preference Shares of ₹ 10/- each fully paid up (Refer Note 1(i) of Schedule 18)  | <b>120,000,000</b>           | —                            |
| <b>6,000,000</b> (Previous Year Nil) Optionally Convertible Preference Shares of ₹ 10/- each, fully paid up (Refer Note 1(ii) of Schedule 18)   | <b>60,000,000</b>            | —                            |
|   | <b>484,086,700</b>           | 154,253,350                  |

#### Schedule 2

##### RESERVES AND SURPLUS

|   | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|---|------------------------------|------------------------------|
| <b>Securities Premium Account</b>   |                              |                              |
| Balance as per last Balance Sheet   | <b>40,146,650</b>            | 40,146,650                   |
| Add: Issue of Equity Shares on Conversion of Optionally Convertible Subordinated Debentures (OCD) (Refer Note 2 of Schedule 18) | <b>40,146,650</b>            | —                            |
|   | <b>80,293,300</b>            | 40,146,650                   |

**Schedule 3****SECURED LOANS**

|  | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|--|------------------------------|------------------------------|
| <b>Term Loan from a Bank</b>   | <b>1,535,392,315</b>         | <b>220,076,469</b>           |
| [Secured by first charge by way of hypothecation of education loan receivables of the Company's underlying portfolio of education loans and related collaterals (Previous Year Secured by hypothecation of education loan receivables of the Company and assignment of underlying portfolio of education loans and related collaterals. Further guaranteed by the two directors of the Company jointly and severally to the extent of loan outstanding)] |                              |                              |
|  | <u><u>1,535,392,315</u></u>  | <u><u>220,076,469</u></u>    |

**Schedule 4****UNSECURED LOANS**

|  | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|--|------------------------------|------------------------------|
| Overdrawn balance with banks on current account (as per books) | <b>10,023,833</b>            | 3,451,020                    |
| Optionally Convertible Subordinated Debentures (OCD)           | –                            | 79,700,000                   |
| (Refer Note 2 of Schedule 18)                                  | <u><u>10,023,833</u></u>     | <u><u>83,151,020</u></u>     |

**Schedule 5****FIXED ASSETS**

| Sr. Particulars<br>No                          | GROSS BLOCK (At Cost)     |                                 |                                 |                            | DEPRECIATION / AMORTISATION |                  |                                 |                            | NET BLOCK                  |                            |
|--|---------------------------|---------------------------------|---------------------------------|----------------------------|-----------------------------|------------------|---------------------------------|----------------------------|----------------------------|----------------------------|
|  | As at<br>April 1,<br>2010 | Additions<br>During the<br>Year | Deletions<br>During the<br>Year | As at<br>March 31,<br>2011 | As at<br>April 1,<br>2010   | For the Year     | Deletions<br>During<br>the Year | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 |
| <b>1 Tangible Assets:</b>                      |                           |                                 |                                 |                            |                             |                  |                                 |                            |                            |                            |
| Office Machinery                               | 740,176                   | 57,000                          | 205,634                         | 591,542                    | 166,207                     | 26,816           | 95,878                          | 97,145                     | 494,397                    | 573,969                    |
| Computers                                      | 4,877,800                 | 5,856,047                       | 4,469                           | 10,729,378                 | 1,529,722                   | 1,318,504        | 4,469                           | 2,843,757                  | 7,885,621                  | 3,348,078                  |
| Furniture & Fixtures                           | 2,755,614                 | 242,140                         | 187,991                         | 2,809,763                  | 693,182                     | 347,982          | 52,057                          | 989,107                    | 1,820,656                  | 2,062,432                  |
| Sub Total (A)                                  | <u>8,373,590</u>          | <u>6,155,187</u>                | <u>398,094</u>                  | <u>14,130,683</u>          | <u>2,389,111</u>            | <u>1,693,302</u> | <u>152,404</u>                  | <u>3,930,009</u>           | <u>10,200,674</u>          | <u>5,984,479</u>           |
| <b>2 Intangible Assets:</b>                    |                           |                                 |                                 |                            |                             |                  |                                 |                            |                            |                            |
| Credit Scoring Module Software (Acquired)      | 2,584,184                 | –                               | 2,584,184                       | –                          | 2,400,609                   | 183,575          | 2,584,184                       | –                          | –                          | 183,575                    |
| Education Loan Software (Internally Generated) | 6,934,600                 | –                               | –                               | 6,934,600                  | 341,980                     | 1,386,920        | –                               | 1,728,900                  | 5,205,700                  | 6,592,620                  |
| Sub Total (B)                                  | <u>9,518,784</u>          | <u>–</u>                        | <u>2,584,184</u>                | <u>6,934,600</u>           | <u>2,742,589</u>            | <u>1,570,495</u> | <u>2,584,184</u>                | <u>1,728,900</u>           | <u>5,205,700</u>           | <u>6,776,195</u>           |
| Total (A+B)                                    | <u>17,892,374</u>         | <u>6,155,187</u>                | <u>2,982,278</u>                | <u>21,065,283</u>          | <u>5,131,700</u>            | <u>3,263,797</u> | <u>2,736,588</u>                | <u>5,658,909</u>           | <u>15,406,374</u>          |                            |
| Previous Year                                  | 9,501,333                 | 8,391,041                       | –                               | 17,892,374                 | 3,110,576                   | 2,021,124        | –                               | 5,131,700                  |                            | 12,760,674                 |
| Capital work-in-progress                       |                           |                                 |                                 |                            |                             |                  |                                 |                            | 1,322,122                  | –                          |
|  |                           |                                 |                                 |                            |                             |                  |                                 |                            | <u>16,728,496</u>          | <u>12,760,674</u>          |

**Schedule 6****RECEIVABLE UNDER FINANCING ACTIVITY**

|  | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|--|------------------------------|------------------------------|
| Education Loans  |                              |                              |
| – Fully Secured (*Installments due ₹ 67,477 Previous Year ₹ Nil)   | 1,210,269,849                | 209,851,354                  |
| – Unsecured for which the Company holds no security other than the borrower's personal security (*Installments due ₹ 40,794 Previous Year ₹ Nil) | 599,469,337                  | 55,580,919                   |
| * Less than Six Months   |                              |                              |
|  | <u>1,809,739,186</u>         | <u>265,432,273</u>           |
| Of the above:  |                              |                              |
| (i) Considered good -Standard Assets   | 1,806,231,083                | 265,432,273                  |
| (ii) Others - Sub-standard Assets  | 3,508,103                    | —                            |
|  | <u>1,809,739,186</u>         | <u>265,432,273</u>           |

**Schedule 7****CASH AND BANK BALANCES**

|                              | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|------------------------------|------------------------------|------------------------------|
| Cash On Hand                 | 2,100                        | 2,100                        |
| Balance With Scheduled Banks |                              |                              |
| On Current Accounts          | 13,172,770                   | 309,879                      |
| On Fixed Deposit Accounts    | 16,550,000                   | 43,175,000                   |
|                              | <u>29,724,870</u>            | <u>43,486,979</u>            |

**Schedule 8****OTHER CURRENT ASSETS**

|   | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|---|------------------------------|------------------------------|
| Interest receivable on Education Loans                          | 12,277,219                   | 2,028,597                    |
| Interest receivable on Deposits (Net of tax deducted at source) | 140,157                      | 519,157                      |
|   | <u>12,417,376</u>            | <u>2,547,754</u>             |

**Schedule 9****LOANS AND ADVANCES****(Considered Good)**

|   | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|---|------------------------------|------------------------------|
| Advances Recoverable in cash or in kind or for value to be received | 1,946,866                    | 3,515,447                    |
| Corporate Deposits  | —                            | 40,000,000                   |
| Security Deposits   | 8,690,878                    | 2,896,750                    |
| Income Tax Payments   | 6,087,140                    | 5,169,033                    |
| Fringe Benefit Tax Payment  | 92,700                       | 92,700                       |
|   | <u>16,817,584</u>            | <u>51,673,930</u>            |

**Schedule 10****CURRENT LIABILITIES AND PROVISIONS**

|   | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|---|------------------------------|------------------------------|
| <b>CURRENT LIABILITIES</b>  |                              |                              |
| Sundry Creditors  |                              |                              |
| (i) Total outstanding dues of Micro enterprises and Small enterprises<br>(Refer Note 13 of Schedule 18) | —                            | —                            |
| (ii) Total outstanding dues of creditors other than Micro enterprises<br>and Small enterprises          | 6,849,801                    | 2,003,453                    |
| Interest on Education Loan received in advance  | 1,843,960                    | 683,941                      |
| Other Current Liabilities   | 1,470,743                    | 1,650,660                    |
| Interest accrued but not due on OCD (Net of tax deducted at source)                                     | —                            | 1,528,960                    |
|   | <u>10,164,504</u>            | <u>5,867,014</u>             |
| <b>PROVISIONS</b>   |                              |                              |
| Compensated Absences  | 478,793                      | 186,702                      |
| Gratuity  | 1,324,212                    | 816,170                      |
| Provisions for Non-Performing Assets  | 350,810                      | —                            |
| Contingent Provisions against Standard Assets   | 4,515,578                    | —                            |
|   | <u>6,669,393</u>             | <u>1,002,872</u>             |
|   | <u>16,833,897</u>            | <u>6,869,886</u>             |

**Schedule 11****MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

|                                      | As at<br>March 31, 2011<br>₹ | As at<br>March 31, 2010<br>₹ |
|--------------------------------------|------------------------------|------------------------------|
| Preliminary Expenses                 |                              |                              |
| Balance at the beginning of the year | 44,200                       | 88,400                       |
| Less: Written off during the year    | 44,200                       | 44,200                       |
|                                      | <u>—</u>                     | <u>44,200</u>                |



## Schedules

Forming part of the Profit and Loss Account for the year ended March 31, 2011

### Schedule 12A

#### OPERATING INCOME

|   | Current Year<br>₹  | Previous Year<br>₹ |
|---|--------------------|--------------------|
| Interest on Education Loans   | 119,338,076        | 24,100,928         |
| Interest on Fixed Deposits with Banks<br>(Tax deducted at source ₹ 88,906/-, Previous year ₹ 696,532/-) | 827,776            | 6,823,913          |
| Interest on Corporate Deposits<br>(Tax deducted at source ₹ 20,250/-, Previous year ₹ 34,800/-)         | 202,548            | 347,945            |
| Dividend from Current Non - Trade Investments   | 346,902            | —                  |
|   | <u>120,715,302</u> | <u>31,272,786</u>  |

### Schedule 12B

#### COMMISSION, FEES AND OTHER CHARGES

|  | Current Year<br>₹ | Previous Year<br>₹ |
|--|-------------------|--------------------|
| Commission   | 7,510,687         | 986,917            |
| Front End Origination Fees [Refer Note 4 of Schedule 18] | 30,935,666        | 8,416,842          |
| Other Charges  | 1,614,045         | 359,213            |
|  | <u>40,060,398</u> | <u>9,762,972</u>   |

### Schedule 13

#### INTEREST AND OTHER CHARGES

|  | Current Year<br>₹ | Previous Year<br>₹ |
|--|-------------------|--------------------|
| Interest on Fixed Period Loans                   |                   |                    |
| — Optionally Convertible Subordinated Debentures | 1,497,889         | 6,376,000          |
| — Others   | 68,368,299        | 11,724,421         |
| Other Interest                                   | 15,934,316        | —                  |
| Other Charges (Net of Recoveries)                | 4,274,165         | 4,126,778          |
|  | <u>90,074,669</u> | <u>22,227,199</u>  |

### Schedule 14

#### STAFF EXPENSES

|  | Current Year<br>₹ | Previous Year<br>₹ |
|--|-------------------|--------------------|
| Salaries and Bonus                             | 52,198,904        | 28,169,972         |
| Contribution to Provident and Other Fund       | 2,343,154         | 1,079,369          |
| Provision for Gratuity                         | 508,042           | 318,204            |
| Staff Welfare Expense                          | 1,421,890         | 754,077            |
|  | <u>56,471,990</u> | <u>30,321,622</u>  |
| Less : Transferred to Capital Work-In-Progress | —                 | 2,582,607          |
|  | <u>56,471,990</u> | <u>27,739,015</u>  |

**Schedule 15****ESTABLISHMENT EXPENSES**

|   | Current Year<br>₹ | Previous Year<br>₹ |
|---|-------------------|--------------------|
| Rent  | 7,071,145         | 4,005,388          |
| Stamp Duty & Registration Fee - Leased Premises | 152,619           | 93,565             |
| Electricity Charges                             | 905,626           | 322,169            |
| Insurance Charges                               | —                 | 14,427             |
|   | <u>8,129,390</u>  | <u>4,435,549</u>   |

**Schedule 16****OTHER EXPENSES**

|  | Current Year<br>₹  | Previous Year<br>₹ |
|--|--------------------|--------------------|
| Travelling and Conveyance                  | 5,017,764          | 2,593,689          |
| Repairs & Maintenance - Others             | 1,358,654          | 291,791            |
| Printing and Stationery                    | 974,612            | 495,866            |
| Postage, Telephone and Bandwidth Charges   | 6,188,220          | 2,327,915          |
| Advertisement and Sales Promotion Expenses | 58,524,784         | 4,817,137          |
| Rates and Taxes                            | 5,342,870          | 1,144,175          |
| Contracted Staff Charges                   | 16,490,009         | 2,158,387          |
| Legal Expenses                             | —                  | 1,550,095          |
| Professional Fees                          | 10,777,043         | 4,531,920          |
| Auditors' Remuneration                     |                    |                    |
| – Audit Fees                               | 827,250            | 551,500            |
| – Certification Charges                    | 131,695            | 55,150             |
| – Out of Pocket Expenses                   | 12,146             | —                  |
| Computer Expenses                          | 1,331,306          | 218,473            |
| Director's Fees                            | 160,000            | —                  |
| Deposit Written Off                        | —                  | 301,000            |
| Loss on Fixed Assets sold/discarded        | 229,190            | —                  |
| Preliminary Expenses Amortised             | 44,200             | 44,200             |
| Exchange (Gain)/Loss [Net]                 | 18,131             | (28,582)           |
| Miscellaneous Expense                      | 3,192,560          | 1,125,972          |
|  | <u>110,620,434</u> | <u>22,178,688</u>  |

## Schedule 17

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### 1) Accounting Conventions

The accounts have been prepared on historical cost convention. The Company follows the accrual basis of accounting. The financial statements are prepared in accordance with the accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956, in so far as these are not inconsistent with Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (prudential norms) issued by the Reserve Bank of India (RBI).

#### 2) Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Difference between actual results and estimates are recognized in the period in which they materialize.

#### 3) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation / amortization and impairment loss, if any. Cost comprises of purchase / acquisition price, import duties, non-refundable taxes, duties, freight and directly attributed cost of bringing the assets to its working condition for its intended use.

The cost of internally generated software comprises all expenditure that can be directly attributed or allocated on a reasonable and consistent basis to create the software for its intended use.

Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, is recognized.

#### 4) Depreciation / Amortisation

##### a. Tangible Assets

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

##### b. Intangible Assets

Credit Scoring Module Software (Acquired) is amortised over three years being the term of the Software on straight line method.

Education Loan Software (Internally generated) is amortised over the period of five years on straight line method.

#### 5) Revenue Recognition

##### a. Interest on Education Loan:

Interest income is recognized in the Profit and Loss Account as it accrues except in case of non-performing assets (NPAs) where it is recognized, upon realization, as per the prudential norms of RBI.

##### b. Interest on Deposit:

Interest on Deposit is recognized on time proportion basis.

##### c. Front End Origination Fees:

Front end origination fee on education loan sanctioned is recognised on disbursement of loan or on release of the conditional sanction letter as applicable.

**Schedule 17 (Continued)****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

- d. Dividend Income is accounted as and when right to receive dividend is established.
- e. Income from Commission represents sharing of margin with the Authorised Dealers on the foreign exchange business from the Company's references and is recognized in accordance with the terms of the relevant agreement.

**6) Investments**

Long term investments are stated at cost. Provision is made for diminution, other than temporary, in the value of investments. Current investments are stated at the lower of cost and fair value.

**7) Foreign Currency Transactions**

Foreign currency transactions are accounted at the exchange rates ruling on the date of the transactions. Foreign currency monetary items as at the Balance Sheet date are restated at the closing rates. Exchange differences arising on realization and year end restatements are dealt with in the Profit and Loss Account.

**8) Employee Benefits**

- a. Defined Contribution Plan:

The Company's contribution to the Provident Fund is charged to the Profit and Loss Account.

- b. Defined Benefit Plan/ Long term Compensated Absences:

The Company's liability towards gratuity and compensated absences is determined on the basis of year end actuarial valuation done by an independent actuary. The actuarial gains and losses determined by the actuary are recognised immediately in the Profit and Loss Account as an income or expense.

**9) Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

The tax effect of the timing differences between taxable income and accounting income which are capable of reversal in one or more subsequent periods are recorded as deferred tax asset subject to the consideration of prudence or deferred tax liability. Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses only to the extent that there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liability are measured using the substantively enacted tax rates and tax regulations as of the Balance Sheet date.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date.

**10) Contingencies/Provisions**

Provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefit is remote.

## Schedule 18

### NOTES TO THE ACCOUNTS

#### 1. Share Capital

During the year, the Company has issued and allotted:

- (i) 12,000,000 Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each at par to its Holding Company viz. Housing Development Corporation Limited (HDFC). As per the terms and conditions of the issue of CCPS, dividend per annum on CCPS shall be equivalent to 0.01% on the subscription amount on a preferential basis, subject to the availability of distributable profits. CCPS of ₹ 10 each shall be converted into Equity Shares at a price of ₹ 10 each at any time at the option of HDFC or at maturity which is 7 years from the date of issue i.e. March 30, 2011.
- (ii) 6,000,000 Optionally Convertible Preference Shares (OCPS) of ₹ 10 each at par to its Holding Company viz. HDFC. As per the terms and conditions of the issue of OCPS, dividend per annum on OCPS shall be equivalent to 0.01% on the subscription amount on a preferential basis, subject to the availability of distributable profits. OCPS of ₹ 10 each shall be converted into Equity Shares at a price of ₹ 10 each at any time at the option of HDFC or at maturity which is 7 years from the date of issue i.e. March 30, 2011.

OCPS of ₹ 10 each can be converted into CCPS at the price of ₹ 10 each at any time at the option of the subscriber i.e. HDFC. OCPS shall be automatically converted into CCPS in the event additional Tier I Capital is required by the Company. All the terms and conditions of CCPS shall apply to CCPS converted from OCPS.

#### 2. Unsecured Loans - Optionally Convertible Subordinated Debentures (OCD)

Pursuant to terms of the Investment Agreement dated October 23, 2007 between DSP Merrill Lynch Capital Limited (the Investor), Credila Financial Services Private Limited (the Company) and Mr. Anil Bohora and Mr. Ajay Bohora (the Promoters), the Company issued 3,955,335 OCD on January 15, 2008 to the Investor at a face value of ₹ 20.15 each. In terms of the said Agreement, the Investor is entitled, to receive simple interest on the OCD at the rate of eight percent per annum on the value of OCD payable in a lump sum at the time of conversion or redemption of the OCD.

Under the Share Purchase Agreement dated November 13, 2009 between DSP Merrill Lynch Capital Limited (DSP), Housing Development Finance Corporation Limited (HDFC), Credila Financial Services Private Limited (the Company) and Mr. Anil Bohora and Mr. Ajay Bohora (the Promoters), HDFC purchased 3,955,335 OCD of face value of ₹ 20.15 each and also 3,955,335 Equity Shares of ₹ 10 each fully paid up from DSP on December 24, 2009. Under the said Agreement, the interest accrued on OCD till December 23, 2009 was paid by the Company to DSP.

As per the terms and conditions of Issue, if the Company does not meet the Capital Adequacy Requirements at any time, the Company shall be entitled to convert some or all of the OCD into Optionally Convertible Preference Shares (OCPS) having a face value of ₹ 10 each by issue of one OCPS at a price of ₹ 20.15 (Face Value ₹ 10 and Premium ₹ 10.15) for each OCD. Subject to availability of distributable profit, the holder of OCPS shall be entitled to dividend equivalent to eight percent per annum on the price paid for OCPS (i.e. ₹ 20.15 for each OCPS), on preferential basis.

All but not less than all OCD and all but not less than all OCPS shall be convertible at the discretion of its holders into Equity Shares of the Company at any time before or on the expiry of five years from the issue date (i.e. January 15, 2008) or immediately prior to the Initial Public Offer of the Company. Upon conversion of OCD, for each OCD of ₹ 20.15, one Equity Share of ₹ 10 each will be issued at a premium of ₹ 10.15 each and upon conversion of OCPS, for each OCPS of ₹ 10 each, one equity share of ₹ 10 each will be issued. If the OCD / OCPS are not converted into equity shares on or before OCD maturity date then immediately thereafter subject to prior RBI permission the OCD / OCPS shall be redeemed.

On May 19, 2010, 3,955,335 OCD of ₹ 20.15 each have been converted into 3,955,335 Equity Shares of ₹ 10 each at a premium of ₹ 10.15 each as per the terms and conditions of the Issue of OCD.

3. The estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) is ₹ 1,211,494/- (Previous year ₹ Nil).

**Schedule 18 (Continued)****NOTES TO THE ACCOUNTS**

4. Front End Origination Fees (included in Commission, Fees and Other Charges - Schedule 12B) is net of the amounts paid to Direct Selling Agents ₹ 1,318,653 (Previous Year ₹ Nil).

**5. Managerial Remuneration**

- (i) Remuneration to Managing Directors\* (w.e.f. July 9, 2010)

|                                | 2010-11<br>₹     | Previous Year<br>₹ |
|--------------------------------|------------------|--------------------|
| Salaries and allowances        | 3,498,082        | —                  |
| Contribution to Provident Fund | 146,919          | —                  |
| Perquisite                     | 21,863           | —                  |
|                                | <u>3,666,864</u> | <u>—</u>           |

- (ii) Remuneration to Directors\* (upto July 8, 2010)

|                                | 2010-11<br>₹     | Previous Year<br>₹ |
|--------------------------------|------------------|--------------------|
| Salaries and allowances        | 1,464,822        | 5,400,000          |
| Contribution to Provident Fund | 54,681           | 201,600            |
| Perquisite                     | 8,137            | 30,000             |
|                                | <u>1,527,640</u> | <u>5,631,600</u>   |

\* Excludes provision for Gratuity and Compensated Absences which are determined on the basis of actuarial valuation done on overall basis for the Company.

- (iii) Sitting Fees to a Director 160,000 —

**6. Expenditure in foreign currency ascertained on payment basis**

| S. No. | Particulars  | 2010-11<br>₹ | Previous Year<br>₹ |
|--------|--|--------------|--------------------|
| 1      | Investment Banking Fees (*Net of TDS ₹ 240,000)  | —            | *2,160,000         |
| 2      | Professional fees  | 2,717,560    | 1,626,692          |
| 3      | Travelling and Conveyance  | —            | 810,000            |
| 4      | Membership Fees and Subscription   | —            | 101,406            |
| 5      | Advertising {Net of TDS ₹ 75,481 (Previous Year ₹ 10,823)}   | 3,929,708    | 611,851            |
| 6      | Other expenses (server hosting charges, communication charges, sales promotion, printing and stationery) | 1,026,849    | 433,509            |

7. During the year, the following current investments were purchased and sold:

| Name of the Fund/Scheme                                 | No. of Units  | 2010-11<br>Purchase<br>Value (₹) | No. of Units | Previous Year<br>Purchase<br>Value (₹) |
|---|---------------|----------------------------------|--------------|--|
| HDFC Liquid Fund Premium Plan Dividend - Daily Reinvest | 55,901,964.34 | 685,346,902                      | —            | —                                      |

**Schedule 18 (Continued)****NOTES TO THE ACCOUNTS****8. The component of Deferred Tax Assets (net) is as under :**

| Particulars                                   | 2010-11<br>₹ | Previous Year<br>₹ |
|---|--------------|--------------------|
| <b>Deferred Tax Liability</b>                 |              |                    |
| Depreciation                                  | 1,989,290    | 545,627            |
| Total Deferred Tax Liability (Gross) (A)      | 1,989,290    | 545,627            |
| <b>Deferred Tax Assets</b>                    |              |                    |
| Compensated Absences                          | 147,947      | 57,691             |
| Gratuity                                      | 409,182      | 252,197            |
| Provisions on Non-Performing Assets           | 350,810      | —                  |
| Contingent Provisions against Standard Assets | 1,081,351*   | —                  |
| Carry Forward business loss and depreciation  |              | 235,739**          |
| Total Deferred Tax Assets (B)                 | 1,989,290    | 545,627            |
| Closing Deferred Tax Asset (Net)              | Nil          | Nil                |

Footnotes:

- (i) \* In the absence of reasonable certainty regarding availability of sufficient future taxable income, the recognition of Deferred Tax Asset has been restricted to the extent of closing Deferred Tax Liability.
- \*\* In the absence of virtual certainty regarding availability of sufficient future taxable income, the recognition of Deferred Tax Asset on carry forward business loss and depreciation is restricted to the closing Deferred Tax Liability less other items of Deferred Tax Assets.
- (ii) In the view of Footnote to (i) above, the net debit/credit on account of Deferred Tax to the Profit and Loss Account is ₹ Nil (Previous Year Nil).

**9. Details of Employee Benefits as required by the Accounting Standard-15 "Employee Benefits" are as follows :-**

|   | 2010-11<br>₹ | Previous Year<br>₹ |
|---|--------------|--------------------|
| <b>i Defined Contribution Plans</b>   |              |                    |
| The Company has recognised the following amount in the Profit and Loss Account:   |              |                    |
| Contribution to Provident Fund  | 2,308,331    | 1,061,701          |
| The above amount is included under the head 'Contribution to Provident and Other Fund' in Schedule 14 "Staff Expenses".   |              |                    |
| <b>ii Defined Benefit Plan</b>  |              |                    |
| a A general description of the Employees Benefit Plan:  |              |                    |
| The Company has an obligation towards gratuity, a non funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five year of service. |              |                    |
| b Details of defined benefit plan - As per Actuarial Valuation  |              |                    |
|   | 2010-11<br>₹ | Previous Year<br>₹ |
| <b>I Components of employer expense</b>   |              |                    |
| 1 Current Service cost  | 588,608      | 312,525            |
| 2 Interest Cost   | 67,334       | 41,082             |
| 3 Actuarial Losses/(Gains)  | (147,900)    | (35,403)           |
| 4 Total expense recognised in the Profit and Loss Account   | 508,042      | 318,204            |

## Schedule 18 (Continued)

## NOTES TO THE ACCOUNTS

| ES TO THE ACCOUNTS |  | 2010-11                            | Previous Year                      |           |           |
|--------------------|--|------------------------------------|------------------------------------|-----------|-----------|
|                    |  | ₹                                  | ₹                                  |           |           |
| II                 | Actual Contribution and Benefits Payments  |                                    |                                    |           |           |
| 1                  | Actual Benefits Payments   | —                                  | —                                  |           |           |
| 2                  | Actual Contributions   | —                                  | —                                  |           |           |
| III                | Net asset/(liability) recognised in the Balance Sheet  |                                    |                                    |           |           |
| 1                  | Present Value of Defined Benefit Obligation  | 1,324,212                          | 816,170                            |           |           |
| 2                  | Fair Value of Plan Assets  | —                                  | —                                  |           |           |
| 3                  | Funded Status [Surplus/(Deficit)]  | (1,324,212)                        | (816,170)                          |           |           |
| 4                  | Unrecognised Past Service Costs  | —                                  | —                                  |           |           |
| 5                  | Net asset/(liability) recognised in the Balance Sheet  | (1,324,212)                        | (816,170)                          |           |           |
| IV                 | Change in Defined Benefit Obligation   |                                    |                                    |           |           |
| 1                  | Present value of Defined Benefit Obligation as at the beginning of the year  | 816,170                            | 497,966                            |           |           |
| 2                  | Current Service Cost   | 588,608                            | 312,525                            |           |           |
| 3                  | Interest Cost  | 67,334                             | 41,082                             |           |           |
| 4                  | Actuarial Losses/ (Gains)  | (147,900)                          | (35,403)                           |           |           |
| 5                  | Benefits paid  | —                                  | —                                  |           |           |
| 6                  | Present value of Defined Benefit Obligation as at the end of the year  | 1,324,212                          | 816,170                            |           |           |
| V                  | Change in Fair Value of Plan Assets  | Not applicable<br>since not funded | Not applicable<br>since not funded |           |           |
| VI                 | Actuarial Assumptions  |                                    |                                    |           |           |
| 1                  | Discount Rate  | 8.25%                              | 8.25%                              |           |           |
| 2                  | Expected Return on plan assets   | N.A.                               | N.A.                               |           |           |
| 3                  | Salary escalation Rate   | 6.00%                              | 6.00%                              |           |           |
| VII                | The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. |                                    |                                    |           |           |
| VIII               | Experience Adjustments   |                                    |                                    |           |           |
|                    |  | 2010-11                            | 2009-10                            | 2008-09   | 2007-08   |
|                    |  | ₹                                  | ₹                                  | ₹         | ₹         |
| 1                  | Present value of Defined Benefit Obligation  | 1,324,212                          | 816,170                            | 497,966   | 212,082   |
| 2                  | Fair Value of Plan Assets  | —                                  | —                                  | —         | —         |
| 3                  | Funded Status [Surplus/(Deficit)]  | (1,324,212)                        | (816,170)                          | (497,966) | (212,082) |
| 4                  | Experience adjustment on Plan Liabilities  | (147,900)                          | (8,168)                            | —         | —         |
| 5                  | Experience adjustment on Plan Assets   | —                                  | —                                  | —         | —         |

10. There is no derivative instrument outstanding as at year end. The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

Payables

| Currency | FC     | 2009-10<br>₹ | FC    | Previous Year<br>₹ |
|----------|--------|--------------|-------|--------------------|
| USD      | 10,546 | 470,879      | 6,250 | 282,125            |



**Schedule 18 (Continued)****NOTES TO THE ACCOUNTS****11. Related Party Disclosure****A (i) Name of the party where control exist:-**

1. Mr. Anil Bohora and Mr. Ajay Bohora (upto July 8, 2010).
2. Housing Development Finance Corporation Limited - Holding Company (w.e.f. July 9, 2010)

**(ii) Related Party with whom transactions have taken place:**

- (a) Holding Company (w.e.f. July 9, 2010)  
Housing Development Finance Corporation Limited (HDFC)
- (b) Fellow Subsidiaries - (w.e.f. July 9, 2010)  
HDFC Asset Management Company Ltd (HAMCL)  
HDFC Sales Private Limited (HSPL)
- (c) The Investing party in respect of which the Reporting enterprise is an associate (Associate):
  - Housing Development Finance Corporation Limited (HDFC) (for the period December 24, 2009 to July 8, 2010)
  - DSP Merrill Lynch Limited (DSPML) (for the period April 15, 2009 to December 23, 2009)
- (d) Key Management Personnel
  - Anil Bohora (Brother of Mr. Ajay Bohora) } Controlled the Company (upto July 8, 2010).
  - Ajay Bohora (Brother of Mr. Anil Bohora) } Able to exercise significant influence (w.e.f. July 9, 2010).

Note: The above have been identified on the basis of the information available with the Company.

**B Transactions with the Related Parties during the year:**

| Particulars |  | Holding Company |               | Fellow Subsidiaries |               | Associates   |               | Key Management Personnel |               |
|-------------|--|-----------------|---------------|---------------------|---------------|--------------|---------------|--------------------------|---------------|
|             |  | Current Year    | Previous Year | Current Year        | Previous Year | Current Year | Previous Year | Current Year             | Previous Year |
| 1           | Issue of Equity Shares on Conversion of                          |                 |               |                     |               |              |               |                          |               |
|             | – Compulsorily Convertible Preference Shares (CCPS) - DSPML      | —               | —             | —                   | —             | —            | 39,553,350    | —                        | —             |
|             | – Optionally Convertible Subordinated Debentures (OCD) - HDFC    | —               | —             | —                   | —             | 39,553,350   | —             | —                        | —             |
| 2           | Interest on Optionally Convertible Subordinated Debentures (OCD) |                 |               |                     |               |              |               |                          |               |
|             | – DSPML  | —               | —             | —                   | —             | —            | 4,419,529     | —                        | —             |
|             | – HDFC   | —               | —             | —                   | —             | 1,497,889    | 1,698,845     | —                        | —             |

## Schedule 18 (Continued)

## NOTES TO THE ACCOUNTS

**B Transactions with the Related Parties during the year: (Continued)**

| Particulars |  | Holding Company |               | Fellow Subsidiaries |               | Associates   |               | Key Management Personnel |               |
|-------------|--|-----------------|---------------|---------------------|---------------|--------------|---------------|--------------------------|---------------|
|             |  | Current Year    | Previous Year | Current Year        | Previous Year | Current Year | Previous Year | Current Year             | Previous Year |
| 3           | Issue of Equity Shares - HDFC                              | 110,280,000     | —             | —                   | —             | —            | —             | —                        | —             |
| 4           | Issue of Compulsorily Convertible Preference Shares - HDFC | 120,000,000     | —             | —                   | —             | —            | —             | —                        | —             |
| 5           | Issue of Optionally Convertible Preference Shares - HDFC   | 60,000,000      | —             | —                   | —             | —            | —             | —                        | —             |
| 6           | Loans Taken - HDFC   | 330,000,000     | —             | —                   | —             | 300,000,000  | —             | —                        | —             |
| 7           | Loans Repaid - HDFC  | 630,000,000     | —             | —                   | —             | —            | —             | —                        | —             |
| 8           | Interest paid on Loan - HDFC                               | 2,243,563       | —             | —                   | —             | 13,690,753   | —             | —                        | —             |
| 9           | Corporate Deposits given - HDFC                            | —               | —             | —                   | —             | —            | 40,000,000    | —                        | —             |
| 10          | Corporate Deposits repaid - HDFC                           | —               | —             | —                   | —             | 40,000,000   | —             | —                        | —             |
| 11          | Interest On Corporate Deposits - HDFC                      | —               | —             | —                   | —             | 202,548      | 347,945       | —                        | —             |
| 12          | Purchase of Current Investments in Mutual Fund - HAMCL     | —               | —             | 685,346,902         | —             | —            | —             | —                        | —             |
| 13          | Sale of Current Investments in Mutual Fund - HAMCL         | —               | —             | 685,346,902         | —             | —            | —             | —                        | —             |
| 14          | Dividend received - HAMCL                                  | —               | —             | 346,902             | —             | —            | —             | —                        | —             |
| 15          | Commission paid to the Direct Sales Agents - HSPL          | —               | —             | 1,252,805           | —             | —            | —             | —                        | —             |
| 16          | Remuneration Paid  |                 |               |                     |               |              |               |                          |               |
|             | – Ajay Bohora  | —               | —             | —                   | —             | —            | —             | 2,515,800                | 2,515,800     |
|             | – Anil Bohora  | —               | —             | —                   | —             | —            | —             | 2,515,800                | 2,515,800     |
|             | – C. B. Chhaya   | —               | —             | —                   | —             | —            | —             | 162,904                  | 600,000       |

**C** Previous Year secured loan taken by the Company (Refer Schedule 3) was also guaranteed by Mr. Anil Bohora and Mr. Ajay Bohora jointly and severally.

| D | Particulars                       | Holding Company |               | Fellow Subsidiaries |               | Associates   |               | Key Management Personnel |               |
|---|-----------------------------------|-----------------|---------------|---------------------|---------------|--------------|---------------|--------------------------|---------------|
|   |                                   | Current Year    | Previous Year | Current Year        | Previous Year | Current Year | Previous Year | Current Year             | Previous Year |
|   |                                   |                 |               |                     |               |              |               |                          |               |
|   | Balance receivable as at March 31 | —               | —             | —                   | —             | —            | 40,313,145    | —                        | —             |
|   | Balance payable as at March 31    | —               | —             | —                   | —             | —            | 1,528,960     | —                        | —             |

**Schedule 18 (Continued)****NOTES TO THE ACCOUNTS****12. Disclosure for operating leases under Accounting Standard 19 "Leases"**

|   | 2010-11<br>₹ | Previous Year<br>₹ |
|---|--------------|--------------------|
| Disclosure in respect of operating leases for office premises<br>(along with furniture, fixtures therein in certain cases)                |              |                    |
| 1. Lease payments recognised in the Profit and Loss Account   | 6,543,678    | 3,887,333          |
| 2. (i) Under most of the agreements, refundable interest free<br>deposits have been given.  |              |                    |
| (ii) Some of the agreements provide for increase in rent during<br>the tenure of the agreement.   |              |                    |
| (iii) Some of the agreements provide for early termination by either party<br>with a notice period which varies from 15 days to 3 months. |              |                    |
| (iv) Some of the agreements contain a provision for its renewal.  |              |                    |
| 3. The total of future minimum lease payments under non cancellable<br>operating leases for each of the following periods:                |              |                    |
| (i) not later than one year   | 3,426,762    | 125,000            |
| (ii) later than one year and not later than five years  | 1,181,981    | —                  |

13. There is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This information and that given in Schedule 10 - "Current Liabilities and Provisions" has been determined based on the details regarding the status of the supplier obtained by the Company. This has been relied upon by the auditors.

**14. Earnings Per Share**

| Particulars  | Units   | 2010-11       | Previous Year |
|--|---------|---------------|---------------|
| Loss After Tax   | Rupees  | (112,650,968) | (37,559,713)  |
| Less: Dividend on Preference Shares and attributable tax thereon | Rupees  | 114           | —             |
| Net Loss attributable to Equity Shareholders                     | Rupees  | (112,651,082) | (37,559,713)  |
| Weighted Average Number of Equity Shares                         | Numbers | 25,612,429    | 15,273,624    |
| Earnings Per Share Basic and Diluted                             | Rupees  | (4.40)        | (2.46)        |

**Note:**

Potential Equity Shares are anti-dilutive as the conversion of Compulsorily Convertible Preference Shares and Optionally Convertible preference Shares (Previous Year : Optionally Convertible Subordinated Debentures) to Equity Shares would decrease loss per share. Accordingly the effects of anti-dilutive potential Equity Shares are ignored in calculation of Diluted Earnings per Share.

**Schedule 18 (Continued)****NOTES TO THE ACCOUNTS****15. Disclosure required under Accounting Standard -29 'Provisions, Contingent Liabilities and Contingent Assets':**

The movement in Provisions for Non-Performing Assets and Contingent Provisions against Standard Assets during the year is as under:

| Particulars                                   | As at<br>April 1, 2010 | Additional<br>Provision | Utilisation/<br>Reversal | As at<br>March 31, 2011 |
|---|------------------------|-------------------------|--------------------------|-------------------------|
| Provisions for Non-Performing Assets          | —                      | 350,810                 | —                        | <b>350,810</b>          |
| Contingent Provisions against Standard Assets | —                      | 4,515,578               | —                        | <b>4,515,578</b>        |

Provisions for Non-Performing Assets made during the year amounting to ₹ 350,810 represents provision made based on the prudential norms issued by the RBI, against educational loans, in respect of which the installment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more.

In terms of the RBI Notification No. DNBS.223/CGM(US)-2011 dated January 17, 2011, the Company has made Contingent Provisions against Standard Assets of ₹ 4,515,578/- at 0.25 percent of the outstanding standard assets.

- 16.** The Company is primarily engaged in providing Education Loans. As such there is no other reportable segment as defined by Accounting Standard-17 - "Segment Reporting".
- 17.** With effect from July 9, 2010, the Company became subsidiary of a Public Company and hence is a Public Company in terms of the provisions of Section 3(1)(iv)(c) of the Companies Act, 1956.
- 18.** Previous Year figures have been regrouped/restated, wherever necessary to conform to the current year's classifications.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

**I. Registration Details**

Registration No.

1 5 9 4 1 1

State Code 1 1

Balance Sheet Date

3 1 3 2 0 1 1

**II. Capital Raised during the year : (Amount in ₹)**

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

3 2 9 8 3 3 3 5 0

**III. Position of Mobilisation and Deployment of Funds : (Amount in ₹)**

Total Liabilities

2 1 0 9 7 9 6 1 4 8

Total Assets

2 1 0 9 7 9 6 1 4 8

**SOURCES OF FUNDS**

Paid-up Capital

4 8 4 0 8 6 7 0 0

Reserves and Surplus

8 0 2 9 3 3 0 0

Secured Loans

1 5 3 5 3 9 2 3 1 5

Unsecured Loans

1 0 0 2 3 8 3 3

**APPLICATION OF FUNDS**

Net Fixed Assets

1 6 7 2 8 4 9 6

Net Current Assets

1 8 5 1 8 6 5 1 1 9

Investments

N I L

Accumulated Losses

2 4 1 2 0 2 5 3 3

**IV. Performance of the Company (Amount in ₹)**

Total Income

1 6 0 7 7 5 7 0 0

Total Expenditure

2 7 3 4 2 6 6 6 8

Profit Before Tax

- 1 1 2 6 5 0 9 6 8

Profit After Tax

- 1 1 2 6 5 0 9 6 8

Earnings per Share (in ₹)

- 4 . 4 0

Dividend %

N I L

**V. Generic Names of Principal Services of the Company: (as per monetary terms)**

The Company is mainly engaged in the Business of providing long term education finance for the education of Indian students in India and overseas.

