Placement Document
Not for Circulation
Private and Confidential
Serial No.
Dated: February 27, 2015

DEWAN HOUSING FINANCE CORPORATION LIMITED

Originally incorporated as "Dewan Housing Finance & Leasing Company Limited" on April 11, 1984 under the Companies Act, 1956. The name was subsequently changed to "Dewan Housing Development Finance Limited" on September 26, 1984 and later to Dewan Housing Finance Corporation Limited on August 25, 1992. The registered office of our Company is at Warden House, 2nd Floor, Sir P.M. Road, Fort Mumbai 400 001; Telephone: 022-66006999; Fax: 022-66006998; email: response@dhfl.com; website: www.dhfl.com; corporate identification number: L65910MH1984PLC032639.

Dewan Housing Finance Corporation Limited (our "**Company**" or the "**Issuer**") is issuing up to 16,931,102 equity shares of face value of ₹ 10 each (the "**Equity Shares**") at a price of ₹ 478.18 per Equity Share, including a premium of ₹ 468.18 per Equity Share, aggregating to ₹ 8,096.11 million (the "**Issue**").

ISSUE IN RELIANCE UPON SECTIONS 42 OF THE COMPANIES ACT, 2013, READ WITH RULES MADE THEREUNDER, AND CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 ("SEBI ICDR REGULATIONS"), AS AMENDED.

THIS ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS ("QIB") AS DEFINED IN SEBI ICDR REGULATIONS IN RELIANCE UPON CHAPTER VIII OF SEBI ICDR REGULATIONS, AS AMENDED AND SECTION 42 OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QIBs. THIS PLACEMENT DOCUMENT WILL BE CIRULATED ONLY TO SUCH QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES.

Invitation for subscription of the Equity Shares shall only be made pursuant to the Preliminary Placement Document, together with the Application Form and the Placement Document. See —Issue Procedure on page 167. The distribution of this Placement Document or the disclosure of its contents to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

A copy of the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) has been delivered to the National Stock Exchange of India Limited (the "**NSE**") and the BSE Limited (the "**BSE**") (collectively the **Stock Exchanges**"). Our Company shall also make the requisite filings with the Registrar of Companies, Mumbai (the "**RoC**") and the Securities Exchange Board of India (the "**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014. This Placement Document has not been reviewed by the SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. The Issue is meant only for QIBs by way of a private placement and is not an offer to the public or to any other class of investors.

INVESTMENTS IN THE EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENTS. PROSPECTIVE INVESTORS ARE ADVISED TO READ THE SECTION TITLED "RISK FACTORS" ON PAGE 45 CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS ADVISORS ABOUT THE PARTICULAR CONSEQUENCES TO IT OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT.

The information on our Company's website or any website directly or indirectly linked to our Company's website does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

All of our Company's outstanding Equity Shares are listed on the Stock Exchanges. The closing price of the outstanding Equity Shares on the BSE and the NSE on February 24, 2015 was ₹ 502.10 and ₹ 503.35 per Equity Share, respectively. In-principle approvals under Clause 24(a) of the Equity Listing Agreements for listing of the Equity Shares have been received from the BSE and the NSE on February 24, 2015. Applications to the Stock Exchanges will be made for obtaining listing and trading approvals for the Equity Shares offered through this Placement Document. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our business or the Equity Shares.

YOU ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY OUR COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THIS PLACEMENT DOCUMENT.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the laws of any state of the United States, and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered, sold and delivered (i) in the United States only to persons reasonable believed to be qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to section 4(a)(2) under the U.S. Securities Act, or another available exemption from the registration requirements of the U.S Securities Act and (ii) to QIBs (as defined in SEBI ICDR Regulations) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"). See "Selling and Transfer Restrictions" on page 179.

BOOK RUNNING LEAD MANAGERS		
Kotak Mahindra Capital Company Limited	**Motilal Oswal Investment Advisors Private Limited**	**Barclays Bank PLC**

This Placement Document is dated February 27, 2015

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NOTICE TO INVESTORS

Our Company has furnished and accept full responsibility for the information contained in this Placement Document and confirm that, to the best of our knowledge and belief, having made all reasonable enquiries, the Placement Document contains all information with respect to us and the Equity Shares which is material in the context of this Issue. The statements contained in this Placement Document relating to us and the Equity Shares are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to us and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to us and are based on reasonable assumptions. There are no other facts in relation to us and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Managers ("**BRLMs**") have made reasonable enquiries but have not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the BRLMs nor any of their respective affiliates including any of their respective shareholders, directors, officers, employees, counsel, representatives, or agents make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by any of the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, or agents as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on the BRLMs or any of their respective affiliates including any of their respective shareholders, directors, officers, employees, counsel, representatives or agents in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of us and the merits and risks involved in investing in the Equity Shares. Prospective investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us or any of the BRLMs. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any other regulatory authority in any jurisdiction. No such authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The Equity Shares have not been recommended by any foreign, federal or state securities commission or regulatory authority. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the BRLMs which would permit an issue of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue-related materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the laws of any state of the United States and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered, sold and delivered (i) in the United States only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to section 4(a)(2) under the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act, and (ii) to QIBs (as defined in SEBI ICDR Regulations) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"). Prospective purchasers that are qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) are

hereby notified that the seller of the Equity Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.The Equity Shares are transferable only in accordance with the restrictions described in the section "Selling and Transfer Restrictions". Purchaser of the Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the sections "Representations by Investors" and "Selling and Transfer Restrictions".

The Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offense in the United States. See the section "Selling and Transfer Restrictions". If you purchase the Equity Shares in the Issue, you will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in the sections "Representations by Investors" and "Selling and Transfer Restrictions" with respect to that purchase.

The distribution of this Placement Document and the issuance of Equity Shares pursuant to this Issue may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for, or in connection with, an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by us or the BRLMs which would permit an Issue of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue related materials in connection with the Equity Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will be in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, prospective investors must rely on their own examination of us and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither we nor any of the BRLMs are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations.

Each purchaser of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Equity Shares under Indian law, including Chapter VIII of the SEBI ICDR Regulations and is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in securities including Equity Shares. Each purchaser of Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from us and has reviewed information relating to us and the Equity Shares.

The information on our website, www.dhfl.com, or any website directly or indirectly linked to our website or on the respective websites of the BRLMs or their respective affiliates or any website directly or indirectly linked to such websites does not constitute or form a part of this Placement Document. Prospective investors should not rely on the information contained in, or available through, any such websites.

This Placement Document contains a summary of some terms of certain documents which are qualified in their entirety by the terms and conditions of those documents.

For information in certain other jurisdictions see the section "Selling and Transfer Restrictions".

REPRESENTATIONS BY INVESTORS

All references to "you" or "your" in this section are to the prospective investors in this Issue. By bidding for and subscribing to any of the Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreed to us and the BRLMs as follows:

(a) you (i) are a QIB as defined in this Placement Document and are not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations; (ii) have a valid and existing registration under applicable laws of India (as applicable); and (iii) undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you for the purposes of your business in accordance with Chapter VIII of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, the Companies Act, 2013, the Companies Act, 1956 to the extent applicable and all other applicable laws, including in respect of reporting requirements, if any;

(b) if you are not a resident of India, but a QIB, (i) you are an eligible FPI as defined in this Placement Document including a FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) have a valid and existing registration with SEBI under the applicable laws in India; or (ii) a multilateral or bilateral development financial institution or an FVCI and have a valid and existing registration with SEBI under applicable laws in India;

(c) you are eligible to invest in India under applicable laws, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended and any notification, circulars or clarification issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;

(d) you will make all necessary filings with the appropriate regulatory authorities including with the RBI, as required, pursuant to applicable laws;

(e) if you are Allotted Equity Shares pursuant to this Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges. Additional restrictions apply if you are within the United States, please see "Selling and Transfer Restrictions";

(f) you are aware that this Placement Document has not been, and will not be, registered as a prospectus under the Companies Act, 2013 and the SEBI ICDR Regulations or under any other law in force in India. You are aware that this Placement Document has not been reviewed or affirmed by SEBI, RBI or the Stock Exchanges or any other regulatory or listing authority and is intended for use only by QIBs. The Preliminary Placement Document has been filed (and the Placement Document will be filed) with the Stock Exchanges for record purposes only and the Preliminary Placement Document has been displayed (and the Placement Document will be displayed) on the websites of our Company and the Stock Exchanges;

(g) you are entitled and have necessary capacity to acquire/subscribe for the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required there under and complied with all necessary formalities and have obtained all necessary consents and authorities to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document), and will honor such obligations;

(h) neither we nor the BRLMs nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates is making any recommendation to you or, advising you regarding the suitability of any transactions it may enter into in connection with this Issue; your participation in this Issue is on the basis that you are not, and will not, upto Allotment, be a client of any of the BRLMs and that neither the BRLMs nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duty or responsibilities to you for providing the protection afforded to their clients or customers for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

(i) you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by us or our agents ("**Company Presentations**") with regard to us or this Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLMs may not have knowledge of the statements that we or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLMs have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material information that was not publicly available;

(j) you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the allotment of the Equity Shares shall be on a discretionary basis at the discretion of our Company in consultation with the BRLMs;

(k) all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place reliance on forward looking statements, which speak only as at the date of this Placement Document. We assume no responsibility to update any of the forward-looking statements contained in this Placement Document;

(l) you have been provided a serially numbered copy of this Placement Document and have read this Placement Document in its entirety including, in particular the section "Risk Factors";

(m) in making your investment decision (i) you have relied on your own examination of our Company and the terms of this Issue, including the merits and risks involved; (ii) you have made your own assessment of our Company, the Equity Shares and the terms of this Issue based solely on the information contained in this Placement Document and no other representation by us or any other party; (iii) you have consulted your own independent advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters; (iv) you have relied solely on the information contained in this Placement Document and no other disclosure or representation by us or the BRLMs or any other party; (v) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares; (vi) relied upon your investigation and resources in deciding to invest in this Issue. You are seeking to subscribe to/acquire the Equity shares in this Issue for your own investment and not with a view to resale or distribution;

(n) you are a sophisticated investor and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to us, the BRLMs or their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) have no need for liquidity with respect to the investment in the Equity Shares; and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

(o) neither the BRLMs nor any of their shareholders, investors, officers, employees, counsel, agents, representatives or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership or disposal of the Equity Shares (including, but not limited, to this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the

BRLMs or any of its shareholders, investors, officers, employees, counsel, agents, representatives or affiliates when evaluating the tax consequences of the Equity Shares (including, but not limited to, this Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against us, the BRLMs or any of its shareholders, investors, officers, employees, counsel, agents, representatives or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

(p) where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

(q) you agree and acknowledge that in terms of Section 42(7) of the Companies Act, 2013, we shall file the list of QIBs (to whom the Preliminary Placement Document are circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

(r) you are not a 'Promoter' of our Company, as defined under section 2(69) of the Companies Act, 2013 and the SEBI ICDR Regulations, and are not a person related to the Promoter or to group companies of the Promoter, either directly or indirectly and your Bid does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter of our Company or to group companies of the Promoter of our Company;

(s) you have no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than such rights acquired, if any, in the capacity of a lender not holding any Equity Shares of our Company, the acquisition of which shall not deem you to be a Promoter, a person related to the Promoter;

(t) you have no right to withdraw your Bid after the Issue Closing Date;

(u) you are eligible to Bid and hold the Equity Shares so Allotted together with any Equity Shares held by you prior to this Issue. You further confirm that your aggregate holding upon this Issue of the Equity Shares shall not exceed the level permissible as per any applicable regulations;

(v) the Bid submitted by you would not eventually result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Code**");

(w) your aggregate holding, together with other QIBs participating in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the present Issue, shall not exceed 50% of this Issue. For the purposes of this representation:

  (a) the expression "**belongs to the same group**" shall be interpreted by applying the concept of "**companies under the same group**" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  (b) "**Control**" shall have the same meaning as is assigned to it under Regulation 2 (i)(e) of the Takeover Code;

(x) you shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

(y) you are aware that the pre-issue and post-issue shareholding pattern of our Company in the format prescribed in clause 35 of the Equity Listing Agreements will be filed by our Company with the Stock Exchanges, and if you are Allotted more than 5.00% of the Equity Shares in this Issue, we shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to

such disclosure being made by us;

(z) you are aware that our Company shall make necessary filings with the RoC pursuant to the Allotment (which shall include certain details such as your name, address and number of Equity Shares Allotted) and if the Allotment of Equity Shares in the Issue results in you being one of the top ten shareholders of our Company, we shall also be required to disclose your name and shareholding details to the RoC within 15 days of Allotment, and you consent to such disclosure being made by us;

(aa) you are aware that (i) applications for in-principle approval, in terms of Clause 24(a) of the Equity Listing Agreements, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and an approval has been received from Stock Exchanges, and (ii) the applications for the listing and trading approvals will be made only after Allotment. There can be no assurance that the approvals for listing and trading in the Equity Shares will be obtained in time or at all. We shall not be responsible for any delay or non-receipt of such approvals for listing and trading or any loss arising from such delay or non-receipt;

(bb) you are aware and understand that the BRLMs will have entered into a placement agreement with our Company (the "**Placement Agreement**") whereby the BRLMs have, subject to the satisfaction of certain conditions set out therein, undertaken severally and not jointly to use their reasonable endeavours to seek to procure subscriptions for the Equity Shares on the terms and conditions set forth herein;

(cc) the contents of this Placement Document are our exclusive responsibility and neither the BRLMs nor any person acting on their behalf, nor any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates has, or shall have, any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of us and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of either of the BRLMs or us or any other person and neither the BRLMs, nor we or our respective directors, officers, employees, counsels, advisors, representatives, agents or affiliates or any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;

(dd) the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares, is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares issued in pursuance of this Issue and that you have neither received nor relied on any other information given or representations, warranties or statements made by BRLMs (including any view, statement, opinion or representation expressed in any research published or distributed by any of the BRLMs or its affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of any of the BRLMs or its respective affiliates) or our Company or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates and neither the BRLMs nor our Company or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

(ee) you understand that neither the BRLMs nor their affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by us of any of our obligations or any breach of any representations or warranties by us, whether to you or otherwise;

(ff) you agree to indemnify and hold us and the BRLMs and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements and agreements made by you in this Placement Document. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

(gg) each of the representations, warranties, acknowledgements and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment and listing and trading of the Equity Shares on the Stock Exchanges;

(hh) we, the BRLMs, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to the BRLMs on their own behalf and on behalf of us and are irrevocable;

(ii) you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investment matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;

(jj) any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of the Republic of India and the courts at Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document; and

(kk) you have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and agreements set forth in this section and in the section "Selling and Transfer Restrictions".

Off-Shore Derivative Instruments (P-Notes)

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI (FPI) Regulations, a FPI (other than a Category III foreign portfolio investors and unregulated broad based funds which are classified as FPI by virtue of their investment manager being appropriately regulated), including the affiliates of the BRLMs, may issue, subscribe or otherwise deal in offshore derivative instruments as defined under the SEBI (FPI) Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying (all such offshore derivative instruments are referred to herein as "**P-Notes**") for which they may receive compensation from the purchasers of such P-Notes, listed or proposed to be listed on any recognized stock exchange in India only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation or establishment subject to compliance with "know your client" requirements. A FPI shall also ensure that further issue or transfer of any instrument referred to above issued by or on behalf of it, is made only to persons who are regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and do not constitute any obligations of, or claims on, the BRLMs. FPI affiliates (other than Category III FPI and unregulated broad based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the BRLMs may purchase, to the extent permissible under law, Equity Shares in this Issue, and may issue P-Notes in respect thereof. Affiliates of the BRLMs which are FPIs may purchase, to the extent permitted by applicable laws, the Equity Shares in the Issue and any P-Notes thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document;

2. warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of this Company, its management or any scheme or project of this Company.

It should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to, or in connection with, such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER DATA

In this Placement Document, unless the context otherwise indicates or implies references to:

- "you" "your", "offeree", "purchaser", "subscriber", "recipient", "investors" and "potential investor" are to the prospective investors in the Equity Shares issued pursuant to this Issue; and

- unless otherwise specified, "we", "us", "our", "our Company", the "Company" or the "Issuer" refers to Dewan Housing Finance Corporation Limited.

References in this Placement Document to "India" are to the Republic of India and its territories and possessions and the "Government" (the "**GoI**") or the "Central Government" or the "State Government" are to the Government of India, Central or State, as applicable. In this Placement Document, references to "USD", USI and "U.S. Dollars" are to the legal currency of the United States and references to "₹", "Rs.", "INR" and "Rupees" are to the legal currency of the Republic of India. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions.

Financial Data

Our Company publishes its financial statements in Indian Rupees. Our Company prepares its financial statements in accordance with Indian Generally Accepted Accounting Principles ("**Indian GAAP**"). Indian GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**") and U.S. Generally Accepted Accounting Principles ("**U.S. GAAP**"). We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP. We also do not provide a summary of differences between Indian GAAP, IFRS and U.S. GAAP. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited and we urge you to consult your own advisors regarding such differences and their impact on the financial data.

In this Placement Document, certain monetary thresholds have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Unless the context requires otherwise, the financial data in this Placement Document is derived from our financial statements. Our Financial Year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "Fiscal Year", "Fiscal", "financial year" or "FY" are to the 12 month period ended on March 31 of that year. Our audited standalone financial statements for the financial years March 2014, March 2013 and March 2012 ("**Audited Standalone Financial Statements**"), our audited consolidated financial statements for the financial year March 31, 2012 ("**Audited Consolidated Financial Statements**") and our unaudited and reviewed financial statements for the nine month period ended December 31, 2014 ("**Unaudited Reviewed Financial Statements**") that appear in this Placement Document have been prepared by our Company in accordance with Indian GAAP. The Audited Standalone Financial Statements, the Audited Consolidated Financial Statements and the Unaudited Reviewed Financial Statements are collectively referred to herein as the "**Financial Statements**".

MARKET AND INDUSTRY DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations and analysts and on data from other external sources, and on our knowledge of markets in which we compete. The statistical information included in this Placement Document has been reproduced from various industry and government publications and websites.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Industry publications generally state that the information they generally contain has been obtained from sources believed to be reliable but that the accuracy and completeness of the information is not guaranteed.

Neither we nor the BRLMs have independently verified this data and neither we nor the BRLMs make any representation regarding the accuracy or completeness of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent source and we cannot assure potential investors as to their accuracy. Similarly, internal estimates and surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither we nor the BRLMs make any representation as to the accuracy and completeness of information based on trade, industry and government publications and websites, data reports compiled by government bodies, professional organisations and analysts, or from other external sources.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD LOOKING STATEMENTS

All statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "can", "could", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that they may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- Our inability to maintain our growth;
- Any increase in the level of non-performing assets on our loan portfolio, for any reason whatsoever;
- Our ability to respond to slowdown in general economic growth in India and globally;
- Ability to integrate strategic acquisitions and alliances;
- Our ability to manage our credit quality;
- Any volatility in interest rates which could affect our profitability;
- Any changes in connection with policies, statutory provisions, regulations and/or NHB directions in connection with HFCs, including laws that impact our lending rates and our ability to enforce our collateral;
- Our ability to respond to competition; and
- Our ability to respond to any adverse ratings received from credit rating agencies in India.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on revenue or income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Additional factors that could cause our actual results, performance or achievements to differ include but are not limited to, those discussed under the section titled "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by and information currently available to the management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a company incorporated under the laws of India. The Board of Directors of our Company comprises of six (6) Directors all of them are Indian citizens. All of our key managerial personnel are residents of India and a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Code of Civil Procedure, 1908, as amended ("**Civil Code"**).

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or parties litigating under the same title except:

(a) where it has not been pronounced by a court of competent jurisdiction;
(b) where it has not been given on the merits of the case;
(c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
(d) where the proceedings in which the judgment was obtained were opposed to natural justice;
(e) where it has been obtained by fraud; or
(f) where it sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by the relevant court in India. Under the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of alike nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

On February 23, 2015 the exchange rate (RBI reference rate) was ₹ 62.18 to US$ 1.00.

	Period end	Average[(1)]	High	Low
Financial Year:				**(₹ Per US$)**
2014	60.10	60.50	68.36	53.74
2013	54.39	54.45	57.22	50.56
2012	51.16	47.95	54.24	43.95
Quarter ended:				
December 31, 2014	63.33	62.00	63.74	61.03
September 30, 2014	61.61	60.59	61.61	59.72
June 30, 2014	60.09	59.77	61.12	58.43
Month ended:				
January 31, 2015	61.76	62.22	63.44	61.41

(Source: www.rbi.org.in)
(1) Average of the official rate for each working day of the relevant period.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments thereto, from time to time.

Company Related Terms

Term	Description
"AFSL"	Avanse Financial Services Limited
"AGM"	Annual General Meeting
"AHFL"	Aadhar Housing Finance Limited
"ALCO"	Asset Liability Management Committee
"Articles" or "Articles of Association"	The articles of association of our Company as amended from time to time
"AS"	Accounting standards notified under the Companies (Accounting Standards) Rules, 2006
"Associates"	With reference to any company, the associate of that company would mean any other company within the meaning of the Companies Act
"Auditors"	The joint statutory auditors of our Company, namely, M/s. T. R. Chadha & Co., Chartered Accountants and M/s. Rajendra Neeti & Associates, Chartered Accountants
"Board of Directors" or "Board"	The Board of Directors of our Company, or a duly constituted committee thereof
"BOM"	Branch operations manager
"CDSL"	Central Depository Services (India) Limited
"CIN"	Corporate Identification Number
"Company"	Dewan Housing Finance Corporation Limited
"Companies Act"	The Companies Act, 1956 and/or the Companies Act, 2013, as applicable
"Companies Act, 1956"	The Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections) and the rules made thereunder
"Companies Act, 2013"	The Companies Act, 2013, to the extent in force pursuant to notification of the Notified Sections, and the rules made thereunder
"Competition Act"	Competition Act, 2002, as amended from time to time
"Corporate Office"	TCG Financial Centre", 10th Floor, BKC Road, Bandra Kurla Complex, Bandra (East), Mumbai -400098;
"CMD"	Chairman and Managing Director
"CS"	Customer service
"CSR"	Corporate Social Responsibility
"DHFL Holdings"	DHFL Holdings Private Limited
"DHFL Pramerica"	DHFL Pramerica Life Insurance Company Limited
"DHFL Ventures"	DHFL Ventures Trustee Company Private Limited
"DIN"	Director Identification Number
"Director(s)"	Director(s) of our Company, unless otherwise specified
"DMS"	Document management system
"DSAs"	Direct selling associates
"DVHFL"	DHFL Vysya Housing Finance Limited
"ECB"	External Commercial Borrowing
"EGM"	Extraordinary General Meeting
"Employee Stock Option Schemes"	The employee stock option schemes of the Company including, amongst others, ESOP 2008, ESOP 2009 (Plan II and Plan III) and ESAR 2015

Term	Description
"FD"	Fixed Deposit
"Financial Year" / "Fiscal year"/ "Fiscal"/ "financial year"/"FY"	A period of 12 months ending March 31, unless otherwise stated
"First Blue"	First Blue Home Finance Limited
"GAAP"	Generally Accepted Accounting Principles
"GAAR"	General anti-avoidance rules
"GoI" or "Government"	Government of India, unless otherwise specified
"ICAI"	The Institute of Chartered Accountants of India
"IAS Rules"	The Companies (Indian Accounting Standards) Rules, 2015 notified by the MCA on February 16, 2015
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board
"Income Tax Act" or "IT Act"	The Income Tax Act, 1961, as amended from time to time
"Ind-AS "	Indian Accounting Standards
"Insider Trading Regulations"	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended
"IPDIs"	Innovative perpetual debt instruments
"LMS"	Loan management system that the Company developed in-house
"MCA"	Ministry of Corporate Affairs
"Memorandum" or "Memorandum of Association"	The Memorandum of Association of our Company, as amended from time to time
"MIS"	Management information system
"NCDs"	Non-convertible debentures
"Networth"	Paid up share capital plus all reserves and surplus (excluding revaluation reserves)
"Non-Resident Indian(s) or NRI"	Non-Resident Indian, as defined under Foreign Exchange Management (Deposit) Regulations
"Notified Sections"	Sections of the Companies Act 2013 that have been notified by the government of India
"p.a."	Per annum
"PAMPL"	Pramerica Asset Managers Private Limited
"PAT"	Profit After Tax
"PAN"	Permanent Account Number
"PBT"	Profit Before Tax
"Pramerica"	Prudential Financial, Inc.
"PTPL"	Pramerica Trustees Private Limited
"Registered Office"	Warden House, 2nd Floor, Sir P.M. Road, Fort Mumbai 400 001
"RoC"	Registrar of Companies, Mumbai

Issue Related Terms

Term	Description
"AIF(s)"	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
"Allocated /Allocation"	The allocation of Equity Shares following the determination of the Issue Price to Investors on the basis of Application Forms submitted by them, in consultation with the BRLMs and in compliance with Chapter VIII of the SEBI ICDR Regulations
"Allotment/Allotted"	The issue and allotment of Equity Shares pursuant to this Issue
"Allottee(s)"	Bidders who are Allotted Equity Shares of our Company pursuant to this Issue
"Application Form"	The form (including any revisions thereof) pursuant to which a Bidder indicates its interest to subscribe for the Equity Shares of our Company pursuant to the Issue

Term	Description
"Book Running Lead Managers" or "BRLMs"	Kotak Mahindra Capital Company Limited, Motilal Oswal Investment Advisors Private Limited and Barclays Bank PLC
"BSE"	BSE Limited
"Bid"	An indication of interest by a QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue
"Bidders"	A QIB who has made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
"Bidding Period"/ "Issue Period"	The period between the Issue Opening Date and Issue Closing Date inclusive of both dates during which Bidders can submit their Bids
"CAN/Confirmation of Allocation Note"	Note or advice or intimation to Bidders confirming the allocation of Equity Shares to such QIBs after determination of the Issue Price, and requesting payment for the entire applicable Issue Price for all the Equity Shares Allocated to such QIBs
"Category III foreign portfolio investor(s)"	FPIs who are registered as "Category III foreign portfolio investors" under the SEBI (FPI) Regulations
"Closing Date"	The date on which the Allotment of the Equity Shares offered pursuant to this Issue shall be made, i.e. on or about February 27, 2015
"Cut-off Price"	The Issue Price of the Equity Shares to be issued pursuant to the Issue which shall be finalised by our Company in consultation with the BRLMs
"Depositories Act"	The Depositories Act, 1996, as amended from time to time
"Depository"	A body corporate registered under SEBI (Depositories and Participant) Regulations, 1996, as amended
"Designated Date	The date of credit of Equity Shares pursuant to the Issue to the Allottee's demat account, as applicable to the relevant Allottee
"DP / Depository Participant"	A depository participant as defined under the Depositories Act
"Eligible FPIs"	FPIs that are eligible to participate in this Issue and do not include qualified foreign investors or Category III foreign portfolio investors (who are not eligible to participate in the Issue)
"Equity Listing Agreements"	The equity listing agreements entered into between our Company and the Stock Exchanges
"Equity Shares"	The equity shares of par value ₹ 10 each of our Company
ESAR 2015	Employee Stock Appreciation Rights Plan 2015
ESOP 2008	Employee Stock Option Scheme 2008
ESOP 2009 Plan II	Employee Stock Option Scheme 2009 Plan II
ESOP 2009 Plan III	Employee Stock Option Scheme 2009 Plan III
"Escrow Account"	The account titled 'DHFL – QIP Escrow Account' to be opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the application monies payable by Bidders in connection with subscription to Equity Shares pursuant to the Issue shall be deposited
"Escrow Bank"/ "Escrow Agent"	Axis Bank Limited
"Escrow Agreement"	The agreement dated February 24, 2015 entered into amongst our Company, the Escrow Agent and the BRLMs
"FDI"	Foreign Direct Investment
"FIIs"	Foreign institutional investors as defined under the SEBI (FPI) Regulations
"FEMA"	Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder
"Foreign Portfolio Investor(s)/ FPI(s)"	Foreign portfolio investors as defined under the SEBI (FPI) Regulations and includes persons who have been registered under the SEBI (FPI) Regulations. Any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a Foreign Portfolio Investor until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations
"Floor Price"	The floor price of ₹ 494.95 per Equity Share, which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price.

Term	Description
	Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations
"FVCI"	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
"Issue"	The offer and issue of up to 16,931,102 Equity Shares each at a price of ₹ 478.18 per Equity Share, including a premium of ₹ 468.18 per Equity Share, aggregating ₹ 8,096.11 million pursuant to chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013
"Issue Closing Date"	February 27, 2014, the last date up to which the Application Forms shall be accepted by our Company (or the BRLMs, on behalf of our Company)
"Issue Opening Date"	February 24, 2015, the date on which the acceptance of the Application Forms shall have commenced by our Company (or the BRLMs, on behalf of our Company)
"Issue Price"	A price per Equity Share of ₹ 478.18
"Issue Size"	The aggregate size of the Issue, aggregating to ₹ 8,096.11 million
"Mutual Fund"	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
"NSDL"	National Securities Depository Limited
"NSE"	National Stock Exchange of India Limited
"Pay-In Date"	Last date specified in the CAN for the payment of application monies by Bidders in the Issue
"Placement Agreement"	The agreement dated February 24, 2015 between our Company and the BRLMs
"Placement Document"	The Placement Document to be issued in accordance with Chapter VIII of the SEBI ICDR Regulations and section 42 of the Companies Act, 2013 and the rulesthereunder
"Preference Shares"	The redeemable non-convertible preference shares of par value ₹ 10 each of our Company and redeemable non-convertible preference shares of par value ₹ 100 each of our Company
"Preliminary Placement Document"	The Preliminary Placement Document dated February 24, 2015 issued in accordance with Chapter VIII of the SEBI ICDR Regulations
"Promoters"	Mr. Kapil Rajeshkumar Wadhawan and Mr. Dheeraj Rajeshkumar Wadhawan
"Promoter Group"	Unless the context requires otherwise, the entities forming part of our promoter group in accordance with SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time
"QIBs" or "Qualified Institutional Buyers"	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Date"	February 24, 2015, which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decides to open the Issue
"Rule 144A"	Rule 144A under the U.S. Securities Act
"Rs", "Rupees", "₹" or "Indian Rupees"	The legal currency of India
"SEBI"	The Securities and Exchange Board of India constituted under the SEBI Act
"SEBI Act"	The Securities and Exchange Board of India Act, 1992, as amended from time to time
"SEBI (FPI) Regulations"	Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, as amended
"SEBI ICDR Regulations"	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, including instructions and clarifications issued by SEBI from time to time
"SENSEX"	An index of 30 constituent stocks traded on BSE representing a sample of large, liquid and representative companies
"Shareholders"	Persons holding Equity Shares of our Company, unless otherwise specified in the context thereof
"Stock Exchanges"	The BSE and the NSE

Term	Description
"STT"	Securities Transaction Tax
"Takeover Code"	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time
U.S.	United States
U.S. Securities Act	U.S. Securities Act, 1933, as amended
"VCF"	Venture Capital Fund
"QIP"	Qualified Institutions Placement

Technical and Industry Terms

Term	Description
"Brickwork"	Brickworks Ratings India Pvt. Ltd.
"CAGR"	Compounded Annual Growth Rate
"CARE"	Credit Analysis and Research Ltd.
"CASA"	Current Account, Savings Account
"CCI"	Competition Commission of India
"CERSAI"	Central Registry of Securitization Asset Reconstruction and Security Interest of India
"CIBIL"	Credit Information Bureau (India) Limited
"CRAR"	Capital to Risk (Weighted) Assets Ratio or Capital Adequacy Ratio
"CRISIL"	Credit Rating Information Services of India Limited
"CRR"	Cash Reserve Ratio
"DEG"	Deutsche Investitions und Entwicklungsgesellschaft mbH
"EMIs"	Equated monthly instalments
"FIPB"	Foreign Investment Promotion Board of India
"GDP"	Gross Domestic Product
"HFC"	Housing Finance Companies
"ICRA"	ICRA Limited
"IFC" or "IFC Washington"	International Finance Corporation
"IPE BFSI Awards	Institute of Public Enterprises Banking Financial Services and Insurance awards
"IRDA"	Insurance Regulatory and Development Authority
"JNNURM"	The Jawaharlal Nehru National Urban Renewal Mission, the flagship scheme of the Ministry of Urban Development of GoI
"KYC"	Know-Your-Clients
"LMI"	Lower and middle income
"MCHI"	The Maharashtra Chamber of Housing Industry
"MRTA"	Mortgage Reducing Term Assurance
"NBFCs"	Non-banking financial companies
"NHB"	National Housing Bank
"NHB Act"	National Housing Bank Act, 1987 or as amended from time to time
"National Housing Bank Directions" or "NHB Directions" or "Directions"	Housing Finance Companies (NHB) Directions, 2010 as amended from time to time
"NPA"	Non-Performing Assets
"NRI"	Non-Resident Indian
"PFIC"	Passive foreign investment company
"RBI"	Reserve Bank of India
"RWA"	Risk weighted assets
"Tier I capital"	Core capital of a bank including, amongst others, equity capital and disclosed reserves
"Tier II capital"	Supplementary bank capital including, amongst others, revaluation reserves, undisclosed reserves and subordinated term debt
"SARFAESI Act"	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended from time to time
"SFB Guidelines"	Guidelines issued by the RBI for licensing small finance banks in the private

Term	Description
	sector
“SLR”	Statutory liquidity ratio
“SME”	Small and medium-sized enterprises
“WPI”	Wholesale Price Index
“VAT”	Value-Added Tax

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
1.	**GENERAL INFORMATION**	
(a)	Name, address, website and other contact details of the company indicating both registered office and corporate office.	Cover page, 15
(b)	Date of incorporation of the company.	Cover page
(c)	Business carried on by the company and its subsidiaries with the details of branches or units, if any.	92-116
(d)	Brief particulars of the management of the company.	156-162
(e)	Names, addresses, DIN and occupations of the directors.	156-157
(f)	Management's perception of risk factors.	45-69
(g)	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
(i)	Statutory dues;	204
(ii)	Debentures and interest thereon;	Not applicable
(iii)	Deposits and interest thereon; and	Not applicable
(iv)	Loan from any bank or financial institution and interest thereon.	Not applicable
(h)	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	206, 210
2.	**PARTICULARS OF THE OFFER**	
(a)	Date of passing of board resolution.	31,75, 168
(b)	Date of passing of resolution in the general meeting, authorising the offer of securities.	31,75, 168
(c)	Kinds of securities offered (i.e. whether share or debenture) and class of security.	31
(d)	Price at which the security is being offered including the premium, if any, along with justification of the price.	31
(e)	Name and address of the valuer who performed valuation of the security offered.	Not applicable
(f)	Amount which the company intends to raise by way of securities.	Cover page, 31
(g)	Terms of raising of securities:	
(i)	Duration, if applicable;	Not applicable
(ii)	Rate of dividend or rate of interest	Not applicable
(iii)	Mode of payment	Not applicable
(iv)	Repayment	Not applicable
(h)	Proposed time schedule for which the offer letter is valid.	31,32
(i)	Purposes and objects of the offer.	73
(j)	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	Not applicable
(k)	Principle terms of assets charged as security, if applicable.	Not applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**	
(i)	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons	161
(ii)	details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	204

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
(iii)	remuneration of directors (during the current year and last three financial years)	158
(iv)	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided	207
(v)	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark	204, 205
(vi)	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries	204, 205
(vii)	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company	204
4.	**FINANCIAL POSITION OF THE COMPANY**	
(a)	the capital structure of the company in the following manner in a tabular form:	75, 76
(i)(a)	the authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	75, 76
(b)	size of the present offer	Cover page,31
(c)	paid up capital: A. after the offer	75
	B. after conversion of convertible instruments (if applicable)	Not applicable
(d)	share premium account (before and after the offer)	75
(ii)(a)	the details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case	75, 76
(b)	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter	33, 207
(c)	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)	77
(d)	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter	33-44
(e)	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter	33-44
(f)	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	130
5.	**DECLARATION BY THE DIRECTORS**	208, 209

SUMMARY OF BUSINESS

OVERVIEW

We are a deposit-taking housing finance company registered with the National Housing Bank and focused on providing financing products for the lower and middle income (LMI) segments in India primarily in Tier II and Tier III cities and towns. We have been active in the housing finance sector in India since 1984. We provide secured finance primarily to individuals, partnership firms and companies for the purchase, self-construction, improvement and extension of homes, new and resalable flats, commercial properties and land. We also provide certain categories of non-housing loans.

We have a strong marketing and distribution network, with a presence across 361 locations throughout India which includes 188 branches, 149 service centers, 19 circles/cluster offices, two disbursement hubs, one collection center, one corporate office and one national office as at December 31, 2014. In addition to our network within India, we have international representative offices located in London and Dubai. To broaden our client base and to penetrate further geographically, we have entered into tie-ups with public and private sector banks, including United Bank of India for eastern India, a leading public sector bank for central India, and Dhanlaxmi Bank and Yes Bank Limited for pan-India.

We have received a number of awards and recognitions in the past, including, amongst others:

- The Most Promising Brand of the Year (NRI Home Loan Services) in Finance & Banking Sector (UAE) (Fiscal 2015);
- Certificate of appreciation from the NHB for the Company's commitment to and support in the Energy Efficient Homes program (Fiscal 2015);
- Asia's Most Promising Brand Award (Fiscal 2014);
- Best Employer Brand Award at IPE BFSI Awards (Fiscal 2014);
- Excellence in Innovative Marketing at MCHI (Fiscal 2013);
- The Greatest Corporate Leaders of India – Leadership Awards in Financial Services by India's Greatest (Fiscal 2013); and
- India's Most Powerful Brands Chosen by Consumer by M/S Planman Marcom (Fiscal 2011).

In Fiscal 2014, we entered into a joint venture with Prudential Financial, Inc. ("**Pramerica**") pursuant to which we and our Promoters' entities acquired 50.00% and 24.00% stakes, respectively, in DLF Pramerica Life Insurance Co Ltd, a registered life insurance company in India regulated by the Insurance Regulatory and Development Authority (the "**IRDA**") that has subsequently changed its name to DHFL Pramerica Life Insurance Company Limited ("**DHFL Pramerica**"). Through this joint venture, we offer insurance products leveraging on our pan-India distribution network.

We also had shareholdings in four associate companies as at December 31, 2014, including DHFL Vysya Housing Finance Limited, Aadhar Housing Finance Limited, Avanse Financial Services Limited and DHFL Ventures Trustee Company Private Limited. In October 2014, we entered into definitive agreements to acquire a 50.00% stake in each of Pramerica Asset Managers Private Limited (PAMPL) and Pramerica Trustees Private Limited (PTPL) from PGLH of Delaware, Inc., which is a wholly-owned, indirect subsidiary of Pramerica. PAMPL develops, manages, markets and operates an asset management business. PTPL provides trusteeship services and ensures that the activities of PAMPL are in compliance with the SEBI (Mutual Funds) Regulations, 1996, as amended. Through these entities, we aim to provide asset management services to customers in the LMI segment by leveraging on our pan-India distribution network. This acquisition is subject to the regulatory approvals and certain conditions, which is expected to be completed by the end of July 2015.

Our shares have been listed on the BSE and the NSE since 1985 and 2002, respectively.

As at March 31, 2014 and December 31, 2014, our loan book stood at ₹405,966.3 million and ₹477,756.9 million, respectively, and our assets under management were ₹448,220.7 million and ₹526,373.3 million, respectively. As at March 31, 2014 and December 31, 2014, our gross NPAs as a percentage of our loan book was 0.78% and 0.77%, respectively, and our net NPAs as a percentage of our loan book was 0.52% and 0.49%, respectively. For the years ended March 31, 2012, 2013 and 2014, our total revenue from operations was ₹24,677.6 million, ₹40,612.2 million and ₹49,675.9 million, respectively, and our profit after tax was ₹3,063.6 million, ₹4,518.5 million and ₹5,290.0 million, respectively. Our revenue from operations and profit after tax grew at a CAGR of 41.88% and 31.41%, respectively, over the two fiscal years ended March 31, 2014. For the nine months ended December 31, 2014, our revenue from operations was ₹44,027.7 million, and our profit

after tax was ₹4,590.1 million.

The following table summarizes certain key financial data and ratios as at and for the nine months ended December 31, 2104 (unless noted otherwise) and as at and for the fiscal year ended March 31, 2014, 2013 and 2012.

Operational & Financial Parameters	As at and for the nine months ended December 31, 2014	As at and for the fiscal years ended March 31,		
		2014	2013	2012
Capital Adequacy Ratio (%)	16.16*	17.16	16.52	17.42
Debt to Equity Ratio	11.21	10.42	9.42	8.64
Net Interest Margin (%)	2.77	2.71	2.72	2.86
Loan Book (₹ million)	477,756.9	405,966.3	339,017.2	193,553.8
Return on Average Assets (%)**	1.66	1.70	1.71	1.92
Net NPA (%)	0.49	0.52	0.46	0.52
Borrowings (₹ million)	460,435.9	394,868.9	320,581.9	191,535.7

** Note: This number is as of September 30, 2014.*

*** Return on Average Assets is calculated as - Net Profit before provisions/average total assets*

In January 2015, we submitted an application to the RBI for a small finance bank license. If this license is granted, the Company will be registered as a small finance bank.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths will enable us to take advantage of what we believe to be significant opportunities for growth.

Extensive industry experience and knowledge and focused marketing strategy, particularly in the LMI segment

We have been active in the housing finance sector since 1984. As at March 31, 2014 and December 31, 2014, housing loans made up 82.27% and 80.03%, respectively, of our total outstanding assets. We believe our focus in the housing loan space helps to consolidate our industry expertise and increase brand awareness in our target markets, which we can leverage throughout our marketing network.

We believe that our experience shows our ability to identify opportunities of housing finance demand, particularly in the LMI segment, and to meet such demand with flexible products to suit our customers' needs. In addition, our years of experience have also established strong customer awareness of and loyalty to our brand and contributed to new and repeat business via word-of-mouth marketing. We have effectively established a uniform brand identity across a broad spectrum of consumer touch points, from corporate stationary to outdoor advertising. We had a customer base of more than 410,000 customers as at December 31, 2014. During Fiscal 2013, Fiscal 2014 and for the nine months ended December 31, 2014, we disbursed loans in the amount of ₹133,577.3 million, ₹165,325.7 million and ₹135,301.8 million, respectively.

We target the LMI segment of the Indian population. We believe that these segments present significant potential as the GoI has turned its focus towards inclusive growth to extend the benefits of economic prosperity to the broader population. We have developed credit appraisal mechanisms targeting the LMI segment of customers in Tier II and Tier III cities and towns, including private salaried persons, public servants, entrepreneurs, traders and other professionals. We believe that our credit appraisal mechanisms provide us with a significant competitive advantage in the LMI segment in which the credit quality of potential customers is more difficult to assess.

"Affordable Housing for All" is an important policy agenda of the GoI. In the past, the GoI has sought to create an enabling and supportive environment for expanding credit flow and increasing home ownership in the country and introduced an interest subvention scheme for housing loans implemented through scheduled commercial banks and HFCs such as the Company. According to public sources, in Fiscal 2014, the GoI sanctioned projects worth ₹417,231.3 million for building 1,569,000 houses and dwelling units for economically weaker / lower income portion of the population under the Ministry of Urban Development's flagship scheme, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) program. In addition, the GoI, through the Ministry of Finance, promotes rural housing finance in the LMI segment through programs such as the Rural

Housing Fund, the Golden Jubilee Rural Housing Refinance Scheme and Special Refinance for Urban Poor Scheme aimed at providing affordable housing finance to underserved low income segments in rural and urban parts of India, respectively, in which we have participated.

To boost development of the affordable housing in India, the GoI has recently increased deduction limit on interest on housing loans for self-occupied constructed property from ₹0.15 million to ₹0.20 million and increased tax exemption limit under section 80C of the Indian Income Tax Act from ₹0.15 million to ₹0.20 million for principal repayment. The GoI allocated ₹40,000 million to the NHB for lending to the urban poor population, EWS and LIG and ₹80,000 million for rural housing. Also, the GoI has removed the minimum size requirement for the FDI projects with 30% or higher low cost housing component to further develop low cost housing sector in India.

We believe that our focus on, and experience working with, the LMI segment provide us with a significant competitive advantage in an area of the market that we expect to continue to grow and aligns us with the expected general economic and population growth trends and the GoI's focus on improving the economic situation of this segment of the population.

Customized business strategy to serve the LMI segment

The Company was established in 1984 with the main objective to provide loans to satisfy the housing needs of the LMI segment. Through our focus on the LMI segment, we have evolved our loan sourcing expertise over a period of past 30 years to better identify the needs of customers in the LMI segment and estimate their income and repayment capabilities. Ours business strategies have been aligned to serve these segments effectively. We have developed a suite of products that caters to all segments with a focus on the LMI segment in various geographical territories of India. Moreover, we have recently created separate business verticals for housing loans and non-housing loans in order to allow each vertical to focus on its core business and use its expertise in underwriting loans.

Strong network coverage and wide geographical reach

To support our growth initiatives, we have established an integrated branch network that has helped to optimize operational costs and improve our ability to deliver our products and services to our customers effectively. For instance, we linked all branch offices to a central database, which helps with periodic assessments of our loan portfolio and provides specific advantages in terms of efficiency, cross-sell opportunities and cost savings. We have a presence at 361 locations throughout India which includes 188 branches, 149 service centers, 19 circle/cluster offices, two disbursement hubs, one collection center, one corporate office and one national office as at December 31, 2014. Our network is grouped into circles and clusters located pan-India. Our distribution network in India is primarily spread over Tier II and Tier III cities and towns. Additionally, we have international representative offices located in London and Dubai.

We have also entered into tie-ups with a number of Indian public and private sector banks to provide their customers access to our home loan solutions. Our tie-ups with such banks allow us access to our ally banks' customers and branch networks while providing them with the option to participate in our loan syndication programs. Our partners include United Bank of India for eastern India, one of the leading public sector banks for central India, and Dhanlaxmi Bank and Yes Bank Limited for pan-India. The alliance arrangements benefit us financially, and the additional points of sales through the ally banks' networks provide us with an increased footprint for minimal cost. Our strong network coverage is designed to provide increased penetration to cater to the evolving needs of our existing customer base and tapping a growing potential customer base throughout India.

In addition our own network and resources, we engage independent direct selling associates ("**DSAs**") and online sourcing platform providers that work with us on a commission basis. The DSAs and online platforms have their own infrastructure and manpower on which we leverage for sourcing business. We believe that such arrangements strengthen our geographical reach at minimum additional cost. Business sourced by the DSAs and online platforms is appraised by us in accordance with our underwriting standards and requirements, upon which our employees undertake loan processing, appraisal and management of customer relationships post disbursement of loans.

End-to-end business model

We service both individual consumers and developers through our end-to-end business model. We identify pockets of customer demand, aid customers in finding the right properties for their needs, assist with technical and legal assessments of properties, provide financing for the purchase of selected properties and facilitate the acquisition of certain third-party insurance products by our customers to insure their property loans. We rely on our employees to build customer relationships, which we believe translates into better understanding of customer financing requirements and, consequently, improved credit appraisal mechanisms, as well as greater brand awareness. Our distribution network is complemented by sales through third-party DSAs and online sourcing platform providers working with us on a commission basis. The DSAs and online platforms source the business from the market through their contacts, which are then processed and appraised by our employees as per our standard underwriting norms.

Under our end-to-end model, our employees are involved throughout the entire loan process and are able to consult with customers from loan origination through disbursement. In majority of the cases, our in-house direct selling team originates our loans, which allows our employees to gain insight into our customers' specific needs. Our in-house underwriting team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards in an effort to minimize future losses. The properties that we fund are evaluated by in-house technical experts who are qualified civil engineers. We believe that this model provides customers with the advantage of a one-stop shop, which we believe the relatively-inexperienced customers in the LMI segment may prefer in order to obtain a more consistent service experience from a single financial services provider**.**

We understand that our customers have diversified financial needs. We aim to service such needs through the various loan products offered through our associate companies, including (i) DHFL Vysya Housing Finance Limited in association with Wadhawan Global Capital Private Limited and our Promoters to increase presence in southern India with the focus on the LMI segment; (ii) Aadhar Housing Finance Limited in association with International Finance Corporation (IFC), Wadhawan Global Capital Private Limited and our Promoters to address needs of the LMI segment in a number of under developed and developing states in India; (iii) Avanse Financial Services Limited in association with IFC, Wadhawan Global Capital Private Limited, our Promoters and our Promoters' entities to focus on educational loans; and (iv) DHFL Ventures Trustee Company Private Limited in association with our Promoters and Promoters' entities to provide business of trusteeship services. We also offer life insurance products through DHFL Pramerica and, upon completion of the acquisition, we plan to offer asset management services through Pramerica Assets Managers Private Ltd. and Pramerica Trustees Private Ltd.

Robust and efficient operations

To manage our geographically diverse business and risk management framework effectively, we have a separate operations vertical to run post-sanction, disbursement and loan management processes and address the needs of a growing business. Our operations team processes documents covering legal and technical reviews and handles disbursements and relationships across the transaction life cycle. For enhanced effectiveness and customer satisfaction, we have created a dedicated customer service team within our operations team. We have also introduced several checks and processes for achieving procedural discipline as well as exposure limits for several segments and reviews of the local markets and builders on continuous basis as a part of our portfolio monitoring and management framework. We believe that the processes we have developed and our dedicated operations team brings greater efficiencies to our business operations and enhanced productivity.

Strong risk management practices leading to healthy asset quality

We have maintained quality loan and investment portfolios through careful targeting of customers, a comprehensive risk assessment process and diligent risk remediation procedures. We place emphasis on risk management measures to ensure an appropriate balance between risk and return and have taken steps to implement robust and comprehensive policies and procedures to identify, measure, monitor and manage risk. Our gross NPAs have been maintained in the less than 1% range and constituted 0.76%, 0.71% and 0.78% as at March 31, 2012, 2013 and 2014, respectively. Our net NPAs were 0.52%, 0.46% and 0.52% as at March 31, 2012, 2013 and 2014, respectively. As at December 31, 2014, our gross NPA percentage and net NPA percentage were 0.77% and 0.49%, respectively.

We have implemented the provisions of the SARFAESI Act to our advantage for recovery of NPAs. Our branch managers and staff interact closely with customers at the time of loan disbursal. Their involvement extends to

the collection process, thus ensuring higher collection efficiency and stronger relationships. Our stringent recovery procedures led to good collections and low NPAs. As at March, 31, 2014, the NPA amount stood at ₹3,175.2 million. We have adopted a three-pronged approach that includes:(i) effective monitoring of all standard accounts to capture early alert signals and recover overdue installments; (ii) persuasion with all NPA borrowers through personal contacts for recovery of the overdue amount, to upgrade the account to standard category; and (iii) within one to two months of the account turning NPA, initiation of the process under the SARFAESI Act to recover the outstanding amounts. This approach has helped us upgrade a large number of accounts.

Professional and experienced Board and management team

The Company has an experienced Board that oversees and guides our strategy and operations. Our Board has constituted several sub-committees including the Risk Management Committee, the Finance Committee, the Audit Committee and the Stakeholders' Relationship Committee for timely decision-making and to ensure effective governance. Our directors include individuals experienced in a wide range of subjects relevant to our business including banking, finance, corporate law, insurance law and real estate. In addition, our Promoter Directors, Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan, have approximately eighteen and thirteen years of experience, respectively, in the housing finance and the development and construction industries. Similarly, the members of our experienced management team and our employees share our common vision of excellence in execution and exhibit a diverse set of backgrounds with substantial experience including credit evaluation, technical evaluation, risk management, treasury, technology and marketing. The diversity of experience helps us adapt a creative and cross-functional approach. For further details on our Board see the section "*Board of Directors and Senior Management*" on page 156 of this Placement Document.

OUR BUSINESS STRATEGY

Our objective is to continue to service the needs of the LMI segment while growing profitability and increasing shareholder value by pursuing and executing the following business strategies:

Maintain strong asset quality and earnings growth

We seek to maintain high-quality loan portfolios through continued targeting of our customer base, comprehensive risk assessment processes, diligent risk monitoring and remediation procedures and the services of our employees, DSAs and online sourcing platform providers for loan origination. Our in-house operations team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards in an effort to minimize future losses. Our centralized processing system, through which credit appraisals and monitoring functions are conducted from centralized locations, ensures greater standardization and consistency in underwriting quality. Our net NPAs as a percentage of our loan book were 0.52%, 0.46% and 0.52% as at March 31, 2012, 2013 and 2014, respectively, and 0.49% as at December 31, 2014. Our revenue from operations has grown at a CAGR of 41.88% during the two-year period ended March 31, 2014 and our net profit grew at a CAGR of 31.41% during the same period. We believe we can continue to maintain strong asset quality appropriate to the loan portfolio composition, while achieving steady earnings growth, through our disciplined risk management strategies and because of our controlled cost of funding.

Leverage existing network with selective expansion

We expect that we will be able to explore latent opportunities in the LMI segment to our advantage. We operate primarily in the LMI segment and we target private salaried persons, public servants, entrepreneurs, traders and other professionals, which are underserved by conventional financial institutions and where we expect significant opportunities for growth. These customers are not targeted by most banks and HFCs due to smaller average loan sizes. We work on evolving techniques to improve credit assessment for this segment, as well as run a pilot funding program to evaluate behavioral trends and credit performance in such segments, in order to discover latent opportunities within our target segment. Further, considering our widespread geographical reach, we plan to dig deeper into the target customer base of our geographies and increase our market share in each of these locations. As and when we believe that sufficient potential exists in a particular location we plan to selectively add new locations to our distribution network of 361 locations across India as at December 31, 2014. We plan to continue to expand our pan-India presence by setting up new offices across regions with the focus on the LMI segment and through tie-ups with public and private sector banks which can provide us with the necessary infrastructure and a readily available client portfolio. We also plan to continue to widen our distribution network through addition of the DSAs and online sourcing platform providers. For a

discussion of certain risks relating to our expansion strategy, please refer to the section entitled "*Risk Factors*" on page 45 of this Placement Document.

Continue to customize and cross-sell products and services

We seek to continue to introduce, customize and cross-sell new and existing products and services. We specially design our products and services to suit the needs of varied customer segments. We have developed a wide range of housing-related loans designed to cater to a variety of customers depending on demand and needs. In addition, in order to cater to larger potential customer base, we offer other property (non-housing) loans and secured and unsecured SME loan products. We intend to continue to expand the marketing of our other property (non-housing) loans as well as secured and unsecured SME loan products as we believe that there is significant demand in our target customer segments for such products.

We will also continue to cross-sell products and services in order to increase our fee-based income. For instance, we offer life insurance products of DHFL Pramerica and, upon completion of their acquisitions, we plan to offer asset management services of PAMPL and PTPL. Generating additional fee-based income will help increase profitability and provide additional opportunities for customer interaction.

Continue to diversify funding mix and reduce funding costs

We seek to continue to use a variety of funding sources to optimize funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to further achieve funding stability and liquidity. Our weighted average borrowing cost as at March 31, 2014 was 10.59%. As at March 31, 2014, our sources of funding were primarily from banks and financial institutions (67.68%), non-convertible debentures (12.43%), public (fixed) deposits (6.57%), refinancing from NHB (5.01%), commercial papers (3.72%), subordinated debt (3.02%), multilateral agencies (1.09%) and perpetual debt (0.47%). As at December 31, 2014, our sources of funding were primarily from banks and financial institutions (59.45%), non-convertible debentures (17.65%), public (fixed) deposits (7.61%), refinancing from NHB (3.75%), commercial papers (7.64%), subordinated debt (2.59%), multilateral agencies (0.91%) and perpetual debt (0.40%). We diversify our resources profile by accessing funds from multilateral agencies such as the IFC, Asian Development Bank and DEG. We also aim to continue to gradually reduce our reliance on the borrowings from banks and financial institution and focus on capital market instruments with lower funding costs.

We have received 'CARE AAA' credit rating by the Credit Analysis and Research Ltd ("**CARE**") and a credit rating of 'BWR AAA (Stable)' by Brickworks Ratings India Pvt. Ltd ("**Brickwork**") for some of our long-term debt instruments. We also have 'CRISIL A1+' rating for short-term instruments from Credit Rating Information Services of India Limited ("**CRISIL**"); and 'CRISIL AAA(SO)'rating from CRISIL, 'CARE AAA(SO)' rating from CARE and 'ICRA AAA(SO)' rating from ICRA Limited ("**ICRA**") for the structured obligations. These ratings indicate the highest or very strong degree of safety regarding timely servicing of financial obligations and allow us to access debt financing at competitive rates of interest. Based on our ratings, we expect to source funding at competitive rates from the capital markets and reduce our proportion of bank financing to bring down our overall funding costs.

For a discussion of certain risks relating to our funding and funding costs, please refer to the section entitled "Risk Factors - *Internal Risks and Risks Associated with our Business - We may not be able to secure the requisite amount of financing at competitive rates for our growth plans and to continue to gain undisrupted access to our funding sources, which could adversely affect our business, financial condition and results of operations*" on page 55 of this Placement Document.

Become a small finance bank

On November 27, 2014, the RBI issued guidelines for licensing small finance banks in the private sector with the objective to set up small finance banks to further financial inclusion by provision of saving vehicles and supply of credit to small business units, small and marginal farmers, micro and small industries and other unorganized sectors through high technology low cost operations. In accordance with the above guidelines, we submitted an application to the RBI on January 30, 2015, seeking a small finance bank license with the goal of transforming our current business model into the banking organization based on high standards of transparency and corporate governance supervised by the RBI and creating a long-term sustainable and scalable liability platform to allow a broader range of options for fund raising, including by issuance of infrastructure bonds. We believe that a small finance bank license will allow our Company to undertake basic banking activities to further

promote financial inclusion, including through acceptance of deposits from, and the provision of saving options and supply of credit to, small businesses, small and marginal farmers, micro and small industries and other similar sectors.

If this license is granted, our Company will be registered as a small finance bank and become subject to various regulatory and legal requirements, which, amongst other things, will involve change in our business and operations to convert the Company into a bank. The Company will be required, amongst other things, to expand its branch networks in central, eastern and north-eastern India, capital investment in information technology platform and strict adherence to CRR/SLR requirements. We will also need to ensure that 75% of our business is in priority sector lending as per the RBI rules. We believe that registration of our Company as a small finance bank will help our Company enhance its customer base and enable it to widen its product portfolio by leveraging the Company's experience in the LMI segment. Further, if we register as a small finance bank, our funding mix will need to change from primarily loans from banks and financial institutions, on which we currently heavily rely, to a mix of, amongst others, infrastructure bonds, bank borrowings (as a lower percentage of funding) and more importantly, deposits CASA and terms deposits.

For a discussion of certain risks relating to us becoming a small finance bank, please refer to the section entitled "*Risk Factors*" on page 45 of this Placement Document.

Optimize cost of operations

We seek to reduce our operating costs as a percentage of top-line revenue through the efficient implementation and utilization of our technical resources and infrastructure. We aim to reduce our operating costs by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity. We seek to staff the organization with individuals capable of driving this growth by enabling them with greater delegation of authority and de-centralizing our decision-making processes. In addition, we aim to continue to manage our NPA levels to reduce losses and recovery costs.

We have an integrated branch network, which we believe contributes to the optimization of our operational costs, and improves our delivery mechanism. We have linked all branch offices to a central database that helps in periodic assessments of our portfolio and provides specific advantages in terms of efficiency and cost savings. The Company, as a deposit-taking housing finance company, accepts deposits from retail and corporate investors. We centralized the processes related to the end-to-end management of fixed deposits including those related to acceptance of fixed deposits, issuance of deposit receipts and interest warrants, and repayment and renewal of the matured deposits in a compliant manner. The centralization of the above processes has helped the Company to reduce transactional costs and achieve higher productivity.

Inorganic growth by acquisitions

We will continue to identify suitable target investments and partners to diversify our customer base and to harness economies of scale and improved efficiencies with our existing business. For example, in Fiscal 2013, our subsidiary First Blue Home Finance Limited (First Blue) was amalgamated with our Company to expand our loan book, broaden its customer base through First Blue's focus on the upper middle and higher income groups and to expand into the northern parts of India through First Blue's network. In Fiscal 2013, we also acquired a 48.50% stake in Avanse Financial Services Limited, which provided us entry into the specialized market segment of education finance. We take a disciplined and value-based approach for identifying and evaluating select opportunities to acquire and supplement our planned growth.

In October 2014, we entered into definitive agreements to acquire a 50.00% stake in each of Pramerica Asset Managers Private Limited (PAMPL) and Pramerica Trustees Private Limited (PTPL) from PGLH of Delaware, Inc., which is a wholly-owned, indirect subsidiary of Pramerica. PAMPL develops, manages, markets and operates an asset management business. PTPL provides trusteeship services and ensures that the activities of PAMPL are in compliance with the SEBI (Mutual Funds) Regulations, 1996, as amended. The completion of this acquisition is pending the satisfaction of a few of conditions, including, among other things, receipt of approval from SEBI. Pursuant to the agreements, the transactions must be completed by the end of July 2015, after which the parties have the right to terminate the transactions for failure to satisfy the conditions precedent. The said deadline for completion of the transactions can be extended upon the mutual consent of the parties to the agreements. Upon completion, we will hold a 50.00% stake in each of PAMPL and PTPL.

We believe that the acquisitions of PAMPL and PTPL, once completed, will help us to extend our philosophy of financial inclusion by increasing product offerings to the LMI segment that we have profitably served over the years. Through these entities, we aim to provide asset management services and solutions specially designed for customers in the LMI segment by leveraging on our pan-India distribution network. We also believe that we can significantly enhance financial inclusion and wealth building at the grass roots level by distributing these products through our wide network.

For a discussion of certain risks relating to our growth by acquisitions, please refer to the section entitled "*Risk Factors*" of this Placement Document.

Strengthen the IT platform

We have an integrated loan management system (LMS), which has been developed in-house. We have outsourced our data center operations to one of the leading IT companies. Our in-house system has been customized to meet the requirements for lending to the LMI segment and captures the legacy expertise that we have created over 30 years. This has helped us particularly in launching new products. We have recently initiated a technology transformation program in association with IBM to support our growth, improve operational efficiency and optimize costs through the use of technology. This program is expected to establish a scalable and flexible technology landscape, improve customer centricity, enable faster decision making through automation of certain processes and analytics and bring our technology platform to a new level. We aim to align our technology landscape to evolving business needs, which would support us in our growth targets. Under this project we plan to replace our legacy systems and business application platforms with proven commercial off-the-shelf product solutions, which provide best fit solutions to the objectives mentioned above. We will continue to assess our technology and update it according to business needs on an on-going basis.

Invest in brand building

We will continue to invest in our brand building exercise to enhance the corporate and product awareness. We have recently engaged Mr. Shah Rukh Khan, an Indian film actor, as our brand ambassador. We aim to leverage association with Mr. Shah Rukh Khan and use of digital and print media extensively to connect with our potential customers from all parts of the society.

Engage in competitive loan pricing to attract more customers

We seek to participate actively in the market through competitive offering both from the products and pricing perspective. Even though the LMI segment will continue to be our primary target markets, we seek to achieve higher growth and a diversified portfolio by providing access to our services to the broader population. This will also help us to optimally utilize our wide distribution network that encompasses the largest metro cities to Tier II and Tier III cities and towns.

SUMMARY OF THE ISSUE

The following is the general summary of the terms of the Issue. The summary should be read in conjunction with, and is qualified in its entirety by, more detailed terms appearing in this Placement Document, including under the sections titled "Risk Factors", "Use of Proceeds", "Issue Procedure" and "Description of Equity Shares".

Issuer	Dewan Housing Finance Corporation Limited
Issue Size	Up to 16,931,102 Equity Shares aggregating up to ₹ 8,096.11 million. A minimum of 10% of the Issue Size, or at least 1,693,110 Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance 15,237,992 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other QIBs
Face Value	₹ 10 per Equity Share
Issue Price	₹ 478.18 per Equity Share
Minimum Offer Size	Minimum value of offer or invitation to subscribe to each QIB is ₹ 20,000 of the face value of the Equity Shares
Floor Price	₹ 494.95 per Equity Share. Our Finance Committee, on February 27, 2015, has approved a discount of 3.39 % (i.e. upto ₹ 16.77) on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations
Eligible Investors	QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations to whom the Placement Document and the Application Form is circulated and who are eligible to bid and participate in the Issue and QIBs not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations. See section titled "Issue Procedure" and "Selling and Transfer Restrictions". The list of QIBs to whom the Placement Document and Application Form is delivered shall be determined by the BRLMs in consultation with our Company, at their sole discretion
Dividend	See "Description of Equity Shares", "Dividend Policy" and "Statement of Tax Benefits"
Indian Taxation	See "Statement of Tax Benefits"
Date of Board Resolution authorizing the Issue	January 16, 2015
Date of Shareholders Resolution authorizing the issue	February 23, 2015
Equity Shares issued and outstanding immediately prior to the issue	128,745,640 Equity Shares
Equity Shares issued and outstanding immediately after the issue	145,676,742 Equity Shares
Listing	Our Company has received in principle approvals, both dated February 24, 2015 from the BSE and the NSE, under Clause 24(a) of the Equity Listing Agreements. Our Company shall apply to the Stock Exchanges for the listing approvals and the final listing and trading approvals after the Allotment and after the credit of Equity Shares to the beneficiary account with the Depository Participant, respectively
Lock-up	Please see the sub-section titled "Lock-up" of the section titled "Placement Agreement" on page 177 for a description of restrictions on our Company and our Promoters in relation to Equity Shares
Transferability Restriction	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. For details in relation to other transfer restrictions, see the section titled "Selling and Transfer Restrictions"
Use of Proceeds	The net proceeds of the Issue, after deduction of fees, commissions and expenses in relation to the Issue, are expected to total approximately ₹ 7,976.11 million. Please

	see the section titled "Use of Proceeds" for further information
Risk Factors	Please see the section titled "Risk Factors" for a discussion of risks that you should consider before participating in the Issue
Closing Date	The Allotment is expected to be made on or about March 4, 2015
Ranking	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including the rights in respect of dividends after the closing. The holders of such Equity Shares will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013. The holders of such Equity Shares may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. Please see the section titled "Description of Equity Shares" on page 192
Voting Rights of Share Holders	See the section titled "Description of Equity Shares- Voting Rights" on page 194
Security Codes for the Equity Shares	ISIN: INE202B01012 BSE Code: 511072 NSE Code: DHFL

SUMMARY FINANCIAL INFORMATION

The following selected information is extracted from and should be read in conjunction with our unaudited financial statements and notes thereto for the nine month period ended December 31, 2014 and our audited standalone financial statements and notes thereto as at and for the Financial Years ended March 31, 2014, 2013 and 2012 and the audited consolidated financial statements and notes thereto as at and for the Financial Years ended March 31, 2012 prepared in accordance with Indian GAAP, each included elsewhere in this Placement Document. Due to the divestments and amalgamation, the amounts reported in our financial statements for Financial Years ended March 31, 2014 and 2013 may not be directly comparable to the amounts reported in our financial statements for Financial Years ended March 31, 2012. In Fiscal 2012, we prepared consolidated financial statements of the Company and its subsidiaries at such time.

You should refer to "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page 125 for further discussion and analysis of the financial statements of our Company. The financial information included in this Placement Document does not reflect our Company's results of operations, financial position and cash flows in the future and the Company's past results are not a guarantee of its future operating performance.

BALANCE SHEET AS AT MARCH 31, 2014, MARCH 31, 2013 AND MARCH 31, 2012.

(₹ in Millions)

	As at 31.03.2014	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1,284.2	1,282.2	1,168.4
Reserves and Surplus	34,465.4	31,088.7	19,158.8
Total Shareholders' Funds	35,749.6	32,370.9	20,327.2
Non Current Liabilities			
Long Term Borrowings	322,954.8	265,647.1	160,186.0
Deferred Tax Liabilities (Net)	11.5	-	-
Other Long Term Liabilities	15.1	27.7	213.3
Long Term Provisions	3,313.5	2,636.0	1,594.0
Total Non-Current Liabilities	326,294.9	268,310.8	161,993.3
Current Liabilities			
Short Term Borrowings	15,947.2	8,759.8	9,341.7
Trade Payables	2.6	5.8	486.0
Other Current Liabilities	59,846.7	48,119.9	22,845.8
Short Term Provisions	751.3	462.3	579.2
Total Current Liabilities	76,547.8	57,347.8	33,252.7
TOTAL	**438,592.3**	**358,029.5**	**215,573.2**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	1,846.5	1,718.0	602.0
Intangible Assets	69.3	74.2	40.2
Capital Work in Progress	7,961.5	2,587.1	1,822.6
	9,877.3	4,379.3	2,464.8
Non-Current Investments	3,067.0	1,905.2	3,874.6
Deferred Tax Assets (Net)	-	20.1	
Long term Housing and Property Loans	387,469.0	323,694.9	182,429.8
Other Long Term Loans and Advances	160.8	330.1	126.8
Other Non-Current Assets	1,945.1	2,719.2	2,819.1
Total Non-Current Assets	402,519.2	333,048.8	191,715.1
Current Assets			
Current Investments	2,692.0	845.0	752.9
Trade Receivables	774.5	589.6	543.4
Cash and Bank Balances	9,831.8	5,125.6	7,016.4
Short term portion of Housing and Property Loans	18,497.3	15,322.3	11,124.0
Other Short Term Loans and Advances	4,028.1	2,871.7	4,282.0
Other Current Assets	249.4	226.5	139.4
Total Current Assets	36,073.1	24,980.7	23,858.1
TOTAL	**438,592.3**	**358,029.5**	**215,573.2**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014, MARCH 31, 2013 AND MARCH 31, 2012

(₹ in Millions)

	Year Ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2012
INCOME			
Revenue from Operations	49,675.9	40,612.2	24,677.6
Other Income	21.0	177.2	19.2
TOTAL REVENUE	**49,696.9**	**40,789.4**	**24,696.8**
EXPENSES			
Interest & Finance Cost	37,825.8	31,193.6	17,992.3
Employees Remuneration & Benefits	1,761.0	1,406.9	878.1
Administrative & Other Expenses	1,949.9	1,547.5	1,558.6
Depreciation & Amortisation	109.1	84.6	47.2
Provision for Contingencies	700.0	450.0	237.0
TOTAL EXPENSES	**42,345.8**	**34,682.6**	**20,712.8**
PROFIT BEFORE TAX	**7,351.1**	**6,106.8**	**3,983.6**
Less: Tax Expense			
- Current Tax	2,029.5	1,551.8	861.5
- Deferred Tax Charge/ (Credit)	31.6	36.5	58.5
PROFIT FOR THE YEAR	**5,290.0**	**4,518.5**	**3,063.6**
Earnings per Equity share			
Basic (₹)	**41.23**	**38.47**	**28.97**
Diluted (₹)	**41.11**	**38.30**	**28.67**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014, MARCH 31, 2013 AND MARCH 31, 2012

(₹in Millions)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013		Year ended 31.03.2012	
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit Before Tax		7,351.0		6,106.8		3,983.6
Adjustments for:						
Depreciation	109.1		84.6		47.2	
Employees Stock Option Expenses	27.3		51.3		57.6	
(Gain)/Loss on hedged items and hedging derivative	(2.5)		(2.7)		-	
(Profit)/Loss on Fixed Assets sold	19.7		14.2		4.7	
Provision for Contingencies	700.0		450.0		236.9	
Provision for Gratuity & Leave Encashment	-		-		26.2	
ZCB Expenses	77.3		-		-	
(Profit)/Loss on Sale of Real Estate	-		(109.5)		-	
Liabilities Written back	(11.5)		-		-	
Other Operational Treasury Income	(673.0)	246.4	(643.6)	(155.7)	(682.6)	(310.0)
Operating Profit before Working Capital changes		7,597.4		5,951.1		3,673.6
Adjustments for:						
Current Assets	(879.5)		1,277.2		(6.4)	
Current Liabilities	1,832.6		(324.7)		(568.3)	
Working Capital Changes		953.2		952.5		(574.7)
Cash Generated from Operations During the Year		8,550.6		6,903.6		3,098.9
Tax Paid		(1,981.8)		(1,240.5)		(802.0)
Net Cash Flow from Operating Activities (A)		**6,568.8**		**5,663.1**		**2,296.9**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Net Income from Treasury Investment - MF	906.6		509.6		371.2	
Net Income from Treasury Investment - Others	(233.6)		134.0		311.4	
Net Addition to Investments	(3,008.8)		(445.6)		3,870.9	
Addition to investments in Subsidiary	-		-		(130.0)	
Sale Proceeds of disinvestments in Subsidiaries	-		-		533.8	
Net Addition to fixed assets	-		-		(294.3)	
Movement In Fixed Deposits	813.9		103.2		-	
Net Addition to Fixed Assets	(5,626.9)		(1,806.6)		-	
Net Cash used in Investing Activities (B)		**(7,148.8)**		**(1,505.3)**		**4,662.9**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Advance to Subsidiary	-		-		(2,000.2)	
Issue of Equity Shares	2.0		4.9		124.1	
Premium on Issue of Equity Shares	19.3		52.5		2,972.4	
Inter Corporate Deposits received - Subsidiary	-		-		530.0	
Inter Corporate Deposits received - Others	-		-		800.0	
Proceeds from Loan Securitised	28,334.3		6,203.0		16,800.1	
Issue of Perpetual Debts	355.0		250.0		1,252.0	
Other Liability	-		290.0		-	
Loans Received from Banks/Institutions	81,132.5		85,301.3		40,450.0	
Refinance Loans Received from NHB	3,500.0		7,870.0		2,280.0	
Proceeds from issue of NCD's and Sub Debts	21,429.0		16,065.0		8,052.0	
Proceeds from issue of CP	53,200.0		42,146.3		14,544.0	
Fixed Deposits received	18,063.0	206,035.0	14,258.5	172,441.4	6,906.6	92,711.1
Housing loan Repayments	58,217.6		33,681.4		19,492.7	
Other Loans Repayments	11,824.7	70,042.3	19,249.5	52,930.9	2,103.0	21,595.7

Particulars	Year ended 31.03.2014		Year ended 31.03.2013		Year ended 31.03.2012	
Loans repaid to Banks / Institution	(35,830.6)		(38,220.3)		(12,401.0)	
Refinance loans repaid/Prepaid to NHB	(5,516.3)		(5,996.2)		(2,750.8)	
Fixed Deposits Repaid	(11,345.6)		(4,994.5)		(3,091.4)	
Cash Credit Repayment	(648.0)		-		-	
Other Short term Liabilities repaid	(316.0)		-		-	
Non-Convertible Debentures Redeemed	(6,764.1)		(5,516.7)		(706.7)	
CP Redeemed	(43,750.0)		(43,160.3)		(11,504.8)	
Inter Corporate Deposits paid - Subsidiary	-		-		(530.0)	
Inter Corporate Deposits paid - Others		(104,170.6)	-	(97,888.0)	(980.0)	(31,964.8)
Housing Loan Disbursed	(130,284.3)		(111,960.6)		(72,488.4)	
Other Loans Disbursed	(35,041.4)	(165,325.7)	(21,616.7)	(133,577.3)	(18,166.4)	(90,654.8)
Dividend & Dividend Distribution Tax	(870.5)		(746.9)		(428.9)	
Share Premium Utilised	(424.3)	(1,294.8)	(108.9)	(856.0)	-	(428.9)
Net Cash from Financing Activities (C)		**5,286.3**		**(6,948.9)**		**(8,741.7)**
Net Increase in Cash & Cash Equivalents		**4,706.2**		**(2,791.1)**		**(1,781.9)**
Cash & cash equivalents at the beginning of the year **(A)+(B)+(C)**		5,125.6		7,016.4		11,617.4
Add : on amalgamation		-		900.3		-
Less : Bank Balance in Non Current Bank FD		-		-		2,819.1
Cash & Cash Equivalents at the Close of the Year		**9,831.8**		**5,125.6**		**7,016.4**

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(₹in millions)

	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1,168.4	1,044.3
Reserves and Surplus	19,046.4	14,511.7
Total Shareholders' Funds	20,214.8	15,556.0
Minority's Interest	1,927.4	2,525.0
Non Current Liabilities		
Long Term Liabilities	201,802.6	165,608.9
Other Long Term Liabilities	24.5	73.5
Long Term Provisions	2,281.6	941.4
Total Non-Current Liabilities	204,108.7	166,623.8
Current Liabilities		
Short Term Borrowings	15,788.8	12,959.9
Trade Payables	515.2	46.0
Other Current Liabilities	34,144.8	30,904.3
Short Term Provisions	867.0	469.1
Total Current Liabilities	51,315.8	44,379.3
TOTAL	277,566.7	229,084.1
ASSETS		
Non-Current Assets		
Fixed Assets		
Tangible Assets	699.2	683.3
Intangible Assets	40.2	8.8
Capital work-in-progress	1,822.6	1,661.0
	2,562.0	2,353.1
Non-Current Investments	1,720.7	1,146.8
Deferred Tax Assests(Net)	60.3	39.8
Long term Housing and property Loans	241,453.3	184,673.7
Other Long Term Loans and Advances	323.4	259.7
Other Non-Current Assets	3,506.4	583.2
Goodwill	3,495.3	3,451.6
Total Non-Current Assets	253,121.4	192,507.9
Current Assets		
Current investments	752.9	5,864.9
Trade Receivables	573.8	473.7
Cash and Bank Balances	7,251.2	13,787.3
Short term portion of Housing and property Loans	13,228.9	14,479.2
Other Short Term Loans and Advances	2,450.2	1,803.0
Other Current Assets	188.2	168.1
Total Current Assets	24,445.2	36,576.2
TOTAL	277,566.7	229,084.1

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹in millions)

	Year Ended 31.03.2012	Year Ended 31.03.2011
INCOME		
Revenue from Operations	32,119.5	20,937.4
Other Income	44.1	89.9
TOTAL REVENUE	**32,163.6**	**21,027.3**
EXPENDITURE		
Interest & Finance Charges	23,495.6	13,901.3
Employees Remuneration & Benefits	1,189.4	1,022.1
Administrative & Other Expenses	2,085.2	1,470.6
Depreciation and Amortization Expenses	73.9	69.1
Provision for Contingencies	462.8	214.1
TOTAL EXPENDITURE	**27,306.9**	**16,677.2**
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	**4,856.7**	**4,350.1**
Add : Exceptional Items	-	354.3
PROFIT BEFORE TAX	**4,856.7**	**4,704.4**
Less: Tax Expense		
- Current Tax	1,316.5	1,074.9
- Deferred Tax Charge/ (Credit)	(21.0)	55.4
- Related to earlier years	8.6	0.3
PROFIT FOR THE YEAR before prior period adjustment	**3,552.6**	**3,573.8**
Less: Prior period Adjustment		**(0.1)**
Profit for the year before minority interest and share of Associate	**3,552.6**	**3,573.9**
- Minority Interest	(328.4)	(282.8)
- Share of Profit of Associate	13.0	-
PROFIT OF THE YEAR	**3,237.2**	**3,290.9**
Earnings per Equity share		
Basic (₹)	30.60	32.81
Diluted (₹)	30.29	32.35

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹in millions)

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		4,856.7		4,704.4
Adjustments for:				
Depreciation/ Amortisation	73.9		69.1	
Employees Stock Option Expenses	57.6		7.5	
Bad Debts (net of provisions)	4.1		-	
Other provisions made / (written back) (net)	(24.3)		-	
Loss/ (Gain) on Hedged Items and Hedging Derivative	(4.2)		(3.8)	
Premium on Forward Exchange Contracts	-		10.3	
Provision for Gratuity & Leave Encashment	26.2		31.5	
(Profit)/Loss on Fixed Assets sold	4.9		6.1	
Provision for contingencies	462.8		194.9	
Other Operational Treasury Income	(745.4)	(144.4)	(774.8)	(459.2)
Operating profit before Working Capital changes		4,712.3		4,245.2
Adjustments for:				
Current Assets	(3,690.6)		(2,621.4)	
Current Liabilities	5,398.8		1,819.4	
Working capital changes		1,708.3		(802.0)
Cash generated from operations during the year		6,420.6		3,443.2
Tax Paid		(1,187.8)		(968.4)
Net Cash Flow from Operating activities [A]		**5,232.8**		**2,474.8**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Net Income from Treasury Investment - MF	375.5		(629.4)	
Net Income from Treasury Investment - Others	365.2		326.4	
Net Reduction/(Addition) to investments	3,732.4		(12,036.6)	
Sale Proceeds of disinvestments in Subsidiaries	533.8		-	
Net Addition to fixed assets	(303.7)		(151.7)	
Net cash used in investing activities [B]		**4,703.2**		**(12,491.3)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Equity Shares	254.1		865.2	
Premium on Issue of Equity Shares	2,972.4		4,697.3	
Debenture Issue Expenses	(2.8)		(16.2)	
Preliminary Expenses	-		(25.2)	
Proceeds from Loan Securitised / Loan Syndicated	18,301.8		-	
Issue of Perpetual Debts	1,252.0		-	
Loans received from Banks/Institutions	55,968.5		65,247.5	
Refinance loans received from NHB	2,280.0		1,000.0	
Proceeds from issue of NCD's & Sub-debts	14,926.0		11,050.0	
Proceeds from issue of CP's(Net)	2,889.1		974.9	
Fixed Deposits/ICD received(Net)	3,786.4	102,627.5	8,026.4	91,819.9
Housing loan repayments	30,377.3		10,098.9	
Other Loans repayments	3,240.4	33,617.7	2,282.4	12,381.3
Loans repaid to Banks / Institution	(25,401.3)		(10,119.6)	
NCDs redeemed	(8,150.0)		(415.0)	
Refinance loans repaid/Prepaid to NHB	(4,491.7)		(2,619.5)	
Preference share capital redeemed	-		(30.0)	
Premium on Redemption of Preference Shares	-		(270.0)	

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
Non-convertible Debentures Redeemed	(706.7)	(38,749.7)	-	(13,454.1)
Housing loan disbursed	(90,067.9)		(73,525.8)	
Other property Loans disbursed	(22,997.8)	(113,065.7)	(2,943.8)	(76,469.6)
Dividend & Dividend Distribution Tax	(901.9)		(388.4)	
Share Premium Utilised	-	(901.9)	(25.0)	(413.4)
Net cash from financing activities [C]		**(16,472.0)**		**13,864.1**
Net increase in cash & cash equivalents [A + B + C]		**(6,536.1)**		**3,847.6**
Cash & cash equivalents at the beginning of the year		13,787.3		9,939.7
Cash & cash equivalents at the close of the year		**7,251.2**		**13,787.3**

Negative Figure (-) represent cash outflow.

BALANCE SHEET AS AT DECEMBER 31, 2014

(₹in Millions)

	As at 31.12.2014	As at 31.03.2014
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1,286.5	1,284.2
Reserves and Surplus	36,994.8	34,465.4
Total Shareholders' Funds	38,281.3	35,749.6
Non Current Liabilities		
Long Term Borrowings	359,156.6	322,954.8
Deferred Tax Liabilities on Special IT Reserves as per NHB Direction	678.6	-
Deferred Tax Liabilities (Net)	-	11.5
Other Long Term Liabilities	15.8	15.1
Long Term Provisions	3,968.9	3,313.5
Total Non-Current Liabilities	363,819.9	326,294.9
Current Liabilities		
Short Term Borrowings	38,115.5	15,947.2
Trade Payables	6.6	2.6
Other Current Liabilities	69,554.6	59,874.3
Short Term Provisions	62.9	751.3
Total Current Liabilities	107,739.6	76,575.4
TOTAL	**509,840.8**	**438,619.9**
ASSETS		
Non-Current Assets		
Fixed Assets		
Tangible Assets	1,848.5	1,846.5
Intangible Assets	55.7	69.3
Capital Work in Progress	7,964.2	7,961.5
	9,868.4	9,877.3
Non-Current Investments	3,722.5	3,067.0
Deferred Tax Assets (Net)	214.5	-
Long term Housing and Property Loans	456,730.7	387,469.0
Other Long Term Loans and Advances	188.9	160.8
Other Non-Current Assets	1,705.5	1,945.1
Total Non-Current Assets	472,430.5	402,519.2
Current Assets		
Current Investments	2,847.5	2,692.0
Trade Receivables	2,546.0	774.5
Cash and Bank Balances	7,157.0	9,831.8
Short term portion of Housing and Property Loans	21,026.2	18,497.3
Other Short Term Loans and Advances	3,682.3	4,055.7
Other Current Assets	151.3	249.4
Total Current Assets	37,410.3	36,100.7
TOTAL	**509,840.8**	**438,619.9**

STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2014

(₹ in millions)

	Year Ended 31.12.2014	Year ended 31.03.2014
INCOME		
Revenue from Operations	44,027.7	49,675.9
Other Income	10.1	21.0
TOTAL REVENUE	**44,037.8**	**49,696.9**
EXPENSES		
Interest & Finance Cost	32,842.2	37,825.8
Employees Remuneration & Benefits	1,411.1	1,761.0
Administrative & Other Expenses	1,957.0	1,949.9
Depreciation & Amortisation	207.9	109.1
Provision for Contingencies	700.0	700.0
TOTAL EXPENSES	**37,118.2**	**42,345.8**
PROFIT BEFORE TAX	**6,919.6**	**7,351.1**
Less: Tax Expense		
- Current Tax	2,189.0	2,029.5
- Deferred Tax Charge/ (Credit)	(226.0)	31.6
- Deferred Tax Charge/ (Credit) on Special IT Reserve	366.5	-
PROFIT FOR THE YEAR	**4,590.1**	**5,290.0**
Earnings per Equity share		
Basic (₹)	**35.69**	**41.23**
Diluted (₹)	**35.47**	**41.11**

CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2014

(₹ in millions)

Particulars	Nine months ended 31.12.2014		Year ended 31.03.2014	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		**6,919.6**		**7,351.1**
Adjustments for:				
Depreciation	207.9		109.1	
Employees Stock Option Expenses	11.3		27.3	
(Gain)/Loss on hedged items and hedging derivative	-		(2.5)	
(Profit)/Loss on Fixed Assets sold	6.3		19.7	
Provision for Contingencies	700.0		700.0	
ZCB Expenses	509.3		77.3	
Liabilities Written back	-		(11.5)	
Other Operational Treasury Income	(643.5)	791.3	(673.0)	2,463.5
Operating Profit before Working Capital changes		**7,710.9**		**7,597.5**
Adjustments for:				
Current & Non Current Assets	(2,001.8)		(879.5)	
Current & Non Current Liabilities	2,483.1		1,832.6	
Working Capital Changes		**481.4**		**953.2**
Cash Generated from Operations During the Year		**8,192.3**		**8,550.7**
Tax Paid		(2,297.8)		(1,981.8)
Net Cash Flow from Operating Activities (A)		**5,894.5**		**6,568.9**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Net Income from Treasury Investments	643.5		673.0	
Net Addition to Investments	(811.0)		(3,008.8)	
Movement In Fixed Deposits	512.8		813.9	
Net Addition to Fixed Assets	(189.0)		(5,626.9)	
Net Cash used in Investing Activities (B)		**156.3**		**(7,148.8)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Equity Shares	2.3		2.0	
Premium on Issue of Equity Shares	27.0		19.3	
Proceeds from Loan Securitised	12,777.1		28,334.3	
Issue of Perpetual Debts	-		355.0	
Cash Credits (Net)	1,981.6		-	
Loans Received from Banks/Institutions	29,750.0		81,132.5	
Refinance Loans Received from NHB	-		3,500.0	
Proceeds from issue of NCD's and Sub Debts	35,975.5		21,429.0	
Proceeds from issue of CP	64,190.0		53,200.0	
Fixed Deposits received	19,133.8	163,837.3	18,063.0	206,035.0
Housing loan Repayments	38,474.0		58,217.6	
Other Loans Repayments	12,259.9	50,733.9	11,824.7	70,042.3
Loans repaid to Banks / Institution	(25,389.6)		(35,830.6)	
Refinance loans repaid/Prepaid to NHB	(2,540.9)		(5,516.3)	
Fixed Deposits Repaid	(10,055.0)		(11,345.6)	
Cash Credit Repayment (Net)	-		(648.0)	
Other Short term Liabilities repaid	-		(316.0)	
Non-Convertible Debentures Redeemed	(3,788.4)		(6,764.1)	
CP Redeemed	(43,690.0)	(85,463.9)	(43,750.0)	(104,170.6)

Particulars	Nine months ended 31.12.2014		Year ended 31.03.2014	
Housing Loan Disbursed	(99,614.2)		(130,284.3)	
Other Loans Disbursed	(35,687.6)	(135,301.8)	(35,041.4)	(165,325.7)
Dividend & Dividend Distribution Tax	(1,370.6)		(870.5)	
Share Premium Utilised	(1,160.4)	(2,531.0)	(424.3)	(1,294.8)
Net Cash from Financing Activities (C)		**(8,725.6)**		**5,286.2**
Net Increase in Cash & Cash Equivalents		**(2,674.8)**		**4,706.2**
Cash & cash equivalents at the beginning of the year		9,831.8		5,125.6
(A)+(B)+(C)				
Cash & Cash Equivalents at the Close of the Year		**7,157.0**		**9,831.8**

Negative Figure (-) represent cash outflow. This Cash Flow Statement referred to in our report of even date.

RISK FACTORS

This offering and an investment in Equity Shares involve a high degree of risk. You should carefully consider the risks described below as well other information contained in this Placement Document before making an investment decision. If anyone or some combination of the risks described below actually occurs, our business, prospects, financial condition, results of operation and cash flows could be seriously harmed, the trading price of our shares could decline and you may lose all or part of your investment. Unless specified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. We have described the risks and uncertainties that our management believes are material but the risks set out in this Placement Document may not be exhaustive or complete and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. This section should be read together with "Industry Overview", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Placement Document. This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Placement Document. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the market price of our Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and the risks involved.

A. Internal Risks and Risks Associated with our Business

1. Our business has been growing consistently in the past. Any inability to maintain our growth may have a material adverse effect on our business, results of operations and financial condition.

Our business has steadily expanded in the three fiscal year-period ended March 31, 2012, 2013 and 2014. As at March 31, 2014 and December 31, 2014, our total outstanding loans stood at ₹405,966.3 million and ₹477,756.9 million, respectively.

For the fiscal years ended March 31, 2012, 2013 and 2014 and as at December 31, 2014, our revenue from operations was ₹24,677.6 million, ₹40,612.2 million, ₹49,675.9 million and ₹44,027.7 million, respectively, and our profit after tax was ₹3,063.6 million, ₹4,518.5 million, ₹5,290.0 million and ₹4,590.1 million, respectively. The Company's revenue from operations and profit after tax grew at a CAGR of 41.88% and 31.41%, respectively, during the two fiscal years ended March 31, 2014.

Our growth strategy includes increasing the number of loans we extend, diversifying our product portfolio and expanding our customer base. There can be no assurance that our growth strategy will continue to be successful or that we will be able to continue to expand further or diversify our product portfolio.

In order to maintain our growth in future, we will, *inter alia*, need to continue to focus on: (i) raising funds at optimum costs; (ii) our managerial, technical and operational capabilities; (iii) the allocation of our resources; and (iv) our information and risk management systems. In addition, we may be required to manage relationships with a greater number of customers, third party agents, lenders and other parties.

Our business depends significantly on our marketing initiatives. Our sales and marketing efforts are mainly conducted by third party social media marketing providers. Our advertisement and business promotion expenses amounted to ₹385.8 million, ₹274.3 million,₹451.4 million and ₹560.1 million in the fiscal years ended March 31, 2012, 2013 and 2014 and for the nine months ended December 31, 2014, respectively. Our business sourcing expenses amounted to ₹326.2 million, ₹614.2 million, ₹941.9 million and ₹831.1 million, respectively, for the same periods. If we fail to supervise and control the sales and marketing activities of such third party service providers, the quality of our marketing initiatives may deteriorate. There can be no assurance in relation to the impact of such initiatives and any failure to achieve the desired results may negatively impact the Company's ability to leverage its brand value. Further, there can be no assurance that we would be able to continue such initiatives in the future in a similar manner and on commercially viable terms.

Further, we cannot assure you that we will not experience issues such as capital constraints, difficulties in expanding our existing business and operations, and hiring and training of new personnel in order to manage and operate our expanded business.

Any or a combination of some or all of the above-mentioned factors may result in a failure to maintain the growth of our loan portfolio which may in turn have a material adverse effect on our business, results of operations and financial condition.

2. Our business is particularly vulnerable to volatility in interest rates.

A significant component of our income is the interest income we receive from the loans we disburse. Our interest income is affected by any volatility in interest rates in our lending operations. Interest rates are highly volatile due to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions.

If there is an increase in the interest rates that we pay on our borrowings, which we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to lower cost funds. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates. Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the market value of our securities portfolio and other fixed income securities.

Further, we may lend money on a long-term, fixed interest rate basis, typically without an escalation clause in our loan agreements. Any increase in interest rates over the duration of such loans may result in our losing potential interest income. Our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations.

Moreover, when interest rates decline, we are subject to greater re-pricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. In periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to re-price loans. If we are required to restructure loans, it could adversely affect our profitability. If borrowers prepay loans, the return on our capital may be impaired if we are not able to deploy the received funds at similar interest rates.

There can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our net interest margin.

3. Any increase in the levels of non-performing assets in our loan portfolio, for any reason whatsoever, would adversely affect our business, results of operations and financial condition.

With the growth in our business, we expect an increase in our loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. There can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs.

As at March 31, 2014 and as at December 31, 2014, our gross NPAs as a percentage of our outstanding loans was 0.78% and 0.77%, respectively, and our net NPAs, as a percentage of our outstanding loans, was 0.52% and 0.49%, respectively. The provisioning in respect of our outstanding loan portfolio has been undertaken in accordance with the NHB guidelines and other applicable laws. However, these provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The level of our provisions may be inadequate to cover further increases in the amount of our non-performing loans or decrease in the value of the underlying collateral. If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or other loan losses that may occur, or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds at favorable terms as well as our results of operations, liquidity and financial condition could be adversely affected.

In addition, provisioning norms may be revised by the NHB and become more stringent for HFCs. For instance, the NHB Directions, 2010, have been amended by notification no. NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, notification no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012, and notification no. NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013. As a result of the aforesaid notifications, we have had to

increase our provisioning in accordance with these norms as they changed. For further details, please refer to the chapter *"Regulations and Policies"* on page 147.

If the quality of our loan portfolio deteriorates or we are unable to implement effective monitoring and collection methods, our financial condition and results of operations may be affected. In addition, we anticipate that the size of our loan portfolio will grow as a result of our expansion strategy in existing as well as new products, which will expose us to an increased risk of defaults.

A significant number of our customers are part of the low and middle income segment and are generally more likely to be affected by declining economic conditions than larger corporate borrowers. If our customers are unable to meet their financial obligation in a timely manner then it could adversely affect our results of operation. Any negative trends or financial difficulties particularly among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. If a significant number of our customers are unable to meet their financial obligations in a timely manner it may lead to an increase in our level of NPAs. If we are not able to prevent increases in our level of NPAs, our business and our future financial performance could be adversely affected.

4. Our indebtedness and conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.

We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Some of these agreements contain restrictive covenants which require us to obtain consent from our lenders, before, amongst other things, altering our capital structure, disposing assets out of the ordinary course of business, incurring capital expenditure above certain limits, effecting any scheme of amalgamation or reconstitution, creating any charge or lien on the assets or receivables of the Company and any alteration to the Memorandum of Association or Articles of Association. In addition, upon the occurrence of an event of default, we would be restricted from declaring dividends. Certain of the loan agreements also give the lenders the right to nominate up to two directors to the Board to protect the interest of the lenders. Our financing agreements also require us to maintain certain financial ratios.

Under the consortium agreement entered into by the Company with its secure rupee lenders, consent of the lead bank is required for this Issue. Our Company has held a meeting of the consortium lenders on February 19, 2014, at which the lenders have noted and welcomed the proposal of the Company to raise funds through this Issue. We are awaiting a written ratification of the lead bank on the proposal.

In the event we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which is noticed in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may be forced to sell some or all of the assets in our portfolio if we do not have sufficient cash or credit facilities to make repayments. Furthermore, our financing arrangements contain cross-default provisions which could automatically trigger defaults under other financing arrangements.

We cannot assure you that our business will generate sufficient cash to enable us to service our debt or to fund our other liquidity needs. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

5. We have undertaken, and may undertake in the future, strategic acquisitions and alliances, which may be difficult to integrate, and may end up being unsuccessful.

We have in the past pursued, and may from time to time pursue in the future, strategic acquisitions and alliances in order to increase its market presence. In Fiscal 2004, we and our Promoters acquired a majority stake in Vysya Bank Housing Finance Limited to strengthen our presence in the southern and western parts of India. After the acquisition, Vysya Bank Housing Finance Limited changed its name to "DHFL Vysya Housing Finance Limited" (DVHFL). In Fiscal 2011, we set up Aadhar Housing Finance Limited (AHFL) in partnership with IFC to focus on low-cost housing and financial inclusion in the northern and eastern parts of India. In Fiscal 2013, the Company established Avanse Financial Services Limited in participation with IFC to provide affordable educational loans. In January 2013, the Company also completed the amalgamation of its subsidiaries, First Blue Home Finance Limited (First Blue), which the Company acquired in March 2011, and DHFL Holdings Private Limited (the Company's wholly owned subsidiary through which it held its

shareholding in First Blue) into the Company to diversify its customer base and extend its geographical reach. In Fiscal 2014, we acquired 50.00% stake in DLF Pramerica Life Insurance Company Ltd (subsequently re-named as DHFL Pramerica Life Insurance Company Limited, or DHFL Pramerica), and entered into a joint venture agreement with Prudential Financial Inc. to provide life insurance solutions in India. As of March 31, 2014, we had capitalized ₹ 69.4 million being expenses incurred in relation to the acquisition as a cost of investment and had further invested approximately ₹72.9 million to maintain our shareholding at 50.00% and to augment the resources of DHFL Pramerica. In October 2014, we entered into definitive agreements to acquire a 50.00% stake in each of Pramerica Asset Managers Private Limited (PAMPL) and Pramerica Trustees Private Limited (PTPL) from PGLH of Delaware, Inc., which is a wholly-owned, indirect subsidiary of Pramerica. This acquisition is subject to the regulatory approvals and certain conditions, which is expected to be completed by the end of July 2015. For further risks on completion of these acquisitions, see Risk Factor 22 below, "*We may not be able to close the transaction relating to our proposed acquisition of a 50.00% stake in each of PAMPL and PTPL, which will hinder the expansion of our asset management and mutual funds business envisaged under the above acquisition. We may not be successful in our proposed new asset management and mutual funds business."*

The Company's ability to achieve the benefits it anticipates from recent and future acquisitions and alliances will depend in large part upon whether it is able to integrate the acquired businesses into the rest of the Company in an efficient and effective manner. The integration and the achievement of synergies requires, among other things, coordination of business development and procurement efforts, manufacturing improvements and employee retention, hiring and training policies, as well as the alignment of products, sales and marketing operations, compliance and control procedures, research and development activities and information and software systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings than expected. The failure to successfully integrate an acquired business or the inability to realize the anticipated benefits of such acquisitions could materially and adversely affect the Company's business, results of operations, financial condition and prospects.

Further, acquired businesses may have unknown or contingent liabilities, including liabilities for failure to comply with relevant laws and regulations, and we may become liable for the past activities of such businesses. Although we have policies in place to ensure that the practices of newly acquired facilities conform to our standards, and generally will seek indemnification from prospective sellers covering these matters, we may become liable for past activities of any acquired business. Further, we may be subject to various obligations or restrictions under the relevant transaction agreements or shareholders' agreement such as restrictions on the transfer of shares, tag-along rights, drag-along rights, right-of-first refusal for existing shareholders, lock-in clauses etc. These provisions may, as the case may be, prevent the Company from disposing or acquiring shares in the subject entities, or force the Company to sell or acquire shares in the subject entities against its better judgment.

6. We regularly introduce new products for our customers, and there can be no assurance that our new products will be profitable in the future.

We regularly introduce new products and services in our existing lines of business. We may incur costs to expand our range of products and services and cannot guarantee that such new products and services will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements or management focus on these new products. If we fail to develop and launch these products and services successfully, we may lose a part or all of the costs incurred in development and promotion or discontinue these products and services entirely, which could in turn adversely affect our business and results of operations.

7. We may experience difficulties in expanding our business into new regions and markets.

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets. Factors such as competition, customer requirements, regulatory regimes, culture, business practices and customs in these new markets may differ from those in our current markets, and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete not only with other banks and financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local regulations, business practices and customs, and have stronger relationships with potential customers.

As we continue to expand our geographic footprint, our business may be exposed to various additional

challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully marketing our products in markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; falling under additional local tax jurisdictions; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to different regions of India or outside of India in which different languages are spoken. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not recover. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

8. In order to sustain our growth, we will need to maintain a minimum capital adequacy ratio. There is no assurance that we will be able to access the capital markets when necessary in order to maintain such a ratio.

The NHB Directions require a minimum capital adequacy ratio comprising of Tier I and Tier II capital aggregating to12.00% to our total risk-weighted assets. The NHB Directions assign weightages to balance sheet assets. We must maintain this minimum capital adequacy level to support our continuous growth. Our capital adequacy ratio, calculated in accordance with Indian GAAP, was 16.16% on September 30, 2014. Our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to or have difficulty accessing the capital markets.

Similarly, pursuant to the NHB guidelines, HFCs are required to maintain a statutory liquidity ratio ("**SLR**") in respect of public deposits raised. Currently the SLR requirement is 12.50% which is divided into 6% of government bonds and 6.5% of fixed deposits. As at December 31, 2014, the Company has invested ₹2,054.6 million in approved securities comprising of government securities, government guaranteed bonds etc. and ₹2,168.3 million in fixed deposits, being 6.78% and 7.33%, respectively, which are well within the limits prescribed by the NHB. Additionally, there is no assurance that the NHB will not increase the current capital adequacy ratio and SLR requirements.

In addition, see Risk Factor 11 below, "*We have recently applied to the Reserve Bank of India to register our Company as a small finance bank. We will be subject to various regulatory and legal requirements if we are granted a license to register as a small finance bank, which, amongst other things, will involve changes in our business and operations to convert the Company into a small finance bank."*

9. As a HFC, we face the risk of default and non-payment by borrowers. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially adversely affect our profitability and asset quality.

Any lending activity is exposed to credit risk arising from the risk of default and non-payment by borrowers. Our outstanding loan portfolio has grown at a CAGR of 44.83% from ₹193,553.8 million as of March 31, 2012 to ₹405,966.3 million as of March 31, 2014. As at December 31, 2014, the size of our outstanding loan portfolio was ₹477,756.9 million. The size of our loan portfolio is expected to continue to grow as a result of our expansion strategy. A significant number of our customers are in the low and middle income segment and are generally more likely to be affected by declining economic conditions than larger corporate borrowers. As our portfolio expands, we will be exposed to an increasing risk of defaults. Any negative trends or financial difficulties among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. The borrowers may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, etc. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.

10. We are a listed HFC and subject to various regulatory and legal requirements. Also, future regulatory changes may have a material adverse effect on our business, results of operations and financial condition.

Our business is highly-regulated. The operations of a HFC in India are subject to various regulations framed by the Ministry of Corporate Affairs and the NHB, amongst others. We are also subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliance. These regulations, apart from regulating the manner in which a company carries out its business and internal operation, prescribe various

periodical compliances and filings including but not limited to filing of forms and declarations with the relevant registrar of companies, and the NHB. Pursuant to the NHB regulations, HFCs are currently required to maintain a minimum CRAR consisting of Tier I and Tier II capital which collectively shall not be less than 12.00% of their aggregate risk weighted assets and their risk adjusted value of off-balance sheet items.

In particular, according to the NHB Directions, 2010, at no point can our total Tier II capital exceed 100% of the Tier I capital. For further details, please see the section titled "Regulations and Policies". This ratio is used to measure an HFC's capital strength and to promote the stability and efficiency of the housing finance system. Our capital adequacy ratio, calculated in accordance with Indian GAAP, was 16.16% as at September 30, 2014. As our asset book grows further our CRAR may decline and this may require us to raise fresh capital. There is no assurance that NHB will not increase the minimum capital adequacy requirements. Should we be required to raise additional capital in the future in order to maintain our CRAR above the existing and future minimum required levels, we cannot guarantee that we will be able to obtain this capital on favorable terms, in a timely manner or at all. Additionally, under Clause 29C of the NHB Act, our Company is required to create a reserve fund and transfer to such fund an amount of no less than 20% of its net profits every year before any dividend is declared. If we fail to meet the requirements prescribed by the NHB, then the NHB may take certain actions, including but not limited to levying penalties, restricting our lending activities, investment activities and asset growth, and suspending all but our low-risk activities and imposing restrictions on the payment of dividends.

Further, as a listed company, we are subject to continuing obligations with respect to the Equity Listing Agreement. The Equity Listing Agreement is a standard-form agreement that applies to listed companies in India and is amended from time to time unilaterally by the BSE and NSE.

The requirement for compliance with such applicable regulations presents a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, if the interpretations of the regulators and authorities with respect to these regulations vary from our interpretation, we may be subject to penalties and the business of the Company could be adversely affected.

Furthermore, we are also subject to changes in Indian laws, regulations and accounting principles. There can be no assurance that the laws and regulations governing companies in India will not change in the future or that such changes or the interpretations or enforcement of existing and future laws and rules by governmental and regulatory authorities will not affect our business and future financial performance. The introduction of additional government controls or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, results of operations and financial condition and our future growth plans. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations.

We cannot assure you that our Company will be in compliance with the various regulatory and legal requirements in a timely manner or at all. Further, we cannot assure you that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the housing finance industry in general. Further, changes in tax laws may adversely affect demand for real estate and therefore, for housing finance in India.

11. We have recently applied to the Reserve Bank of India to register our Company as a small finance bank. We will be subject to various regulatory and legal requirements if we are granted a license to register as a small finance bank, which, amongst other things, will involve changes in our business and operations to convert the Company into a small finance bank.

On November 27, 2014, the RBI issued guidelines for licensing small finance banks in the private sector (the "**SFB Guidelines**"). The RBI's objective for establishing small finance banks is to enhance financial inclusion by provision of saving vehicles and supply of credit to small business units, small and marginal farmers, micro and small industries and other unorganized sectors. In accordance with the SFB Guidelines, our Company has made an application to the RBI on January 30, 2015 seeking a small finance bank license. If this license is granted, our Company will be registered as a small finance bank.

The current SFB Guidelines prescribe various regulatory requirements which *inter-alia* include: (i) prior approval of the RBI to open branches; (ii) maintaining a minimum equity capital of ₹1,000 million; (iii) maintaining a minimum capital adequacy ratio of 15% of risk weighted assets ("**RWAs**") or such higher percentage prescribed by the RBI from time to time; (iv) requirement of Tier I capital to be at least 7.5 % of

RWA; (v) minimum promoters shareholding to be 40% which shall be brought down to 26% in 12 years; (vi) permissible foreign investment of up to 74% (automatic route up to 49% and approval route beyond 40% and up to 74%); (vii) prior approval of the RBI to acquire more than 5% of the paid-up capital of our Company; and (viii) compliance with prudential norms applicable to existing commercial banks.

Additionally, if the Company is granted an in-principle approval to register as a small finance bank, then the Company would have to undertake various activities to ensure that the conditions mentioned in the SFB Guidelines are complied with within a period of 18 months or such other time period prescribed by the RBI from the date of the grant of such in-principle approval, which, amongst other things, will involve change in our business and operations to convert the Company into a small finance bank. This will require, amongst other things, the expansion of branch networks in central, eastern and north-eastern India, capital investment in information technology platform and strict adherence to CRR/SLR requirements applicable to banks, restructuring the investments and ventures of our Company to ensure that any financial and non-financial businesses are ring-fenced from the banking business. We will also need to ensure that 75% of our business is in priority sector lending as per the SFB Guidelines. Additionally, under the banking regulations, borrowings by a bank are limited up to 3% of its net worth. Further, if we register as a small finance bank, our funding mix will need to change from primarily loans from banks and financial institutions, on which we currently heavily rely, to a mix of, amongst others, infrastructure bonds, bank borrowings (as a lower percentage of funding) and more importantly, deposits CASA and terms deposits. We cannot assure you that we will be successful in building a deposit franchise. In the event that we are unable to plan our funding mix successfully, we may face asset liability management issues that can adversely affect our business, results of operations and financial conditions.

We cannot guarantee that we will receive a small finance bank license. If we are registered as a small finance bank, we cannot assure you that our Company will be in compliance with the various regulatory and legal requirements in a timely manner or at all. Further, any steps taken by the Company to comply with the above mentioned requirements and any non-compliances in the future may have an adverse effect on our operations.

12. We are subject to periodic inspections by the NHB. Non-compliance with the NHB's observations made during any such inspections could adversely affect our reputation, business, financial condition, results of operations and cash flows.

The NHB conducts periodic inspections of our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information which we may have failed to furnish on being called upon to do so. Inspection by the NHB is a regular exercise and is carried out periodically by the NHB for all housing finance institution accepting deposits under Section 34 of the NHB Act.

In the past, the NHB had made certain observations during its periodic inspections in connection with our operations and had imposed penalties, including for non-maintenance of reserve fund during the year 2007-08 and 2010-11, failure to separately disclose the reserve fund under the provisions of the NHB Act, non-submission of quarterly statement on asset liability management and failure to notify the NHB about the change or closure of an office. Even though we have provided the NHB with necessary clarifications, paid some of the requisite penalties under protest and taken necessary steps to comply with the NHB's observations, any adverse notices or orders by the NHB during any future inspections could adversely affect our reputation, business, financial condition, results of operations and cash flows.

13. We face maturity mismatches between our assets and liabilities in the future which may cause liquidity issues.

We regularly monitor our funding levels to ensure we are able to satisfy the requirement for loan disbursements and maturity of our liabilities.

As at December 31, 2014, our assets maturing within one year exceeded our liabilities maturing within the same period by ₹2,675.2 million. As at December 31, 2014, however, our liabilities maturing between one year and three years exceeded our assets maturing during the same period by ₹10,614.1 million and our assets maturing between three and five years exceeded our liabilities maturing during the same period by ₹31,612.3 million, while our assets maturing in over five years exceeded our liabilities maturing in the same period by ₹28,773.5 million.

We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity

requirements. Liquidity is provided principally by long-term borrowings from banks and mutual funds, short and long-term general financing through the domestic debt markets and retained earnings, proceeds from securitization and equity issuances.

Our liquidity position could be adversely affected and we may be required to pay higher interest rates in order to attract or retain further deposits in order to meet our liquidity requirements in the future, which could have a material adverse effect on our business and financial results.

14. If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, see *"Business"* on page 92. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. See also the Risk Factor entitled *"If the level of non-performing assets in our loan portfolio were to increase, our financial condition would be adversely affected"*.

If we fail to effectively implement our risk management policies, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

15. We are not permitted to have an aggregate exposure to capital markets in excess of 40% of our net worth.

Pursuant to the NHB Directions, 2010, and directions thereunder, the Company, being an HFC, is not permitted to have an aggregate exposure to capital markets (both fund and non-fund based) in excess of 40% of our net worth as of March 31, of the previous year. The capital market exposure of the Company as on March 31, 2014 is within the limit as prescribed under NHB Directions, 2010. Within the overall ceiling, direct investments in shares, convertible bonds/debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20% of our net worth.

16. Any decrease in revenue we earn from the distribution of insurance products may have an adverse effect on our results of operations.

Prior to our participation in DHFL Pramerica, we served as the master policy holder of mortgage reducing term assurance products ("MRTAs") of a few leading life insurers. These MRTA insurance products are single premium and are designed to cover the life-risk of the borrowers (i.e., our housing loan customers), who may opt for MRTA products to the extent of the loan availed. As per the arrangement with DHFL Pramerica, we became a master policy holder for DHFL Pramerica's MRTA products effective January 2014. We will continue to service our customers who opted for other MRTA products with our pre-existing insurance

associates until such time as they repay their loans with us. However, effective January 2014, we primarily focus on distribution of insurance products of DHFL Pramerica. New customers will have the option to purchase MRTA products from other insurers while availing a loan with us, provided that the premiums for such policies will need to be paid up-front by the customer to the relevant insurer. We also serve as a corporate agent exclusively for DHFL Pramerica for the distribution of life insurance products. Under the arrangement, our Company derives commission on the sale of the life insurance products.

Since the commission rates are regulated by the IRDA, any adverse change affecting the insurance companies' ability to fix premiums based on the prevailing economic, regulatory, taxation-related and competitive factors could result in decrease in commission rates which may significantly affect our profitability. Further, any inability on the part of DHFL Pramerica to introduce policies suited to the needs of our customers could affect our Company's ability to distribute the policies successfully and in turn result in lesser commissions being earned.

17. We have entered into tie-ups with commercial banks which may be terminated or may restrict our ability to recover outstanding loans which have been disbursed.

We have entered into tie-ups with commercial banks, including public and private sector banks, such as United Bank of India for eastern India, a leading public sector bank for central India, and Dhanlaxmi Bank and Yes Bank Limited for pan-India. Our tie-ups with such banks provide us with access to our ally banks' customers and branch networks and provide our ally banks with the option to participate in our loan syndication programs. Our agreements with the ally banks can be terminated by either party with notice. Since we entered into such tie-ups with the objective to expand our customer base in strategic geographical locations by leveraging the respective reach of our tie-up partners, in the event any such agreement is terminated by the counterparty bank, we may not be able to identify an alternative strategic partner to replace the geographic coverage provided by the terminating party in a timely manner or at all. In such case, our business and results of operations could be materially and adversely affected.

Additionally, under the terms of our tie-up agreements, in most cases, the loans are to be disbursed to the selected customer by our Company and the ally banks in a 50:50 ratio. As a result, consent of our ally banks would be required for initiating enforcement proceedings. Any delay in obtaining such consent may restrict our ability to recover dues in a timely manner.

18. We may be unable realize the expected value of collateral when borrowers default on their obligations to us, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We follow internal risk management guidelines in relation to portfolio monitoring which, *inter alia*, include a periodic assessment of loan to security value on the basis of conservative market price levels and ageing analysis amongst others. However, we may not be able to realize the full value of the collateral as a result of the following, among other factors:

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain any approvals that may be required from third parties);
- fraud by borrowers;
- errors in assessing the value of the collateral;
- illiquid market for the sale of the collateral; and
- applicable legislative provisions or changes thereto and past or future judicial pronouncements.

As a result of any of the foregoing factors, we may not be able to realize the full value of collateral, which could have an adverse effect on our financial condition, results of operations and cash flows.

19. As a HFC, we have significant exposure to the real estate sector and any negative events affecting this sector could adversely affect our business and result of operations.

Our lending products include retail mortgage loans and residential project loans. Retail loans are bifurcated into housing loans and property (non-housing) loans. Housing loans include home purchase loans, home improvement loans, home construction loans, home extension loans, home loans for self-

employed customers, plot/land loans and plot and construction loans, NRI home loans. Property (non-housing) loans include loans against property (mortgage loans), commercial loans, lease rental finance, project loans and SME loans and are availed for working capital and other business needs and construction of residential projects. As of December 31, 2014, almost entire loan portfolio of the Company was exposed to the real estate market.

The primary security for the loans disbursed by the Company is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time. The value of the collateral on the loans disbursed by the Company may decline due to adverse market conditions including an economic downturn or a downward movement in real estate prices. In the event the real estate sector is adversely affected due to a decline of demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collaterals may diminish which may affect our business and results of operations. Failure to recover the expected value of collateral could expose the Company to losses and, in turn, result in a material adverse effect on our business, results of operations and financial condition.

Following the introduction of the SARFAESI Act and the subsequent extension of its application to HFCs, we are allowed to foreclose on secured property after 60 days' notice to a borrower whose loan has been classified as non-performing. Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that cannot guarantee that we will be able to realize the full value of our collateral, due to, among other things, delays on our part in taking action to secure our property, delays in bankruptcy foreclosure proceedings, stock market downturns, defects in the perfection of collateral and fraudulent transfers by borrowers.

20. Our growth in profitability depends on the continued growth of our loan portfolio.

Our results of operations depend on a number of internal and external factors, including changes in demand for housing loans in India, the competitive landscape, our ability to expand geographically and diversify our product offerings and the size of our loan portfolio. Changes in market interest rates could impact the interest rates charged on our interest-earning assets in a way different to its effect on the interest rates paid on our interest-bearing liabilities, and thus affecting the value of our investments. Further, we may experience issues such as capital constraints. We cannot assure that we will be able to expand our existing business and operations successfully, or that we will be able to retain existing personnel or to hire and train new personnel to manage and operate our expanded business.

This difference could result in an increase in interest expense relative to interest income, leading to a reduction in our net interest income and net interest margin. In addition, a rise in interest rates could negatively affect demand for our loans and other products.

21. We may not be able to close the transaction relating to our proposed acquisition of a 50.00% stake in each of PAMPL and PTPL, which will hinder the expansion of our asset management and mutual funds business envisaged under the above acquisition. We may not be successful in our proposed new asset management and mutual funds business.

In October 2014, we entered into definitive agreements to acquire a 50.00% stake in each of Pramerica Asset Managers Private Limited (PAMPL) and Pramerica Trustees Private Limited (PTPL) from PGLH of Delaware, Inc., which is a wholly-owned, indirect subsidiary of Pramerica. These acquisitions are part of our strategy to establish new asset management and mutual funds businesses. The completion of this acquisition is pending the satisfaction of a few of conditions, including receipt of approval from SEBI, among other things. Pursuant to the agreements, the transaction must be completed by the end of July 2015, after which it carries the right to terminate the transaction for failure to satisfy the conditions precedent. Upon completion, we will hold a 50.00% stake in each of PAMPL and PTPL. We can make no assurances that we will be able to obtain such approvals or that all of the conditions for closing the transaction will be satisfied by the end of July 2015. In the event that we are not able to complete the acquisition, our plans to expand our asset management and mutual funds business will be adversely affected

As we do not have a track record of operating mutual funds business, we cannot assure you that we will be successful in our proposed asset management and mutual funds business. Any failure in the proposed asset management and mutual funds business could have a material adverse effect on our business, results of operations and financial condition.

22. We may not be able to secure the requisite amount of financing at competitive rates for our growth plans and to continue to gain undisrupted access to our funding sources, which could adversely affect our business, financial condition and results of operations.

Our liquidity and ongoing profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met predominantly from a combination of borrowings such as loans from banks and financial institutions, refinancing from the NHB, public (fixed) deposits, and issuance of commercial paper and non-convertible debentures and other debt instruments on private placement basis. Thus, our continued growth will depend, among other things, on our ability to secure requisite financing at competitive rates, to manage our expansion process, to make timely capital investments, to control input costs and to maintain sufficient operational control. We obtain refinancing from the NHB under the NHB's refinancing scheme available to HFCs. The NHB has requested our Company to provide certain standard documents such as a non-disposal undertaking from our Promoters and Promoter Group with respect to their shareholdings, certain security and undertakings from Wadhawan Global Capital Private Limited on account of an inter-se transfer between our Promoters and Promoter Group. Our Company has agreed to provide necessary security including non-disposal undertakings from our Promoter and Promoter Group and is currently in discussion with the NHB.

Our inability to secure requisite financing could have an adverse effect on our business, financial condition and results of operations. Changes in Indian laws and regulations, our lenders or debt instruments can disrupt funding sources which would have a material adverse effect on our liquidity and financial condition. Further, any inability on our part to secure requisite financing or continue with our existing financing arrangement could have an adverse effect on our business, financial condition and results of operations.

23. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis.

We have received 'CARE AAA' credit rating by the Credit Analysis and Research Ltd ("CARE") and a credit rating of 'BWR AAA (Stable)' by Brickworks Ratings India Pvt. Ltd ("Brickwork") for some of our long-term debt instruments. We also have 'CRISIL A1+' rating for short-term instruments from Credit Rating Information Services of India Limited (CRISIL); and 'CRISIL AAA(SO)' rating from CRISIL, 'CARE AAA(SO)' rating from CARE and 'ICRA AAA(SO)' rating from ICRA Limited for the structured obligations. These ratings indicate the highest or very strong degree of safety regarding timely servicing of financial obligations and allow us to access debt financing at competitive rates of interest. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which may adversely affect our business, financial condition, results of operations and cash flows.

24. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted without onerous conditions, or at all. If the Company is converted into a small finance bank, then prior approval of the Foreign Investment Promotion Board ("**FIPB**") would be required to increase the foreign shareholding in our Company beyond 49%. Limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

25. We have contingent liabilities as at December 31, 2014 and our financial condition may be adversely affected if these contingent liabilities materialize.

The table below sets forth our contingent liabilities not provided for in our financial statements as at December 31, 2014:

Particulars	Amount as at December 31, 2014 (₹*in millions*)
Guarantees provided by the Company	1,000.3
Claims against the Company not acknowledged as debts	20.2
Income tax demand (net of amount deposited	43.0

Particulars	Amount as at December 31, 2014 (₹*in millions*)
under protest of ₹6.7 million)	

The contingent liabilities have arisen in the normal course of our business and are subject to the prudential norms as prescribed by the NHB. If any of the above contingent liabilities materialize, our financial condition may be adversely affected.

26. We are party to certain legal proceedings and any adverse outcome in these or other proceedings may adversely affect our business.

We are involved in several legal proceedings in the ordinary course of our business such as consumer disputes, debt-recovery proceedings, proceedings under the SARFAESI Act, income tax proceedings and civil disputes. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. A significant degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings.

Although we intend to defend or appeal these proceedings, we will be required to devote management and financial resources in their defense or prosecution. If a significant number of these disputes are determined against our Company and if our Company is required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be an adverse impact on our reputation, business, financial condition and results of operations.

For further details, please see the section of this Placement Document entitled "*Legal Proceedings*".

27. We may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.

We require certain statutory and regulatory permits and approvals to operate our business. We have a license from the NHB, which requires us to comply with certain terms and conditions for us to continue our housing finance operations. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the NHB may revoke this license or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations. Further, under certain of our contractual arrangements, we are required to obtain and hold all necessary and applicable approvals and licenses from authorities such as the SEBI, the IRDA, local government authorities, etc.

Failure by us to renew, maintain or obtain the required permits, licenses or approvals, including those set out above, may have a material adverse effect on our business, results of operations and cash flows.

28. Our business is dependent on relationships with our clients established through, amongst others, our branches. Closure of branches or loss of our key branch personnel may lead to damage to these relationships and a decline in our revenue and profits.

Our business is dependent on the key branch personnel who directly manage client relationships. We encourage dedicated branch personnel to service specific clients since we believe that this leads to long-term client relationships, a trust based business environment and, over time, better cross-selling opportunities. While no branch manager or operating group of managers contributes a meaningful percentage of our business, our business may suffer materially if a substantial number of branch managers either become ineffective or leave the Company. Additionally, if our Company is converted into a small finance bank, then, prior approval of the RBI would be required to open a branch. This may restrict our ability to open branches in a timely manner.

29. Our business and operations significantly depend on senior management and key employees and may be adversely affected if we are unable to retain them.

Our business and operations largely depend on the continued services and performance of our senior management and other key employees. The need and competition for skilled senior management in our industry is intense, and we may not be able to retain our existing senior management or attract and retain new

senior management in the future. The loss of the services of our senior members of our management team and key employees could seriously impair our ability to continue to manage and expand our business efficiently and adversely affect our business, results of operations and financial condition.

30. Our business and operations significantly depend on our Promoters and any change in control of our Promoter may correspondingly adversely affect our business, results of operations and financial condition.

Our principal shareholders, including our Promoters and Promoter Group, owned 39.57% of our issued share capital as at December 31, 2014. We rely on our Promoters for their know-how and experience in the housing finance industry. Further, our Promoters, Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan, have provided personal guarantees to the bank lenders for all of the Company's term loans and to the NHB for all of the Company's borrowings from the NHB. Mr. Kapil Wadhawan, Mr. Dheeraj Wadhawan, Wadhawan Global Capital Private Limited and Ms. Aruna Wadhawan have also agreed to provide non-disposal undertakings to the NHB in relation to the proposed refinancing which the Company has sought to avail.

There can be no assurance that our Promoters and Promoter Group will continue to provide such guarantees or undertakings in relation to our debt obligations in the future or that we will be in a position to maintain our current debt facilities or to otherwise obtain any additional debt facilities in the absence of such personal guarantees provided by our Promoters. A leave of our Promoters or any change of control of our Promoters could adversely affect our business, results of operations and financial condition.

31. Joint ventures and associate companies that are not wholly owned by us present risks that we would not otherwise face.

Our business and our strategy involves the use of joint ventures and associate companies in which we do not own 100%, including our joint venture with Prudential Financial, Inc. formed to provide life insurance products; our proposed joint ventures with PGLH of Delaware, Inc. proposed to be formed to provide asset management products; and our participation in associate companies together with IFC, among other shareholders, which brings risks that we would not otherwise face. Our joint ventures and associate companies that are not wholly owned by us are generally less well-capitalized than we are. In addition, there are specific risks applicable to the failure to control activities of joint ventures and associate companies and these risks, in turn, add potential risks to us. Such risks include greater risk of joint venture partners or other investors failing to meet their obligations under related joint venture or other agreements, conflicts with joint venture partners/ investors, the possibility of a joint venture partner/ investors taking valuable knowledge from us and the inability of a joint venture/ associate company to access the capital markets, which could lead to resource demands on us in order to maintain or advance our strategy.

Our shareholdings in our insurance joint venture with Prudential Financial, Inc. may be diluted if the regulatory cap on foreign direct investment is lifted which will allow Prudential Financial, Inc., pursuant to our partnership agreement, to increase its shareholding to the extent permitted by Indian law. In the event that our shareholding is diluted, there will be a change of control in the current joint venture and our ability to influence the decision-making of the joint venture will be significantly affected.

Our business and our strategy with the use of joint ventures and associate companies are also restricted by the NHB Directions and other regulatory restrictions. For example, we are not able to hold more than 15% in other housing finance companies such as AHFL and DVHFL. Under the guidelines for entry of housing finance companies into the insurance business, we are permitted to hold only 50% in an insurance joint venture and such percentage can be increased only with NHB approval.

32. Our business is subject to operational risks, including fraud.

We are exposed to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees, inadequate training and operational errors, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. Although we carefully recruit all our employees, we have in the past been subject to the fraudulent acts committed by our employees or third parties. In Fiscal 2014, we have detected a fraud by way of

misrepresentation by a borrower who fabricated the property title documents at the time of loan approval, which amounted to an estimated loss of ₹4.15 million. In June 2014, we have further detected four fraudulent transactions, which, collectively, amounted to an estimated loss of ₹10.83 million. As a result, we have suffered monetary losses and may suffer further monetary losses, which may not be covered under our insurance and may thereby adversely affect our profitability and results of operations. Further, our reputation could be adversely affected by significant frauds committed by employees, customers or outsiders. Any failure to mitigate such risks could adversely affect our business and results of operations.

In order to prevent frauds in loan cases involving multiple lending from different banks or HFCs, the GoI has set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under section 20 of the SARFAESI Act 2002 in order to create a central database of all mortgages given by and to lending institutions. We are registered with CERSAI and we submit the relevant data to the CERSAI from time to time. We also appoint a number of providers of credit verification and investigation services to obtain information on the credit worthiness of our prospective customers. However, there can be no assurance that these measures will be effective in preventing frauds.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as fraud and system failures. Computer break-ins and power and communication disruptions could affect the security of information stored in and transmitted through our computer systems and network infrastructure. We employ security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. A significant failure of security measures or operational procedures could have a material adverse effect on our business and our future financial performance. Further, we may need to regularly upgrade our technology systems, at substantial cost, to increase efficiency and remain competitive. There can be no assurance that such technology upgrades will be successful and that we will recover the cost of our investments.

Further, all loan documentation, including original security documents, are kept in physical custody. Loss of the original documents could impede enforcement of our security interest and expose us to liability towards our customers.

33. A failure, inadequacy or security breach in our information technology and telecommunication systems may adversely affect our business, results of operation and financial condition.

Our ability to operate and remain competitive depends in part on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis, including our ability to process a large number of transactions on a daily basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our financial, accounting or other data processing systems and management information systems or our corporate website may fail to operate adequately or become disabled as a result of events that may be beyond our control, including a disruption of electrical or communications services. Further, our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other attacks that may compromise data integrity and security and result in client information or identity theft, for which we may potentially be liable. Further, the information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. If any of these systems are disabled or if there are other shortcomings or failures in our internal processes or systems, it may disrupt our business or impact our operational efficiencies, and render us liable to regulatory intervention or damage to our reputation. The occurrence of any such events may adversely affect our business, results of operation and financial condition.

We have recently introduced a new program to support our growth, improve operational efficiency and optimize costs through the use of technology. This program is expected to establish a scalable and flexible technology landscape, align it with the Company's evolving business needs, improve customer centricity and bring the Company's technology platform to a new level. We are dependent on various external vendors for the implementation of the program and certain other elements of our operations, including implementing information technology infrastructure and hardware, industry standard commercial off-the-shelf products, branch roll-outs, networking, managing our data-center and back-up support for disaster recovery. We are, therefore, exposed to the risk that external vendors or service providers may be unable to fulfill their contractual obligations to us (or will be subject to the risk of fraud or operational errors by their respective employees) and

the risk that their (or their vendors') business continuity and data security systems prove to be inadequate or fail to perform. Failure to perform any of these functions by our external vendors or service providers could materially and adversely affect our business, results of operations and cash flows.

34. We depend on the accuracy and completeness of information provided by our potential borrowers. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential borrowers, and analysis of the information by independent valuers and advocates. To further verify the information provided by potential borrowers, we conduct searches on CIBIL for creditworthiness of our borrowers. We also verify information with registrar and sub-registrar of assurances for encumbrances on collateral. We follow the KYC guidelines as prescribed by the NHB on the potential borrower, verify the place of business or place of employment as applicable to the potential borrower and also verify the details with the caution list of the NHB as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property secured. We have framed our policies to prevent frauds in accordance with the KYC guidelines issued by NHB dated October 11, 2010 mandating the policies of HFCs to have certain key elements, including, *inter-alia*, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Further, our Company has a well-established and streamlined credit appraisal process. We cannot assure you that information furnished to us by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by us with CIBIL and NHB will be accurate, and our reliance on such information given by potential borrowers may affect our judgment of the credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.

35. Our insurance coverage may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

36. We have not entered into formal license agreements with certain of our associate companies with respect to the use of our registered trademarks. Any misuse of our logo and other registered trademarks may have an adverse effect on our reputation and goodwill, business and results of operations.

Certain of our associate companies are currently using our registered trademarks without any written license agreements with our Company. As a result, in the event of any misuse of our registered trademarks by any other party, we may not have any contractual right to prevent the use of our name or variations thereof, nor ensure that we will continue to have a right to use it. We further cannot assure you that our goodwill in such name or logo will not be diluted or harmed by misuse of our name or logo, which could have a material adverse effect on our reputation, goodwill, business, financial condition and results of operations.

37. Our management will have significant flexibility in applying proceeds of the Issue. The funding requirement and deployment mentioned in the section titled "Use of Proceeds" have not been appraised by any bank or financial institution.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds in the manner set out in the section titled "Use of Proceeds"**.** Our funding requirements and the deployment of the proceeds of the

Issue are based on internal management estimates and have not been appraised by any bank or financial institution. Accordingly, management will have significant flexibility in applying the proceeds of this Issue.

38. Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time and may be subject to other requirements prescribed by the NHB. There can be no assurance that we will be able to pay dividends in the future.

39. Our registered office and certain of our branch offices are not owned by us.

Our registered office is not owned by us. In addition, we do not own most of the offices from which our branches conduct our operations. All such non-owned properties are leased or licensed to us. If the owners of these properties do not renew the agreements under which we occupy the premises or only to renew such agreements on terms and conditions that are unacceptable to us, or if the owners of such premises withdraw their consent to our occupancy, our operations may suffer a disruption. We may be unable to locate suitable alternate facilities on favorable terms, or at all, and this may have a material adverse effect on our business, financial condition and results of operation.

40. We have entered into a number of related party transactions and may continue to enter into related party transactions, which may involve conflicts of interest.

We have entered into a number of related party transactions, within the meaning of AS 18. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favor. For further details, please refer to the statement of related party transactions in "Financial Information – 207".

B. External Risks

1. A slowdown in economic growth in India may adversely affect our business and results of operations.

Our financial performance and the quality and growth of our business depend significantly on the health of the overall Indian economy, the gross domestic product growth rate and the economic cycle in India. A substantial portion of our assets and employees are located in India, and we intend to continue to develop and expand our facilities in India.

Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance and the price of the Equity Shares.

2. The Indian housing finance industry is competitive and increasing competition may result in declining margins if we are unable to compete effectively.

Historically, the housing finance industry in India was dominated by HFCs. We now face increasing competition from commercial banks. Interest rate deregulation and other liberalization measures affecting the housing finance industry, together with increased demand for home finance, have increased our exposure to competition. Our ability to compete effectively with commercial banks and other HFCs will depend, to some extent, on our ability to raise low-cost funding in the future. If we are unable to compete effectively with other participants in the housing finance industry, our business, future financial performance and the trading price of the Equity Shares may be adversely affected.

Furthermore, as a result of increased competition in the housing finance industry, home loans are becoming

increasingly standardized and terms such as floating rate interest options, lower processing fees and monthly rest periods are becoming increasingly common in the housing finance industry in India. There can be no assurance that the Company will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline as the origination of new loans declines.

3. The growth rate of India's housing finance industry may not be sustainable.

We expect the housing finance industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income, further social welfare reforms and demographic changes. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital markets and the ongoing reform will affect India's housing finance industry. In addition, there can be no assurance that the housing finance industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's housing finance industry will be sustainable.

4. If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers and our profits might decline.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future.

According to the Monthly Economic Report for December 2014 prepared by the Department of Economic Affairs, Ministry of Finance, GoI, the year-on-year inflation in terms of the Wholesale Price Index ("**WPI**") was 0.1% for the month of December 2014 as compared to 6.4% in December 2013. The RBI's Monetary Policy Statement 2013-14 stated that headline and core inflation appeared contained and was below recent expectations. The main risks to the outlook are the still high deficits accentuated by the vulnerability to sudden stop and reversal of capital flows, inhibited investment sentiment and tightening supply constraints, particularly in the food and infrastructure sectors, according to the RBI. In its Mid-Quarter Monetary Policy Report as of September 2014, the RBI recognized that inflation has been moderating in a broad-based manner and is set to evolve around the expected trajectory through 2014-2015. Nevertheless, there are upside risks to inflation from the skewed spatial and temporal distribution of the monsoon and from geo-political tensions which could jeopardize the near-term outlook if they materialize.

In the event of increasing inflation in India, our costs, such as operating expenses, may increase, which could have an adverse effect on our results of operations.

5. Our business and activities may be affected by the recent amendments to the competition law in India.

The Competition Act, 2002, as amended, (the "**Competition Act**") was enacted for the purpose of preventing practices having an adverse effect on competition in India and has mandated the CCI to separate such practices. Under the Competition Act, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Further, any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. The Competition Act also prohibits abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be deemed guilty of the contravention and liable to be punished.

On March 4, 2011, the Government of India notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. The combination regulation provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations which cross the prescribed asset and turnover based thresholds shall be mandatorily notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 which sets out the mechanism for implementation of the combination regulation provisions under the Competition Act. It is unclear as to how the Competition Act and the CCI will affect the business environment in India. The Company has in the past paid a penalty of ₹1 million to the CCI for a delay in the submission of a notice to the CCI with respect to the

amalgamation of First Blue and DHFL Holdings Private Limited with our Company.

If we are adversely impacted, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, generally or specifically in relation to any merger, amalgamation or acquisition proposed by us, or any enforcement proceedings initiated by the CCI, either suo moto or pursuant to any complaint, for alleged violation of any provisions of the Competition Act it may have a material adverse effect on our business, financial condition and results of operations.

6. Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.

The Company's financial statements, including the financial statements provided in this Placement Document, are prepared in accordance with Indian GAAP. The Company has not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Placement Document, nor does the Company provide a reconciliation of its financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Placement Document will provide meaningful information entirely depends on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

7. Public companies in India, including us, may be required to prepare financial statements under Ind-AS. The transition to Ind-AS in India is still unclear and we may be adversely affected by this transition.

The Ministry of Corporate Affairs ("**MCA**") notified the "Companies (Indian Accounting Standards) Rules, 2015" on February 16, 2015 (the "**IAS Rules**"). The IAS Rules do not apply to banking companies, insurance companies and NBFCs. The IAS Rules provide that the financial statements of the companies to which they apply (as more specifically described below) shall be prepared and audited in accordance with Indian Accounting Standards ("**Ind-AS**"). Under the IAS Rules, any company may voluntarily implement Ind-AS for the accounting period beginning from April 1, 2015. Further, the IAS Rules prescribe that any company having a net worth of more than ₹5,000 million, and any holding company, subsidiary, joint venture or an associate company of such company, would have to mandatorily adopt Ind-AS for the accounting period beginning from April 1, 2016 with comparatives for the period ending March 31, 2016. Our Company has not determined with any degree of certainty the impact such adoption will have on its financial reporting. There can be no assurance that the Company's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind-AS than under Indian GAAP. In the Company's transition to Ind-AS reporting, our Company may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of Ind-AS experienced accounting personnel available as more Indian companies begin to prepare Ind-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our Company's adoption of Ind-AS will not adversely affect its reported results of operations or financial condition and any failure to successfully adopt Ind-AS could adversely affect our Company's business, financial condition and results of operations.

8. Political instability or changes in the government in India could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which would impact our financial results and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators remain significant as independent factors in the Indian economy. There is no guarantee that the new government which was elected in May 2014 will be able to enact an optimal set of reforms or that any such reforms would continue or succeed if there were a change in the current majority leadership in the government in the future. There is also no guarantee that the government will announce an optimal set of reforms or policies in the future. The rate of economic liberalization is subject to change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities are continuously evolving as well. Other major reforms that have been proposed are the goods and services tax, the direct tax code and the general anti-avoidance rules (GAAR). Any significant change in India's economic liberalization, deregulation policies

or other major economic reforms could adversely affect business and economic conditions in India generally and our business in particular.

9. Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

10. The proposed new taxation system in India could adversely affect our business and the trading price of the Equity Shares.

The Government has proposed three major reforms in Indian tax laws, namely the goods and services tax, the direct taxes code and provisions relating to the GAAR.

As regards the implementation of the goods and service tax and the direct tax code, the Government has not specified any timeline for their implementation. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments.

The direct taxes code aims to reduce distortions in tax structure, introduce moderate levels of taxation, expand the tax base and facilitate voluntary compliance. It also aims to provide greater tax clarity and stability to investors who invest in Indian projects and companies as well as clarify the taxation provisions for international transactions. It aims to consolidate and amend laws relating to all direct taxes like income tax, dividend distribution tax and wealth tax and facilitate voluntary compliance.

As regards GAAR, the provisions were introduced vide the Finance Act, 2012 and are scheduled to come into effect from April 1, 2015. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (a) creates rights, or obligations, which are not normally created between persons dealing at arm's length; (b) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which are not normally employed for bona fide purposes. If GAAR provisions are invoked, the tax authorities would have wide powers, including denial of tax benefit or a benefit under a tax treaty.

As the taxation system is intended to undergo significant changes, the effect of such changes on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, results of operations and cash flows.

11. We may have to comply with stricter regulations and guidelines issued by regulatory authorities in India, including the NHB and the RBI.

We are regulated principally by and have reporting obligations to the NHB. We are also subject to the corporate, taxation and other laws in effect in India. Additionally, if we are registered as a small finance bank, then we would be subject to compliances and reporting obligations of the RBI. The regulatory and legal framework governing us differs in certain material respects from that in effect in other countries and may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's housing finance sector.

12. Borrowing for the purchase or construction of property may not continue to offer borrowers the same fiscal benefits it currently offers and the housing sector may not continue to be regarded as a priority

sector by the GoI.

The rapid growth in the housing finance industry in India in the last decade is in part due to the introduction of fiscal benefits for homeowners. Since the early 1990s, interest and principal repayments on capital borrowed for the purchase or construction of housing have been tax deductible up to certain limits and tax rebates have been available for borrowers of such capital up to specified income levels. There can be no assurance that the GoI will continue to offer such tax benefits to borrowers at the current levels or at all. In addition, there can be no assurance that the GoI will not introduce tax efficient investment options which are more attractive to borrowers than property investment. The demand for housing and/or housing finance may be reduced if any of these changes occur.

13. Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and our business and cause the trading price of the Equity Shares to decrease.

Since mid-2007, and particularly during the second half of 2008, the global financial services industry and the securities markets generally were materially and adversely affected by significant declines in the values of nearly all asset classes, including mortgages, real estate assets, leveraged bank loans and equities, and by a serious lack of liquidity. Further, the impact of the recent global financial crisis and sovereign debt crisis in the U.S. and the Euro zone continues to be a cause of concern despite concerted efforts by governments and international institutions to contain the adverse effect of these events on the global economy.

Business activity across a wide range of industries and regions has been greatly reduced and local governments and many companies have had difficulty due to the lack of consumer spending and the lack of liquidity in the credit markets.

The Indian financial markets and the Indian economy are influenced by the economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in other financial systems may cause volatility in Indian financial markets, including with respect to the movement of exchange rates and interest rates in India, and, indirectly, in the Indian economy in general. Any such continuing or other significant financial disruption could have an adverse effect on our business, financial results and the trading price of the Equity Shares.

14. Trade deficits could adversely affect our business and the price of our Equity Shares.

India's trade relationships with other countries and its trade deficit, driven to a major extent by global crude oil prices, may adversely affect Indian economic conditions. If trade deficits increase or are no longer manageable because of the rise in global crude oil prices or otherwise, the Indian economy, and therefore our business, our financial performance, our shareholders' funds and the price of our Equity Shares could be adversely affected.

15. Civil unrest, acts of violence including terrorism or war involving India and other countries could materially and adversely affect the financial markets and our business.

Civil unrest, acts of violence including terrorism or war, may negatively affect the Indian stock markets and also materially and adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately materially and adversely affect our business. Although the governments of India and neighboring countries have recently been engaged in conciliatory efforts, any deterioration in relations between India and neighboring countries might result in investor concern about stability in the region, which could materially and adversely affect the price of the Equity Shares.

16. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, and, in certain cases, introduced requirements which did not have corresponding provisions under the Companies Act, 1956, such as in the provisions related to private

placement of securities, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. The Companies Act, 2013 also introduced provisions relating to corporate social responsibility ("**CSR**"), pursuant to which we may also need to spend, in each financial year, at least 2.0% of our average net profits during the three immediately preceding financial years towards one of the specified CSR activities.

Accordingly, we may face challenges in interpreting and complying with such provisions due to limited administrative precedent or jurisprudence on them. In the event that our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

17. Financial difficulty and other problems in certain financial institutions in India could adversely affect our business and the price of our Equity Shares.

As an HFC, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

18. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

A decline in India's foreign exchange reserves could affect the liquidity and result in higher interest rates in the Indian economy, which could adversely affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares.

19. Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares.

20. Natural disasters and other disruptions could adversely affect the Indian economy and could cause our business and operations to suffer and the trading price of the Equity Shares to decrease.

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labor unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our

business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business and financial results, the quality of our customer service and the price of our Equity Shares.

21. An outbreak of an infectious disease or any other serious public health concerns in India or elsewhere could adversely affect our business.

The outbreak of an infectious disease in India or elsewhere or any other serious public health concern could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease or any other serious public health concern will not have a material adverse effect on our business.

22. It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.

We are incorporated under the laws of India and our Directors and executive officers reside in India. A substantial majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to:

- effect service of process outside of India upon us and such other persons or entities; or
- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

For more information, see the section entitled "*Enforcement of Civil Liabilities*" of this Placement Document.

23. A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of the Company. Under the takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of the Company. Consequently, even if a potential takeover of the Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our shareholders, such a takeover may not be attempted or consummated because of Indian takeover regulations.

24. If we are classified as a passive foreign investment company ("PFIC") for U.S. Federal income tax purposes, U.S. investors may suffer various adverse tax consequences.

Under U.S. Federal income tax laws, U.S. investors are subject to special tax rules if they invest in passive foreign investment companies, or PFICs. Because the applicable PFIC rules, proposed U.S. Treasury Regulations and notices are complex, and, to a certain extent, unclear, there is a risk that we are or may become a PFIC. While the Company does not believe that it is, or will become in the foreseeable future, a PFIC, if we are or become a PFIC, U.S. investors generally will not be subject to the regular U.S. Federal income tax rules applicable to dividends and capital gains, but will be subject to the complex PFIC rules and could therefore be subject to additional taxes upon certain distributions by us and/or upon a sale or disposition of their Equity Shares. A further discussion of the PFIC rules can be found in the section "*Material United States Federal Income Tax Considerations*".

C. Risks Relating to the Equity Shares and the Issue

1. Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. The Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Currently prices of securities listed on Indian exchanges are displaying signs of volatility linked among other factors to the uncertainty in the global markets and the rising inflationary and interest rate pressures domestically. The governing bodies of the Indian stock exchanges have from time to time imposed restrictions

on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations or trading restrictions could have a material adverse effect on the price of our Equity Shares.

2. The market price of the Equity Shares may be adversely affected by any additional issuances of equity or sales of a large number of the equity shares by our Promoters or principal shareholders.

There is a risk that we may be required to finance our growth or strengthen our balance sheet through additional equity offerings. Any further issuance of Equity Shares, including pursuant to our Employee Stock Option Schemes, will dilute the position of existing shareholders and could adversely affect the market price of the Equity Shares.

3. After this Issue, our Equity Shares may experience price and volume fluctuations.

The Issue Price will be determined by us in consultation with the Book Running Lead Managers, based on the Bids received in compliance with Chapter VIII of the SEBI Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to resell your Equity Shares at or above the Issue Price and, as a result, you may lose all or part of your investment.

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, adverse media reports on us or the banking industry, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant development in India's fiscal regulations.

4. There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and/or the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

5. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Memorandum and Articles of Association, the instructions issued by the NHB and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a financial institution or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a financial institution or corporate entity in another jurisdiction.

6. You may be subject to Indian taxes arising out of capital gains.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax ("**STT**") has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and as result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is a resident. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction as a gain upon the sale of the Equity Shares. For more information, see the section entitled "*Taxation*" of this Placement Document.

7. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under

Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless the company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

8. There may be less information available about entities listed on Indian stock exchanges than entities listed on stock markets in other countries.

The Equity Shares will be publicly listed on the Stock Exchanges and will not be listed on any stock exchange in any other country other than India. While the SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters, there may be less publicly available information about Indian entities than is regularly made available by public entities in many other countries. As a result, you may have access to less information about our business, result of operations and financial condition, and those of our competitors listed on Indian stock exchanges, on an ongoing basis, than entities subject to the reporting requirements of other countries.

9. Currency exchange rate fluctuations may affect the value of the Equity Shares.

The exchange rate between the Rupee and other foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. If you purchase Rupees to purchase our Equity Shares, fluctuations in the exchange rate between the Rupee and the foreign currency with which you purchased the Rupees may affect the value of your investment in our Equity Shares, including, specifically, such foreign currency equivalent of:

- the Rupee trading price of our Equity Shares in India;
- the proceeds that you would receive upon the sale in India of any of our Equity Shares; and
- cash dividends, if any, on our Equity Shares, which will be paid only in Rupees.

For information on certain historical exchange rates between the Rupee and the U.S. Dollar, see the section entitled "*Exchange Rate Information"* of this Placement Document.

10. Applicants to the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

In terms of the SEBI Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of the Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

11. An investor will not be able to sell any of our Equity Shares purchased in the Issue other than on a recognized Indian stock exchange for a period of one year from the date of issue of such Equity Shares.

Pursuant to the SEBI Regulations, for a period of one year from the date of the allotment of our Equity Shares in the Issue, investors purchasing our Equity Shares in the Issue may only sell their shares on a recognized stock exchange in India and may not enter into any off-market trading in respect of their Equity Shares. We cannot

assure that these restrictions will not have an impact on the market price of any Equity Shares purchased by you.

12. Foreign investors are subject to foreign investment restriction under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI and such transaction is within the sectional cap prescribed for foreign investment. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under an exception, then the prior approval of the RBI or the FIPB will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

13. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.

We are subject to an index-based market-wide circuit breaker generally imposed by the SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity, among other things. As such, there can be no assurance that shareholders will be able to sell Equity Shares at their preferred price or at all at any particular point in time. For further details, please see the section entitled "*Securities Market of India*".

MARKET PRICE INFORMATION

The Equity Shares have been listed and are available for trading on the BSE and the NSE.

(i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded for financial years ended March 2012, March 2013 and March 2014:

BSE

Financial Year	High (₹)	Date of High	Total Volume on date of High (Number of Equity Shares traded on the date of high)	Total Volume of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (₹ million)	Average price for the year (₹)	Total Volume of Equity Shares traded in the Financial Years	
										In number	(₹ in million)
March 2012	288	April 20, 2011	38,118	10.77	171.1	December 13, 2011	141,728	30.42	223.64	12,605,284	2,943.50
March 2013	258.65	April, 13, 2012	4,194	1.05	142.25	July 27, 2012	92,733	13.69	188.03	12,688,438	2,366.02
March 2014	242.65	January 24, 2014	183,276	43.21	101.5	September 25, 2013	38,994	4.06	168.27	80,722,171	16,391.60

(Source: www.bseindia.com)

NSE

Financial Year	High (₹)	Date of High	Volume on date of High (Number of Equity Shares traded on the date of high)	Total Volume of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (₹ million)	Average price for the year (₹)	Total Volume of Equity Shares traded in the Financial Years	
										In number	(₹ in million)
March 2012	288	April 20, 2011	140,397	39.72	175.5	January 12, 2012	187,232	33.62	223.70	51,747,295	11,755.46
March 2013	258.4	April 13, 2012	217,565	53.23	143.45	July 27, 2012	699,903	103.84	187.91	55,646,049	10,171.57
March 2014	242.45	January 24, 2014	874,871	206.29	101.6	September 25, 2013	373,236	38.87	168.08	86,427,924	15,127.41

(Source: www.nseindia.com)

Notes:

1. *High based on maximum intraday high, low based on minimum intraday low and average prices are of the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been considered.*

(ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the BSE and NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month Year	High (₹)	Date of High	Volume on date of High (Number of Equity Shares trade on the date of high)	Total Volume of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (₹ million)	Average price for the month (₹)	Monthly Total Volume of Equity Shares traded	
										In number	(₹ in million)
January 2015	501.95	January 19, 2015	409,877	204.07	393.5	January 1, 2015	130,277	53.24	454.57	6,487,211	2950.88
December 2014	435.05	December 15, 2014	322,725	137.01	381	December 17, 2014	146,812	58.03	400.38	5,919,349	2396.48
November 2014	428.3	November 18, 2014	180,034	75.06	365	November 3, 2014	113,870	42.85	394.96	2,063,095	822.98
October 2014	377	October 27, 2014	90,877	33.09	307	October 17, 2014	43,335	13.61	339.08	1,352,039	470.18
September 2014	376	September 2, 2014	601,972	220.42	307.55	November 26, 2014	43,224	13.51	343.39	1,679,780	592.55
August 2014	368	August 22, 2014	55,918	20.30	323.2	August 13, 2014	73,814	24.41	346.99	1,032,876	361.17

(Source: www.bseindia.com)

NSE

Month Year	High (₹)	Date of High	Volume on date of High (Number of Equity Shares traded on the date of high)	Total Volume of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (₹ million)	Average price for the month (₹)	Monthly Total Volume of Equity Shares traded	
										In number	(₹ in million)
January 2015	502	January 19, 2015	2,821,303	1,402.13	393.4	January 1, 2015	1,089,820	444.72	454.67	37,093,234	16,845.23
December 2014	435.6	December 15, 2014	1,848,250	784.10	380.3	December 10, 2014	312,491	121.52	400.91	13,733,767	5,591.67
November 2014	427.9	November 18, 2014	1,021,176	426.13	364.5	November 3, 2014	1,517,759	569.56	395.27	16,481,246	6,539.56
October 2014	375.8	October 27, 2014	511,419	186.05	306	October 17, 2014	191,019	59.77	338.67	6,851,503	2,387.60
September 2014	376.4	September 2, 2014	447,164	165.59	306.8	September 26, 2014	210,077	65.64	343.51	7,830,552	2,728.09
August 2014	367.85	August 22, 2014	781,844	283.62	323	August 13, 2014	385,865	127.81	347.31	7,333,269	2,553.79

(Source: www.nseindia.com)

Notes:

1. *High based on maximum intraday high, low based on minimum intraday low and average prices are of the daily closing prices.*
2. *In case two days with the same high or low price, the date with the higher volume has been considered.*

(iii) The following table set forth the details of the number of Equity Shares traded and the volume of business transacted during the last six months and the Financial Years ending March 2012, March 2013 and March 2014 on the BSE and the NSE:

Period	Number of Equity Shares Traded		Volume of Business Transacted (In ₹ million)	
	BSE	NSE	BSE	NSE
Year ending 2012	12,605,284	51,747,295	2,943.50	11,755.46
Year ending 2013	12,688,438	55,646,049	2,366.02	10,171.57
Year ending 2014	80,722,171	86,603,804	16,391.60	15,166.02
August 2014	1,032,876	7,333,269	361.17	2,553.79
September 2014	1,679,780	7,830,552	592.55	2,728.09
October 2014	1,352,039	6,851,503	470.18	2,387.60
November 2014	2,063,095	16,481,246	822.98	6,539.56
December 2014	5,919,349	13,733,767	2,396.48	5,591.67
January 2015	6,487,211	37,093,234	2,950.88	16,845.23

(*Source: www.bseindia.com and www.nseindia.com*)

(iv) The following table sets forth the market price on the BSE and NSE on January 19, 2015, i.e., the first working day following the approval of the Board of Directors for the Issue:

BSE						NSE					
Open	High	Low	Close	Number of Equity Shares traded	Turnover (million)	Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹ million)
491	501.95	488	494.15	409,877	204.08	491	502	487.7	493.5	2,821,303	1402.13

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The total proceeds of the Issue will be ₹ 8,096.11 million. After deducting the Issue expenses of approximately ₹ 120.00 million, the net proceeds of the Issue will be approximately ₹ 7,976.11 million (the "**Net Proceeds**"**)**.

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds for purposes which include, augmenting long term resources, to enhance fund raising capacity to meet the growing business requirements of disbursement of housing loans and to meet the general business requirements of our Company.

As permissible under applicable laws, our management will have flexibility in deploying the proceeds received by our Company from the Issue. Pending utilization for the purposes described above, our Company intends to temporarily invest funds in creditworthy instruments, including money market mutual funds and deposits with banks and corporates. Such investments would be in accordance with the investment policies as approved by the Board of Directors from time to time.

Neither our Promoters nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALIZATION

The following table sets forth the capitalization of our Company as at December 31, 2014, derived from the Company's unaudited reviewed financial statements for the nine month period ended December 31, 2014, and as adjusted to give effect to the Issue. This table should be read in conjunction with the sections titled "**Summary Financial Information**", "**Risk Factors**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and other financial information contained in the "**Financial Information**" on pages 33, 45, 125 and 207 respectively of the Placement Document.

(₹in millions)

	As on December 2014 (₹ in Millions)	
	As of 31st December 2014	**As Adjusted for the Issue***
Short term debt:[2]	**38,115.50**	**38,115.50**
Secured	2,521.80	2,521.80
Unsecured	35,593.70	35,593.70
Long term debt:[3]	**359,156.60**	**359,156.60**
Secured	315,232.70	315,232.70
Unsecured	43,923.90	43,923.90
Current Maturities of Long Term Debt	**62,714.20**	**62,714.20**
Total debt (A)	**459,986.30**	**459,986.30**
Shareholders' funds:		
Share capital[1]	1,286.50	1,456.76
Securities premium	13,535.60	21,477.35
Reserves and surplus	23,459.20	23,459.20
Total shareholder's funds (B)	**38,281.30**	**46,393.31**
Total capitalization (A) + (B)	**498,267.60**	**506,379.61**

Note:

**As adjusted for the Issue.*

[1] Post December 31, 2014 and upto the date of this Placement Document, our Company has allotted 95,046 Equity Shares pursuant to conversion of 12,770 ESOPs under ESOP 2008 and 82,276 ESOPs under ESOP 2009 Plan II.

[2] Post December 31, 2014 upto February 23, 2015, our Company has availed of short term borrowings of ₹ 26,250.00 million.

[3] Post December 31, 2014 to February 23, 2015, our Company has availed of long term borrowings of ₹ 4,955.00 million.

CAPITAL STRUCTURE

Share capital of our Company as of December 31, 2014 is as follows:

(₹ in millions)

	Aggregate nominal value
Authorized Capital	
748,000,000 equity shares of ₹ 10 each	7,480.00
75,000,000 Redeemable non-convertible preference shares of ₹ 10 each	750.00
500,000 Redeemable non-convertible preference shares of ₹ 100 each	50.00
Issued subscribed and paid-up share capital prior to the Issue	
128,650,594 Equity Shares*	1,286.51
Present Issue being offered to the equity shareholders through this Placement Document	
16,931,102 Equity Shares at a premium of ₹ 468.18, i.e. at a price per one Equity Share of ₹ 478.18	169.31
Paid-up share capital after the Issue	
145,676,742 Equity Shares	1,456,77
Securities premium account	
Existing securities premium account	13,535.6
Securities premium account after the Issue	21,477.35

**Post December 31, 2014, our Company has allotted 95,046 Equity Shares pursuant to conversion of 12,770 ESOPs under ESOP 2008 and 82,276 ESOPs under ESOP 2009 Plan II.*

(a) As at December 31, 2014, our Promoter and Promoter Group, held 39.57 % of the pre-Issue share capital of our Company. We presently comply with the provisions relating to minimum public shareholding as required pursuant to the Equity Listing Agreements.

(b) The Issue has been authorized by the Board on January 16, 2015 and the Shareholders pursuant to a special resolution dated February 23, 2015, passed by means of postal ballot.

- **Share capital history of our Company**

The history of the share capital of our Company since inception is as follows:

Date of Issue/ Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative Number of Equity Shares	Cumulative paid-up capital (₹)	Nature of Consideration
April 05, 1984	700	10	10.00	700	7,000	Cash
February 11, 1985	2,499,300	10	10.00	2,500,000	25,000,000	Cash[1]
December 05, 1987	(77,900)	10	-	2,422,100	24,221,000	NA[2]
June 29, 1990	550,000	10	10.00	2,972,100	29,721,000	Cash
February 01, 1992	18,600	10	10.00	2,990,700	29,907,000	Cash
April 29, 1992	6,042,425	10	10.00	9,033,125	90,331,250	Cash[3]
July 22, 1994	4,000,000	10	15.00	13,033,125	130,331,250	Cash
July 22, 1994	6,000,000	10	38.50	19,033,125	190,331,250	Cash
September 22, 1994	9,033,125	10	15.00	28,066,250	280,662,500	Cash[4]
January 19, 2000	(47,332)	10	-	28,018,918	280,189,180	NA[5]
March 25, 2000	47,332	10	25.00	28,066,250	280,662,500	Cash
August 19, 2000	7,728,906	10	20.00	35,795,156	357,951,560	Cash
February 08, 2005	14,318,063	10	35.00	50,113,219	501,132,190	Cash
March 02, 2006	9,300	10	46.00	50,122,519	501,225,190	Cash
August 16, 2007	7,065,456	10	75.00	57,187,975	571,879,750	Cash[6]
August 16, 2007	3,335,000	10	75.00	60,522,975	605,229,750	Cash[7]
July 07, 2009	16,012,231	10	141.00	76,535,206	765,352,060	Cash
July 16, 2009	5,350,000	10	141.00	81,885,206	818,852,060	Cash
August 11, 2009	74,118	10	53.65	81,959,324	819,593,240	Cash*
September 15, 2009	26,704	10	53.65	81,986,028	819,860,280	Cash*
November 25, 2009	17,134	10	53.65	82,003,162	820,031,620	Cash*
January 27, 2010	23,382	10	53.65	82,026,544	820,265,440	Cash*
May 03, 2010	37,730	10	53.65	82,064,274	820,642,740	Cash*
June 02, 2010	16,869,095	10	222.30	98,933,369	989,333,690	Cash
June 12, 2010	4,000,000	10	222.30	102,933,369	1,029,333,690	Cash
June 12, 2010	10,00,000	10	222.30	103,933,369	1,039,333,690	Cash

Date of Issue/ Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative Number of Equity Shares	Cumulative paid-up capital (₹)	Nature of Consideration
June 12, 2010	71,798	10	53.65	104,005,167	1,040,051,670	Cash*
August 10, 2010	122,808	10	53.65	104,127,975	1,041,27,9,750	Cash*
October 26, 2010	23,494	10	53.65	104,151,469	1,041,514,690	Cash*
December 13, 2010	25,346	10	53.65	104,176,815	1,041,768,150	Cash*
December 13, 2010	182,326	10	141.00	104,359,141	1,043,591,410	Cash#
January 11, 2011	10,754	10	53.65	104,369,895	1,043,698,950	Cash*
January 11, 2011	56,507	10	141.00	104,426,402	1,044,264,020	Cash#
April 12, 2011	43,594	10	53.65	104,469,996	1,044,699,960	Cash*
April 12, 2011	19,814	10	141.00	104,489,810	1,044,868,100	Cash#
June 04, 2011	148,438	10	53.65	104,638,248	1,046,382,480	Cash*
June 04, 2011	20,836	10	141.00	104,659,084	1,046,590,840	Cash#
June 14, 2011	51,374	10	53.65	104,710,458	1,047,104,580	Cash*
June 14, 2011	12,476	10	141.00	104,722,934	1,047,229,340	Cash#
August 12, 2011	22,892	10	53.65	104,745,826	1,047,458,260	Cash*
December 12, 2011	26,486	10	53.65	104,772,312	1,047,723,120	Cash*
December 12, 2011	1,10,967	10	141.00	104,883,279	1,048,832,790	Cash#
February 1, 2012	8,480	10	53.65	104,891,759	1,048,917,590	Cash*
February 1, 2012	38,349	10	141.00	104,930,108	1,049,301,080	Cash#
February 29, 2012	11,909,873	10	255.50	116,839,981	1,168,399,810	Cash
June 06, 2012	184,850	10	53.65	117,024,831	1,170,248,310	Cash*
June 06, 2012	52,551	10	141.00	117,077,382	1,170,773,820	Cash#
November 22, 2012	49,150	10	53.65	117,126,532	1,171,265,320	Cash*
November 22, 2012	46,196	10	141.00	117,172,728	1,171,727,280	Cash#
December 14, 2012	22,094	10	53.65	117,194,822	1,171,948,220	Cash*
December 14, 2012	125,987	10	141.00	117,320,809	1,173,208,090	Cash#
March 20, 2013	10,886,375	10	-	128,207,184	1,282,071,840	Other than cash[8]
March 28, 2013	11,525	10	141.00	128,218,709	1,282,187,090	Cash#
June 17, 2013	76,066	10	53.65	128,294,775	1,282,947,750	Cash*
June 17, 2013	31,492	10	141.00	128,326,267	1,283,262,670	Cash#
February 05, 2014	5,392	10	53.65	128,331,659	1,283,316,590	Cash*
February 05, 2014	88,581	10	141.00	128,420,240	1,284,202,400	Cash#
May 12, 2014	24,324	10	53.65	128,444,564	1,284,445,640	Cash*
May 12, 2014	49,442	10	141.00	128,494,006	1,284,940,060	Cash#
May 28, 2014	112,674	10	141.00	128,606,680	1,286,066,800	Cash#
August 14, 2014	12,518	10	53.65	128,619,198	1,286,191,980	Cash*
August 14, 2014	31,396	10	141.00	128,650,594	1,286,505,940	Cash#
February 02, 2015	12,770	10	53.65	128,663,364	1,286,633,640	Cash*
February 02, 2015	82,276	10	141.00	128,745,640	1,287,456,400	Cash#

1. *Initial Public Offering of Equity Shares.*
2. *Forfeiture of Equity Shares for non-payment of call money.*
3. *Rights Issue of Equity Shares.*
4. *Rights Issue of Equity Shares.*
5. *Forfeiture of Equity Shares for non-payment of call money.*
6. *Allotment pursuant to conversion of optionally convertible preference shares into Equity Shares.*
7. *Allotment pursuant to conversion of warrants into Equity Shares.*
8. *Equity Shares allotted pursuant to amalgamation of First Blue Home Finance Ltd with our Company*.

* *Equity Shares allotted pursuant to ESOP 2008.*

\# *Equity Shares allotted pursuant to ESOP 2009 Plan II.*

DIVIDEND POLICY

The declaration and payment of dividends by our Company is governed by the applicable provisions of the Companies Act, 2013 and our Memorandum and Articles of Association. Under the Companies Act, 2013, the board of directors of a company recommends the payment of dividend and the shareholders approve of the same at a general meeting. The Articles of Association grant discretion to the Board to declare and pay interim dividends as it may think fit.

The table below sets forth the details of the dividends declared by our Company on its Equity Shares during the last three financial years:

Financial Year ended	Dividend per Equity Share (₹)	Amount of dividend declared exclusive of tax (₹ in million)	Tax on total dividend paid (₹ in million)	Dividend Payout Ratio (including dividend distribution tax) (%)
March 31, 2014	8.00*#	1,027.5	174.5	22.74
March 31, 2013	5.00*	619.7	100.5	15.97
March 31, 2012	3.50	409.77	65.1	15.50

** Includes payment of interim dividend*

 # Includes payment of interim dividend and one-time special dividend of ₹3 per share to mark the 30th Anniversary.

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. The declaration of dividends are dependent on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company. Our Company has no formal dividend policy. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

Dividends are payable within 30 days from the date of its declaration. Any shareholder who ceases to be a shareholder prior to the record date for the general meeting of the shareholders or who becomes a shareholder after the record date for the general meeting of the shareholders will not be entitled to the dividend declared by our Company.

INDUSTRY OVERVIEW

The information in this section has been extracted from publicly available documents, including officially prepared materials from the Government of India and its various ministries, trade, industry or general publications and other third party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, or any of the Book Running Lead Managers or any of their advisors, and should not be relied on as if it had been so verified.

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Overview of the Indian Economy

GDP and Disposable Income

The Indian economy is one of the largest economies in the world, with a GDP at current price of an estimated ₹ 105.4 trillion for the fiscal year 2013-2014. *(Source: CIA Factbook)* Despite the global financial crisis in late 2008, India continued to show one of the highest annual real GDP growth in the world. *(Source: the International Monetary Fund's World Economic Outlook as of October 2014)* The following table represents a comparison by calendar year of real GDP growth rates of certain countries:

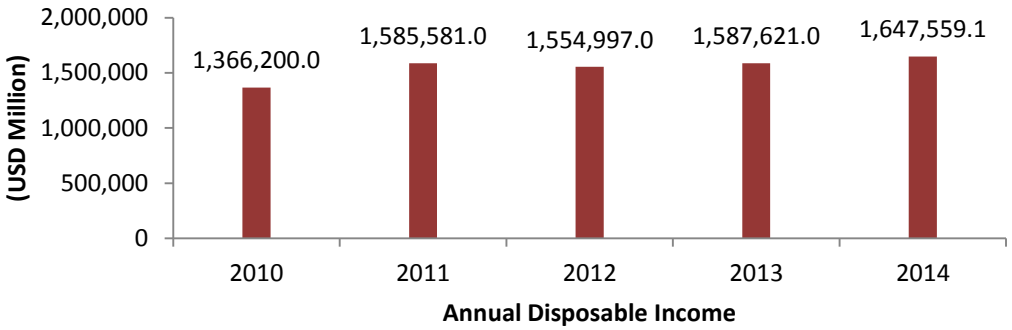
(%)

Country	2009	2010	2011	2012	2013	2014P	2015P	2019P
Australia	1.5	2.2	2.6	3.6	2.3	2.8	2.9	3.0
Brazil	(0.3)	7.5	2.7	1.0	2.5	0.3	1.4	3.0
China	9.2	10.4	9.3	7.7	7.7	7.4	7.1	6.3
India	**8.5**	**10.3**	**6.6**	**4.7**	**5.0**	**5.6**	**6.4**	**6.7**
Japan	(5.5)	4.7	(0.5)	1.5	1.5	0.9	0.8	1.0
Russian Fed.	(7.8)	4.5	4.3	3.4	1.3	0.2	0.5	2.0
UK	(5.2)	1.7	1.1	0.3	1.7	3.2	2.7	2.4
USA	(2.8)	2.5	1.6	2.3	2.2	2.2	3.1	2.6

Note: Years refer to calendar years; data for 2014, 2015 and 2019 are projections
(Source: the International Monetary Fund's World Economic Outlook as of October 2014)

Despite an overall slowdown in India's rate of GDP growth since 2010, per capita GDP in India has nevertheless grown from estimated US$3,800 in 2011 to an estimated US$4,000 for the year of 2013. *(Source: CIA Factbook)* The increase in per capita income has created increasing wealth and positively affected disposable incomes. This has had a significant investment multiplier effect on the economy leading to increasing consumerism and wealth creation and thus positively impacting savings.

India's aggregate annual disposable income has been on the rise in recent years. The following graph illustrates the growth of India's aggregate annual disposable income from 2010 to 2014:

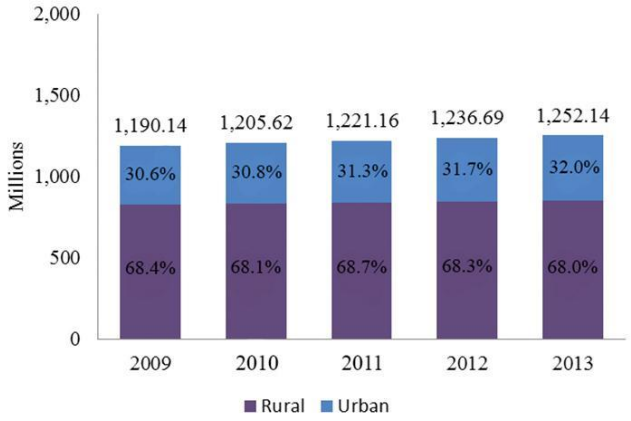


(Source: Euromonitor International India Country Factfile (www.euromonitor.com/india/country-factfile))

Investors' perceptions of India improved in early 2014, due to a reduction of the current account deficit and expectations of post-election economic reform, resulting in a surge of inbound capital flows and stabilization of the rupee. *(Source: CIA Factbook)* The Reserve Bank of India expects a moderate-paced recovery in the year 2014-2015. Despite real GDP growth for the two previous years being at or below 5%, real GDP growth is expected to be around 5.5% in the year 2014-15. A recovery in real GDP growth would essentially come from an improvement in the investment climate as a result of better governance, transparent, effective and efficient regulatory and legal regimes, improvement in technical efficiency, institutional improvements, improved labor mobility and other reforms. *(Source: RBI's Annual Report 2013-2014)* The outlook for India's long-term growth is moderately positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. *(Source: CIA Factbook)*

Population

India had an estimated population of 1.252 billion in 2013, according to the World Bank. Approximately 68.0% and 32.0% of the entire population in India in 2013 lived in rural and urban areas, respectively. India has a young population. The median age of its population is only 27 years as of the year 2014. *(Source: CIA Factbook)* The following graph sets out the breakdown of India's population between rural and urban areas for the years 2009 to 2013:



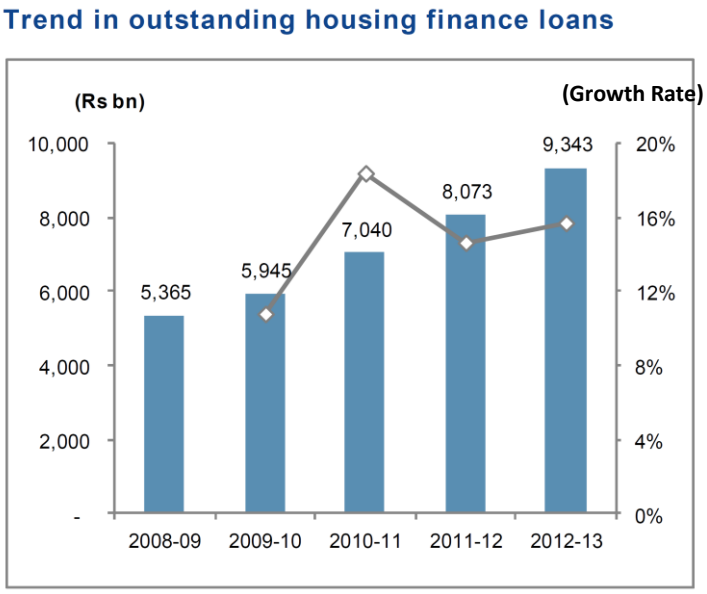
(Source: World Bank data files)

Indian Housing Finance Industry

Overview

The housing finance industry in India is growing fast and is served by multiple institutions that cater to people in diverse geographies and across income spreads. Mortgage lending has significantly contributed to the growth in housing construction and housing consumption activities. The outstanding housing finance loans in India has increased from approximately ₹ 5,365 billion in the year 2008-2009 to approximately ₹ 9,343 billion in the year 2012-2013. *(Source: CRISIL Research, NBFCs in India, March 2014)*

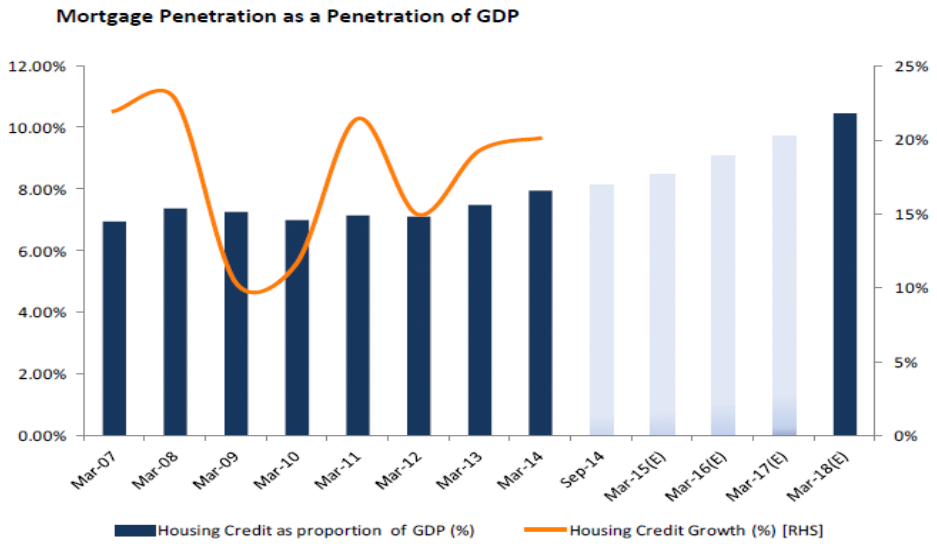
The following graph illustrates the growth of India's outstanding housing finance loans from the year 2008-2009 to the year 2012-2013:



Note: Data includes banks, NBFCs and HFCs, retail and non-retail loans.
(Source: CRISIL Research, NBFCs in India, March 2014)

Outstanding housing finance loans grew substantially from ₹ 5,945 billion in the year 2009-2010 to ₹ 7,040 billion in the year 2010-2011, largely due to the introduction of innovative schemes such as "dual-rate" by financiers in the year 2009-2010, which was well-received by prospective property buyers. While restrictions was subsequently imposed by regulators on such products, the growth in total outstanding loans moderated to 15% in the year 2011-2012 from 18% in the year 2010-2011.

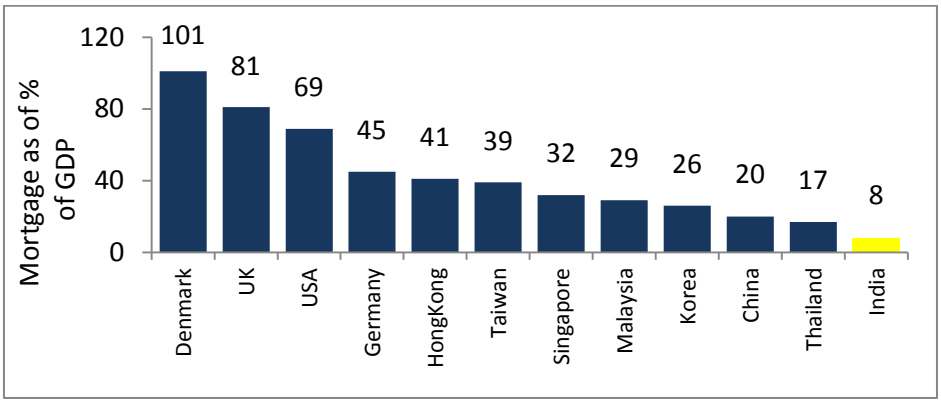
Despite the strong growth in outstanding housing loans in India in recent years, India's housing finance sector remains underpenetrated in comparison to other advanced economies, evidenced by its low mortgage-to-GDP ratio. As of March 2014, India's mortgage-to-GDP ratio remained at approximately 8%. The following graph illustrates the mortgage-to-GDP ratio in India from March 2007 to March 2018:



(Source: ICRA Research Services, Indian Mortgage Finance Market, Updated for H1, 2014-15)

India's mortgage-to-GDP ratio is significantly lower than the levels achieved in most of the advanced economies where the mortgage markets average roughly around 60% of GDP. Some advanced economies (for

example, Denmark) have mortgage markets that are close to 100% of GDP, while others (such as Australia, New Zealand and the United States) average around 80%. *(Source: NHB, Report on Trend and Progress of Housing in India 2013)* The following graph shows mortgage-to-GDP ratio for certain countries in the year 2012:



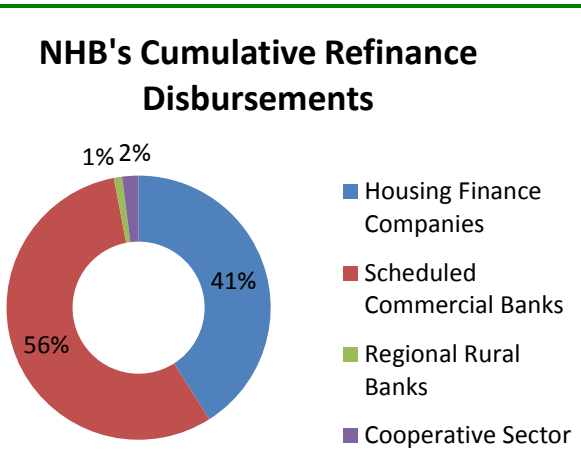
(Source*: NHB, Report on Trend and Progress of Housing in India 2013)*

National Housing Bank

National Housing Bank ("NHB") was established under an Act of Parliament (NHB Act) in 1988 to operate as a principal agency and statutory body to promote housing finance institutions and to provide financial and other support to such institutions. NHB is wholly-owned by the Reserve Bank of India. One of the prime objectives of the Bank is to establish and promote a sound and stable housing financial system in India. Under the provision of the NHB Act, NHB regulates housing finance companies ("HFCs") conducting business in India.

Through its refinance schemes, NHB has made cumulative disbursements (from its inception til June 30, 2013) of ₹ 1,026,286.1 million. The following table and graph illustrate the cumulative disbursements of NHB, by breakdown of categories of recipient institutions, from inception up to June 30, 2013:

Institutions	Amount (₹ Million)	% of Total
Housing Finance Companies	419,360.2	40.86
Scheduled Commercial Banks	570,252.5	55.57
Regional Rural Banks	11,421.6	01.11
Cooperative Sector	25,251.8	02.46
Total	**1,021,286.1**	**100.00**



(Source: NHB, Report on Trend and Progress of Housing in India 2013)

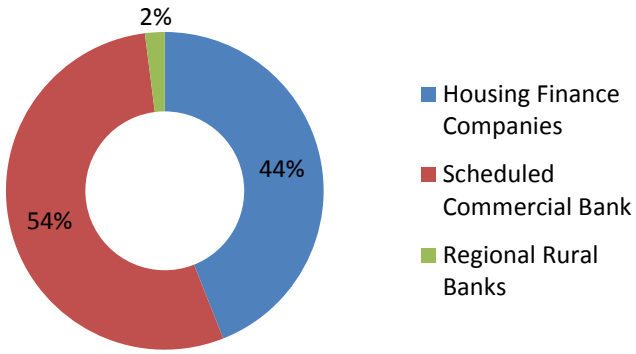
During the year 2012-2013, refinance disbursements reached a peak of ₹ 175,416.4 million, recording an increase of 22% from ₹ 143,899.1 million in the year 2011-2012. The following table and graph sets out the refinance disbursements of NHB, by breakdown of categories of recipient institutions, in the year 2011-2012 and the year 2012-2013:

(in ₹Million)

Institution	Disbursements	
	2011-12	2012-13
Housing Finance Companies	53,021.3	76,935.1
Scheduled Commercial Banks	88,514.2	94,593.3
Regional Rural Banks	1,430.4	3,888.0
Cooperative Sector	933.2	0.0
Total	**143,898.1**	**175,416.4**

(Source: NHB, Report on Trend and Progress of Housing in India 2013)

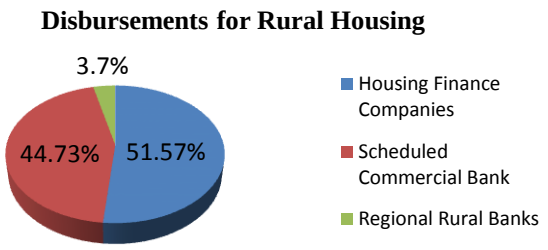
The following chart illustrates the breakdown of refinance disbursements by NHB, by categories of recipient institutions, in the year 2012-2013:



(Source: NHB, Report on Trend and Progress of Housing in India 2013)

Out of the total refinance disbursements by NHB of ₹ 175,416.4 million in the year 2012-2013, approximately 44% of which (i.e. ₹ 77,176.0 million) were made for rural housing loans. The following table and graph illustrates the refinance disbursements of NHB for rural housings, by breakdown of categories of recipient institutions, in the year 2012-2013:

Institution Category	Amount (₹ Million)	% of Total
Housing Finance Companies	39,801.2	51.57
Scheduled Commercial Banks	34,520.3	44.73
Regional Rural Banks	2,854.5	3.70
Total	**77,176.0**	**100.00**



(Source: NHB, Report on Trend and Progress of Housing in India 2013)

Housing Finance Companies

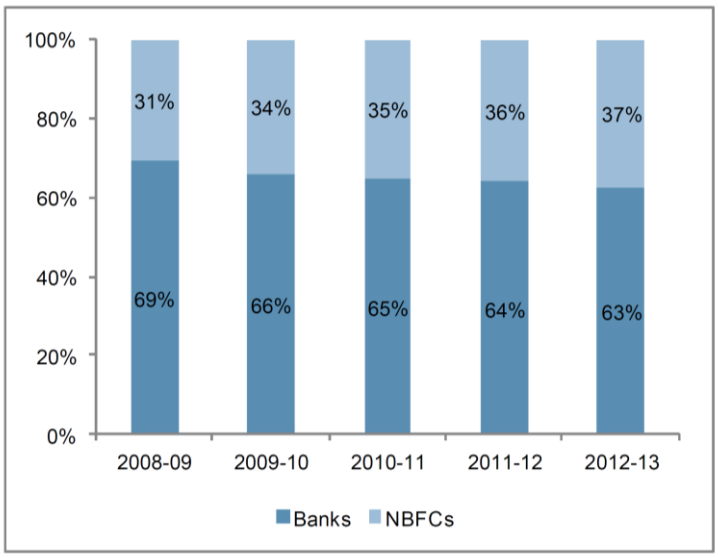
The Indian financial system includes banks and non-bank financial companies ("NBFCs"). NBFCs over the years have played a vital role in the Indian economy. They have been at the forefront of catering to the financial needs of the unbankable masses in the rural and semi-urban areas, through their strong linkage to these segments. As of March 2013, NBFCs accounted for almost 16% of the ₹ 62 trillion overall systemic credits in India. CRISIL expects that NBFCs' market share will maintain at approximately 16% for the year 2014-2015. *(Source: CRISIL Research, NBFCs in India, March 2014)*

In respect of the housing finance market in India, the scheduled commercial banks hold more than 60% of the share in this market. The share of banks can be attributed to extensive network, broad customer base and access to stable low-cost funds. Over the years, however, HFCs, as a category of NBFCs, have gained market share at the expense of banks and are one of the major players in the mortgage market in India. HFCs are specialized

lending institutions for housing registered with the NHB. Despite banks showing healthy growth in their lending portfolio, HFCs are able to gain market share due to their strong origination skills, focused approach, niche marketing, customer service orientation and diverse channels of sourcing business. Some HFCs have built strong brands over the years. CRISIL expects that HFCs will maintain a robust position in the Indian housing finance market in the near future.

As on June 30, 2013, there were 57 HFCs registered with the NHB in India. They had a network of 2,065 branches and other officers spread across the country. *(Source: NHB, Report on Trend and Progress of Housing in India 2013)* In addition, few HFCs had their representative offices for liaison work aboard. The following growth illustrates the market share of NBFCs in India's housing finance industry from the year 2008-2009 to the year 2012-2013:

Share of NBFCs in Housing Finance Market Increasing Gradually

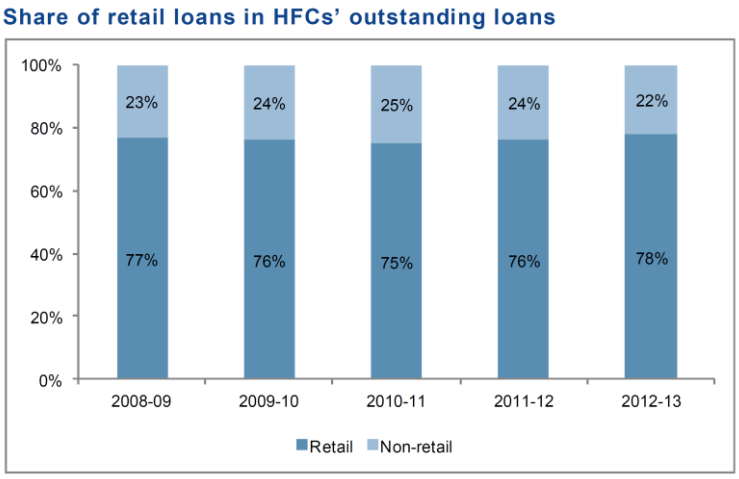


(Source: CRISIL Research, NBFCs in India, March 2014)

Product Segments

Generally, HFCs' housing loans can be categorized into two segments: retail housing loans and non-retail housing loans. Retail housing loans represent housing loans to individuals, which is the focus of HFC. Non-retail housing loans include construction finance, corporate loans, loan against movable property and lease rental discounting. HFCs' retail housing loans amounted to approximately 78% of their total outstanding housing loans in the year 2012-2013. CRISIL expects that the retail segment will outperform the non-retail segment in term of growth in the year 2014-2015, with the proportion of retail housing loans amounting to approximately 80% by the year 2014-2015.

The following graph shows the composition of housing loans of HFCs from the year 2008-2009 to the year 2012-2013:



(Source: CRISIL Research, NBFCs in India, March 2014)

The share of HFCs in the total retail housing loans portfolio in India has been increasing over the last few years. The share of HFCs' retail housing loans increased from 44% in the year 2011-2012 to 46% in the year 2012-2013. The following graph sets out the market share of HFCs' retail housing loans from the year 2009-2010 to the year 2012-2013:

(Source: NHB, Report on Trend and Progress of Housing in India 2013)

Among the retail housing loans portfolio in the year 2012-2013, approximately 72% of the loans were for construction or buying new houses, 2% were for upgrades and repairs of existing houses, and the remaining 25% were for acquisition of old or existing houses (resale transactions). The data demonstrates that new assets creation were the main activity financed by housing loans disbursed by HFCs. The following table sets out the disbursements of housing loans by HFCs, by purposes of the housing loans, for the year 2011-2012 and the year 2012-2013:

(₹Millions)

Purposes	2012	% to Total	2013	% to Total
New houses	486,660	71.4%	670,720	72.4%
Upgrades and repairs	17,850	2.6%	21,850	2.4%
Old/existing houses	177,600	26.0%	233,310	25.5%
Total	**682,210**	**100.0%**	**925,890**	**100.0%**

(Source: NHB, Report on Trend and Progress of Housing in India 2013)

Out of the total housing loan disbursements of ₹ 925,890 million in the year 2012-2013, approximately ₹ 25,310

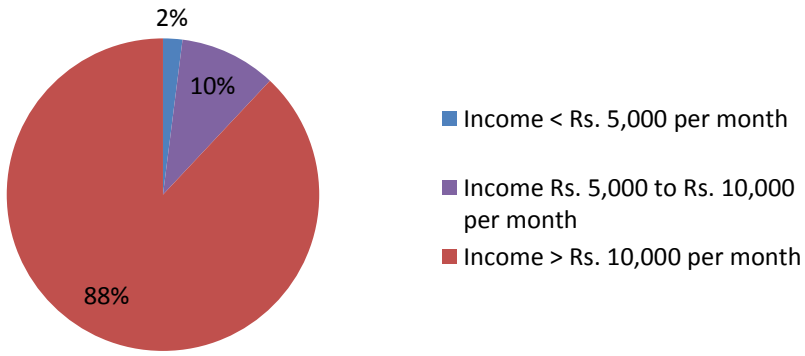
million were disbursed towards individual loan up to ₹ 500,000, which contributed to 2.73% of the total. Among these small ticket size loans, approximately 88% were disbursed to category of borrowers having income per month of more than ₹ 10,000 per month. The following table sets out the breakdown of small ticket size loans by size of loans and by monthly income of borrowers in the year 2012-2013:

(₹Millions)

	Income < ₹ 5,000 per month		**Income ₹ 5,000 to 10,000 per month**		**Income > ₹ 10,000 per month**		**Total**	
Size of Loan	***Amount***	***% to Total***	***Amount***	***% to Total***	***Amount***	***% to Total***	***Amount***	***% to Total***
Up to ₹ 300,000	270	57.5%	2,150	83.7%	6,420	28.8%	8,840	34.9%
> ₹ 300,000 and up to ₹ 500,000	200	42.5%	420	16.3%	15,840	71.2%	16,470	65.1%
Total	**470**	**100.0%**	**2,570**	**100.0%**	**22,260**	**100.0%**	**25,310**	**100.0%**

(Source: NHB, Report on Trend and Progress of Housing in India 2013)

The following chart illustrates the breakdown of small ticket size loans (namely, loans up to ₹ 500,000 each), by category of borrowers, for the year 2012-2013:



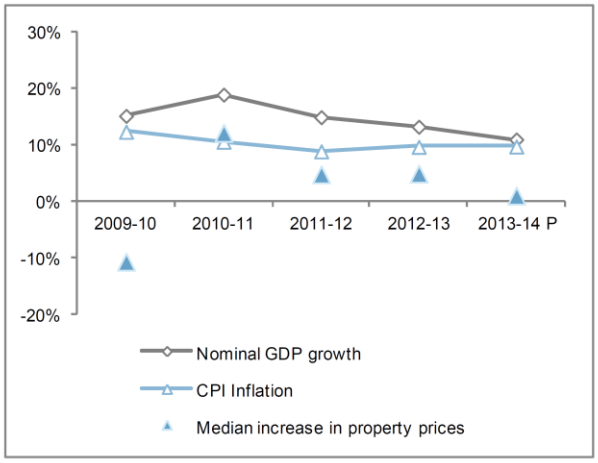
(Source: NHB, Report on Trend and Progress of Housing in India 2013)

Geographic Segments

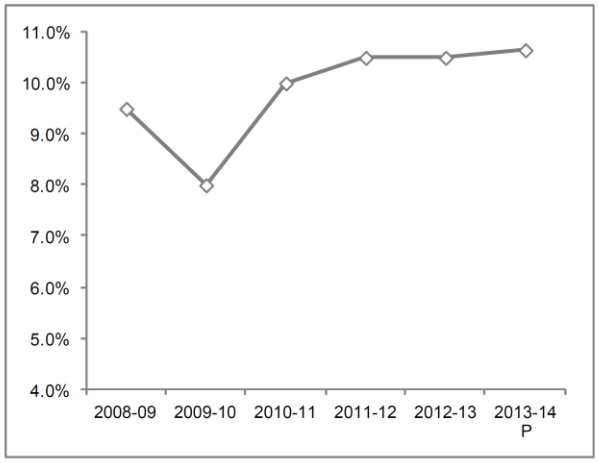
Tier-I Cities

In the recent years, slower economic growth along with high costs (due to rising inflation, property prices and housing loan interest rates) have impacted the demand for real estate in India, particularly in tier-1 cities. The affordability of real estate in India, as measured by the gap between the median increase in property prices and growth in income, has narrowed over the past few years. Home loan interest rates had stayed elevated for the past few years.

Declining income growth and higher costs impacting affordability



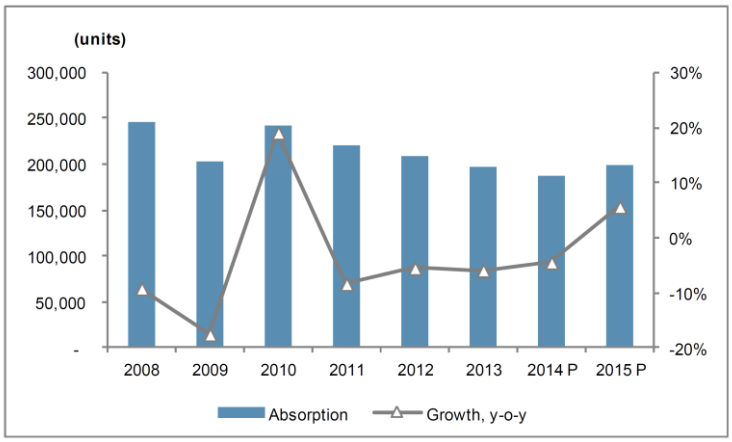
Indicative home loan interest rates



(Source: CRISIL Research, NBFCs in India, March 2014)

Property sales in tier-1 cities have witnessed slowdown in the recent years. The following graph illustrates the trend in property sales from the calendar year 2008 to the calendar year 2015:

Larger cities to continue to witness lower sales

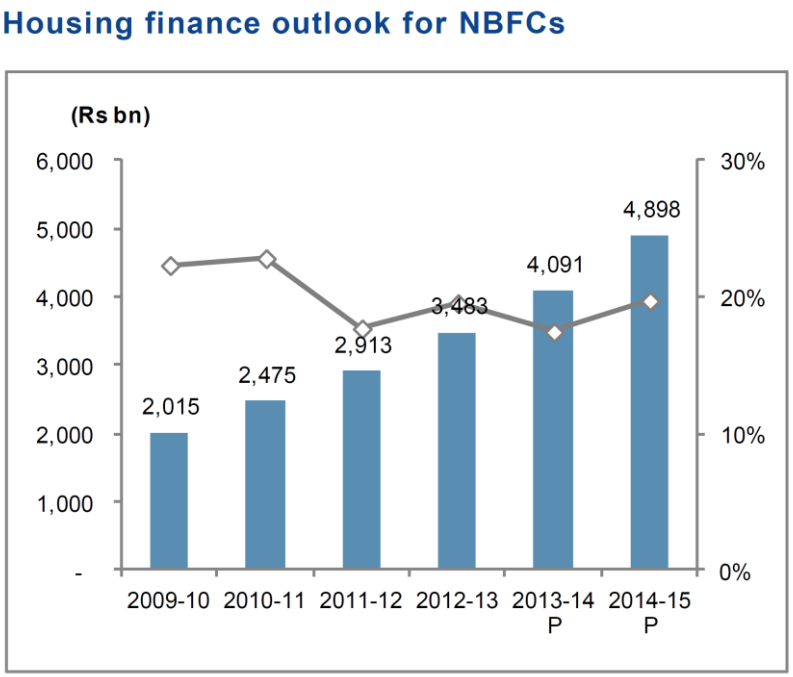


Note: Data for 2014 and 2015 is projected
(Source: CRISIL Research, NBFCs in India, March 2014)

Tier-II and Tier-III Cities

Despite increase in residential property prices in recent years, demand for individual home loans remained robust in tier-II and tier-III cities. With capital values remaining at unaffordable levels in tier-I cities and metros, tier-II and tier-III cities have emerged as new avenues for growth. Employment opportunities, affordable property prices and availability of finance have been encouraging an increasing number of people to migrate from smaller towns and rural areas to tier-II and tier-III cities.

With strong presence in tier-II and tier-III cities and superior client servicing resulting in quicker turnaround time, HFCs are expected to witness faster growth than banks in these segments. HFCs have shown strong growth in disbursements in non-metro cities, including Bhopal, Indore, Lucknow, Kanpur, Baroda, Surat, Pune, Jaipur, Vijaywada, Bangalore, Chennai and Coimbatore. Strong growth in these segments is expected to contribute to the growth in NBFCs' disbursements in the near future. The following graph illustrates the growth trend in NBFCs' disbursements from the year 2009-2010 to the year 2014-2015:



(Source: CRISIL Research, NBFCs in India, March 2014)

Profitability

Key Financial Indicators

The key financial indicators of all HFCs as at March 31, 2011, 2012 and 2013 are set out below:

(₹Millions)

Particulars	2011	2012	Growth %	2013	Growth %
Paid up Capital	51,680	54,030	4.55	55,410	2.55
Free Reserves	296,580	346,580	16.86	480,190	38.55
Net Owned Fund (NOF)	327,310	371,030	13.36	510,270	37.53
Public Deposits	286,940	354,760	23.64	441,790	24.53
Outstanding Housing Loans	1,864,380	2,222,250	19.20	1,904,270	30.69
Outstanding Total Loans	2,477,810	3,016,810	21.75	3,902,170	29.35
GNPA as Percentage of Total Loans	1.33	1.23	-	1.11	-
NNPA as Percentage of Total Loans	0.53	0.48	-	0.45	-

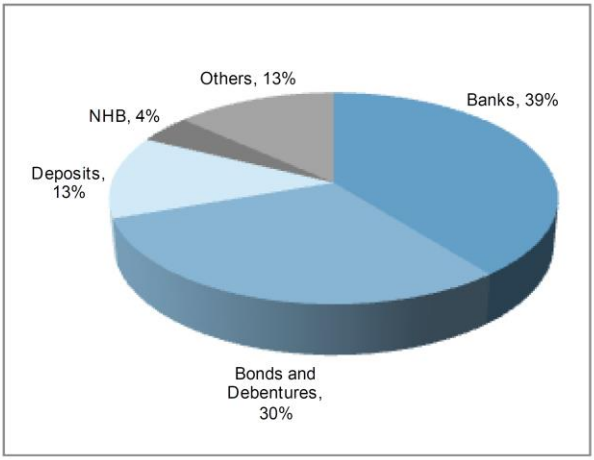
(Source: NHB, Report on Trend and Progress of Housing in India 2013)

Sources of Fund

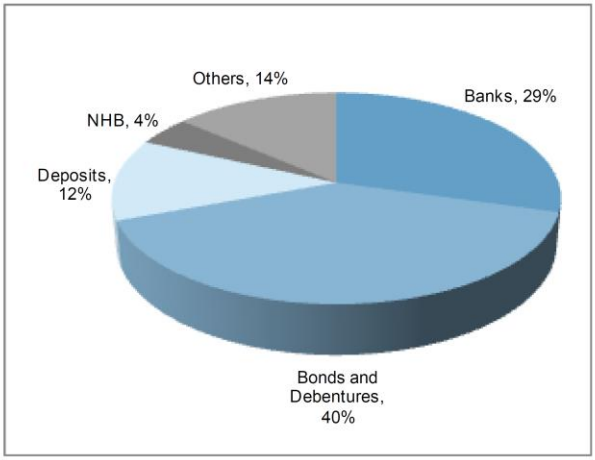
Besides their owned funds (i.e. paid-up capital and Net Owned Fund), HFCs were primarily dependent on loans and debentures from banks and financial institutions. Generally, HFCs have a well-diversified and stable resource base, comprising of fixed deposits, bank borrowings, debentures, bonds and foreign currency borrowings. This flexibility allows HFCs to manage costs more effectively.

Banks have traditionally been a dominant source of funding for housing finance companies as lending to HFCs qualifies for priority sector lending, subject to certain conditions. Recently, high base rate of banks resulting in higher costs of bank borrowings has driven HFCs to focus on market borrowings. The proportion of bank borrowings thus declined from approximately 39% for the year 2010-2011 to approximately 29% for the year 2012-2013, while market borrowings in the form of bonds and debentures increased from approximately 30% to approximately 40% during the same period.

Composition of borrowings by HFCs (2010-11)



Composition of borrowings by HFCs (2012-13)



(Source: CRISIL Research, NBFCs in India, March 2014)

CRISIL Research expects the availability of funds for HFCs will improve as a number of measures have been taken or announced by the Indian government and the RBI to ensure adequate funding. Anticipated easing in monetary policy measures is expected to lead to a marginal decline in the cost of funds for banks and NBFCs.

Assets Profile

Assets profile of HFCs mainly comprises of housing loans, other loans and advances and investments. As at March 31, 2013, total assets of all HFCs amounted to ₹ 4,173,930 million. In the year 2012-2013, housing loans comprised around 70% of the total assets portfolio of HFCs, with an annual growth rate of 31% from the year 2011-2012. The following table sets out the assets profiles of HFCs, by type of assets, as at March 31, 2011, 2012 and 2013:

(₹Millions)

Particulars	2011	2012	Growth %	2013	Growth %
Housing Loans	1,864,380	2,222,250	19.19	2,904,270	30.69
Other Loans & Advances	613,430	794,560	29.53	997,900	25.59
Investments	235,430	263,970	12.12	271,760	2.95
Total	2,713,250	3,280,780	20.92	4,173,930	27.22

(Source: NHB, Report on Trend and Progress of Housing in India 2013)

Capital Adequacy and ROAs

CRISIL Research expects the net spread for HFCs to be in the range of 1.2% to 1.3% in the near future, as the decline in cost of funds will more than offset any fall in yields during the year. The following table sets forth the profitability of HFCs for the year 2011-2012 to the year 2014-2015:

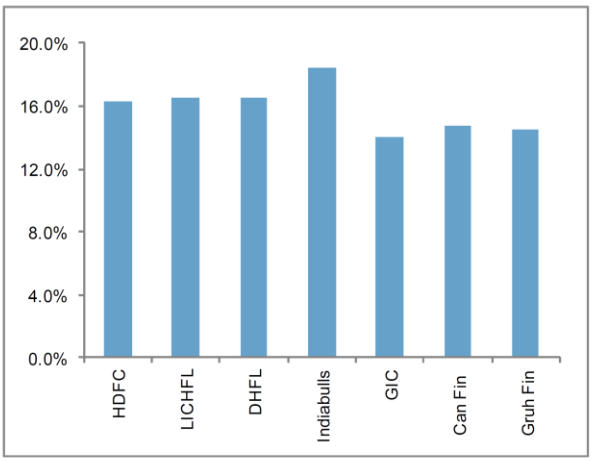
Profitability of housing finance companies

	2011-12	2012-13	2013-14 P	2014-15 P
Yield on funds deployed	10.7%	11.3%	11.5%	11.2%
Cost of funds	9.0%	9.6%	10.0%	9.6%
Gross spread	**1.8%**	**1.6%**	**1.5%**	**1.7%**
Operating expenses	0.6%	0.6%	0.5%	0.5%
Fee income	0.4%	0.3%	0.3%	0.3%
Credit costs	0.1%	0.1%	0.1%	0.1%
Net profit margin	**1.5%**	**1.3%**	**1.2%**	**1.3%**

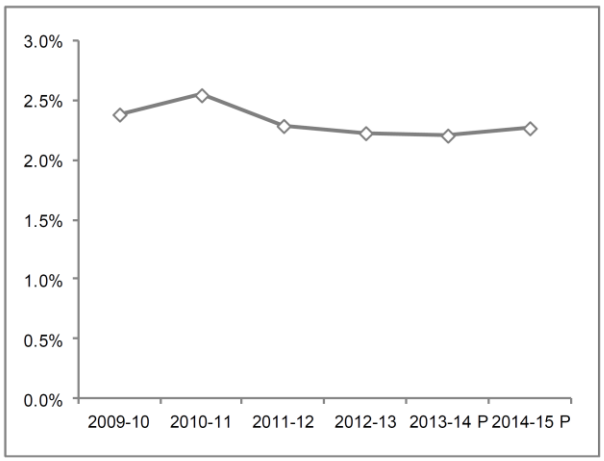
Note: Data for the year 2013-2014 and the year 2014-2015 is projected.
(Source: CRISIL Research, NBFCs in India, March 2014)

The financial profile of HFCs remains sound, marked by good capitalization and returns. The capital adequacy of major HFCs is well above the regulatory requirement of 12%. This along with healthy return on asset ratios is expected to support HFC's business expansion in the long run.

Capital adequacy (2012-13)



Return on assets

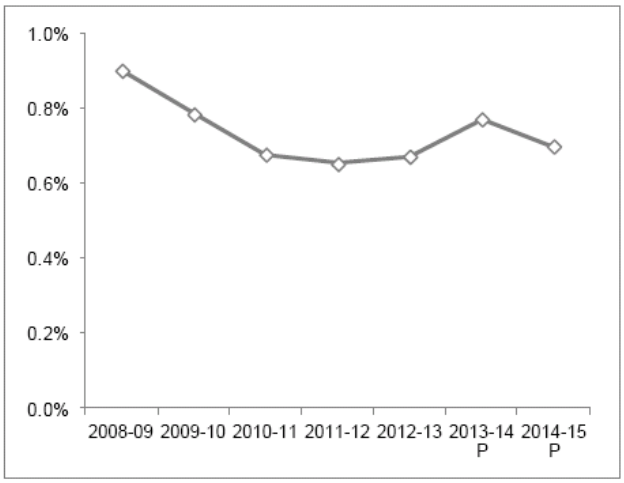


Note: Data for the year 2014-2015 is projected.
(Source: CRISIL Research, NBFCs in India, March 2014)

Better Underlying Asset Quality

In India, mortgage demand is primarily dominated by first-time home buyers, instead of speculative investors. Given the risk adverse nature of these first-time home buyers, the likeliness of default on these home loans is low, enabling HFCs to maintain a low non-performing assets (NPA) level. The robust asset quality of HFCs can also be further attributed to their strong risk management systems and efficient credit approval mechanisms. The gross NPA level of HFCs has been maintained at less than 1% for the past few years. (*Source: CRISIL Research, NBFCs in India, March 2014)* The following graph illustrates the trend of gross NPA of HFCs from the year 2008-2009 to the year 2014-2015:

Gross NPA of housing finance companies



Note: Data for the year 2013-2014 and the year 2014-2015 is projected.
(*Source: CRISIL Research, NBFCs in India, March 2014)*

Key Growth Drivers for Housing Finance Industry

Population Growth

India's population grew at a CAGR of 1.6% from 2001 to 2011. Although population growth is expected to slow down to approximately 1.2% in the current decade, any increase in population has a direct bearing on the requirement of housing units. The number of households is likely to rise with change in age mix, growing number of nuclear families, continuous urbanization and growing penetration of finance. Population growth is more apparent in the younger age brackets. Accordingly, CRISIL Research estimates such trend to translate into a tremendous increase In working population, which will lead to greater demand for housing. *(Source: CRISIL Research, NBFCs in India, March 2014)*

Urbanization and Nuclearization

In spite of India's housing industry flourishing, the country still faces huge shortage of houses, especially in urban areas. The share of urban population has been increasing steadily from approximately 28.5% in 2003 to approximately 31.6% in 2013. India's urban population grew at a CAGR of 2.8% from 2001 to 2011. The CAGR growth rate from 2001 to 2011 for urban population was higher at 2.8% as compared to 1.6% for overall population in India. *(Source: CRISIL Research, NBFCs in India, March 2014)* India's urban population is expected to increase to 590 million in 2030, from 340 million in 2008. This implies an increase of 250 million in just 22 years, representing a CAGR of 2.54% across such period. It is expected that by 2030, approximately 40.76% of India's population is expected to reside in urban areas. (Source: NHB, Report on Trend and Progress of Housing in India, 2013)

Nuclearization refers to the formation of nuclear families from joint families and is primarily driven by employment-related migration. Both nuclearization and urbanization have twin impacts: it reduces the area per household, but increases overall number of households, thereby increasing demand for housing units.

Affordability and Tax Benefits

Housing demand is positively related with increase in household income. During the past years, there has been increasing movement of households into higher income categories. The number of households with annual incomes less than ₹ 100,000 is estimated to be approximately 54% of total population in the year 2012-2013, as compared to approximately 65% in the year 2007-2008. The number of households with an annual income between ₹ 200,000 and ₹ 500,000 has increased by a CAGR of 12% and from the year 2007-2008 to the year 2012-2013. In addition, the number of households with annual income exceeding ₹ 500,000 has increased by a CAGR of 8% across the same period.

The penetration of housing finance has been a key demand driver for the real estate industry in India. Over the past couple of years, easy availability of finance, coupled with low interest rates, have given a boost to affordability. Looking ahead, any interest rate increases or property price increases will significantly impact household cash outflows, thereby slowing down demand for housing.

Tax incentives have also been instrumental in driving the housing demand in India. For individual borrowers, tax deductions are available for home loans interest payments and home loans principal payments. In respect of interest payments, annual interest payments on housing loans of up to ₹ 200,000 can be claimed as a deduction from taxable income. In addition, the Union Budget for the year 2013-2014 allowed an additional deduction of ₹ 100,000 on interest payments on home loans not exceeding ₹ 2.5 million availed in the year 2013-2014 for first time home buyers. In respect of principal payments, principal payments on home loans of up to ₹ 100,000 can be claimed as deduction from taxable income. The government of India also provides specific incentives for corporate lenders in respect of provision of long-term residential housing loans. A maximum amount of up to 20% of the profits derived from such business can be carried to a special reserve which is tax deductible. *(Source: CRISIL Research, NBFCs in India, March 2014)*

Higher Average Ticket Size

As urban property prices increased rapidly over the years, the average ticket size for loans disbursed by HFCs had also increased, fueling growth in the housing finance sector. In the year 2012-2013, the average ticket size of loans disbursed for housing in urban areas increased at an annual growth rate of 7%. Other than metros and

Tier-I cities, increasing urbanization is also pushing up prices of properties in Tier-II and Tier-III cities, thereby driving up average ticket size in these regions as well. (*Source: CRISIL Research, NBFCs in India, March 2014)*

Increasing Finance Penetration

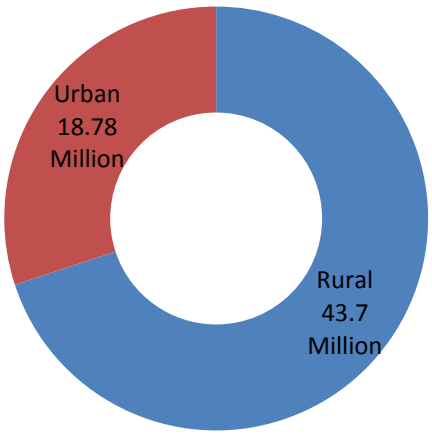
Increased in finance penetration has been a major growth driver for the housing finance industry in India. In the past years, finance penetration in urban areas had increased from approximately 34.3% in the year 2008-2009 to approximately 41.2% in the year 2012-2013., while finance penetration in rural areas had increased from approximately 7.6% in the year 2008-2009 to approximately 8.3% in the year 2012-2013. This indicated that housing finance in rural areas in India is still very much underpenetrated when compared to urban areas, which presents great growth potential for the housing finance sector in rural areas. (*Source: CRISIL Research, NBFCs in India, March 2014)*

Housing Shortages

The rapid pace of urbanization owing to the rural-urban migration is putting a strain on the urban infrastructure in the cities of India and has led to substantial housing shortage. The growing concentration of people in urban areas has resulted in an increase in the number of low income people living in informal settlements, resulting in ever widening gap between demand and supply of housing in urban areas. The Technical Group on Housing Shortage has estimated the housing shortage in urban India at ₹ 18.78 million with 95% shortage in Economically Weaker Section/ Low Income Group segments in 2012. Besides urban areas, there is also a looming housing shortage in rural India, where approximately 68% of the country's population resides. The rural housing shortage is estimated at 43.9 million by the Working Group on Rural Housing Shortage in 2012, out of which more than 90% of the housing shortage lies with the lower income and marginalized groups.

The following chart illustrates the shortage in housing in urban and rural areas in 2012-2017:

(₹Million)



(Source: NHB, Report on Trend and Progress of Housing in India 2013)

Housing shortages coupled with increase in finance penetration in urban and rural areas presents great growth potential for the housing finance sectors in India.

BUSINESS

OVERVIEW

We are a deposit-taking housing finance company registered with the National Housing Bank and focused on providing financing products for the lower and middle income (LMI) segments in India primarily in Tier II and Tier III cities and towns. We have been active in the housing finance sector in India since 1984. We provide secured finance primarily to individuals, partnership firms and companies for the purchase, self-construction, improvement and extension of homes, new and resalable flats, commercial properties and land. We also provide certain categories of non-housing loans.

We have a strong marketing and distribution network, with a presence across 361 locations throughout India which includes 188 branches, 149 service centers, 19 circles/cluster offices, two disbursement hubs, one collection center, one corporate office and one national office as at December 31, 2014. In addition to our network within India, we have international representative offices located in London and Dubai. To broaden our client base and to penetrate further geographically, we have entered into tie-ups with public and private sector banks, including United Bank of India for eastern India, a leading public sector bank for central India, and Dhanlaxmi Bank and Yes Bank Limited for pan-India.

We have received a number of awards and recognitions in the past, including, amongst others:

- The Most Promising Brand of the Year (NRI Home Loan Services) in Finance & Banking Sector (UAE) (Fiscal 2015);
- Certificate of appreciation from the NHB for the Company's commitment to and support in the Energy Efficient Homes program (Fiscal 2015);
- Asia's Most Promising Brand Award (Fiscal 2014);
- Best Employer Brand Award at IPE BFSI Awards (Fiscal 2014);
- Excellence in Innovative Marketing at MCHI (Fiscal 2013);
- The Greatest Corporate Leaders of India – Leadership Awards in Financial Services by India's Greatest (Fiscal 2013); and
- India's Most Powerful Brands Chosen by Consumer by M/S Planman Marcom (Fiscal 2011).

In Fiscal 2014, we entered into a joint venture with Prudential Financial, Inc. ("**Pramerica**") pursuant to which we and our Promoters' entities acquired 50.00% and 24.00% stakes, respectively, in DLF Pramerica Life Insurance Co Ltd, a registered life insurance company in India regulated by the Insurance Regulatory and Development Authority (the "**IRDA**") that has subsequently changed its name to DHFL Pramerica Life Insurance Company Limited ("**DHFL Pramerica**"). Through this joint venture, we offer insurance products leveraging on our pan-India distribution network.

We also had shareholdings in four associate companies as at December 31, 2014, including DHFL Vysya Housing Finance Limited, Aadhar Housing Finance Limited, Avanse Financial Services Limited and DHFL Ventures Trustee Company Private Limited. In October 2014, we entered into definitive agreements to acquire a 50.00% stake in each of Pramerica Asset Managers Private Limited (PAMPL) and Pramerica Trustees Private Limited (PTPL) from PGLH of Delaware, Inc., which is a wholly-owned, indirect subsidiary of Pramerica. PAMPL develops, manages, markets and operates an asset management business. PTPL provides trusteeship services and ensures that the activities of PAMPL are in compliance with the SEBI (Mutual Funds) Regulations, 1996, as amended. Through these entities, we aim to provide asset management services to customers in the LMI segment by leveraging on our pan-India distribution network. This acquisition is subject to the regulatory approvals and certain conditions, which is expected to be completed by the end of July 2015.

Our shares have been listed on the BSE and the NSE since 1985 and 2002, respectively.

As at March 31, 2014 and December 31, 2014, our loan book stood at ₹405,966.3 million and ₹477,756.9 million, respectively, and our assets under management were ₹448,220.7 million and ₹526,373.3 million, respectively. As at March 31, 2014 and December 31, 2014, our gross NPAs as a percentage of our loan book was 0.78% and 0.77%, respectively, and our net NPAs as a percentage of our loan book was 0.52% and 0.49%, respectively. For the years ended March 31, 2012, 2013 and 2014, our total revenue from operations was ₹24,677.6 million, ₹40,612.2 million and ₹49,675.9 million, respectively, and our profit after tax was ₹3,063.6 million, ₹4,518.5 million and ₹5,290.0 million, respectively. Our revenue from operations and profit after tax grew at a CAGR of 41.88% and 31.41%, respectively, over the two fiscal years ended March 31, 2014. For the

nine months ended December 31, 2014, our revenue from operations was ₹44,027.7 million, and our profit after tax was ₹4,590.1 million.

The following table summarizes certain key financial data and ratios as at and for the nine months ended December 31, 2104 (unless noted otherwise) and as at and for the fiscal year ended March 31, 2014, 2013 and 2012.

Operational & Financial Parameters	As at and for the nine months ended December 31, 2014	As at and for the fiscal years ended March 31,		
		2014	2013	2012
Capital Adequacy Ratio (%)	16.16*	17.16	16.52	17.42
Debt to Equity Ratio	11.21	10.42	9.42	8.64
Net Interest Margin (%)	2.77	2.71	2.72	2.86
Loan Book (₹ million)	477,756.9	405,966.3	339,017.2	193,553.8
Return on Average Assets (%)**	1.66	1.70	1.71	1.92
Net NPA (%)	0.49	0.52	0.46	0.52
Borrowings (₹ million)	460,435.9	394,868.9	320,581.9	191,535.7

** Note: This number is as of September 30, 2014.*

*** Return on Average Assets is calculated as - Net Profit before provisions/average total assets*

In January 2015, we submitted an application to the RBI for a small finance bank license. If this license is granted, the Company will be registered as a small finance bank.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths will enable us to take advantage of what we believe to be significant opportunities for growth.

Extensive industry experience and knowledge and focused marketing strategy, particularly in the LMI segment

We have been active in the housing finance sector since 1984. As at March 31, 2014 and December 31, 2014, housing loans made up 82.27% and 80.03%, respectively, of our total outstanding assets. We believe our focus in the housing loan space helps to consolidate our industry expertise and increase brand awareness in our target markets, which we can leverage throughout our marketing network.

We believe that our experience shows our ability to identify opportunities of housing finance demand, particularly in the LMI segment, and to meet such demand with flexible products to suit our customers' needs. In addition, our years of experience have also established strong customer awareness of and loyalty to our brand and contributed to new and repeat business via word-of-mouth marketing. We have effectively established a uniform brand identity across a broad spectrum of consumer touch points, from corporate stationary to outdoor advertising. We had a customer base of more than 410,000 customers as at December 31, 2014. During Fiscal 2013, Fiscal 2014 and for the nine months ended December 31, 2014, we disbursed loans in the amount of ₹133,577.3 million, ₹165,325.7 million and ₹135,301.8 million, respectively.

We target the LMI segment of the Indian population. We believe that these segments present significant potential as the GoI has turned its focus towards inclusive growth to extend the benefits of economic prosperity to the broader population. We have developed credit appraisal mechanisms targeting the LMI segment of customers in Tier II and Tier III cities and towns, including private salaried persons, public servants, entrepreneurs, traders and other professionals. We believe that our credit appraisal mechanisms provide us with a significant competitive advantage in the LMI segment in which the credit quality of potential customers is more difficult to assess.

"Affordable Housing for All" is an important policy agenda of the GoI. In the past, the GoI has sought to create an enabling and supportive environment for expanding credit flow and increasing home ownership in the country and introduced an interest subvention scheme for housing loans implemented through scheduled commercial banks and HFCs such as the Company. According to public sources, in Fiscal 2014, the GoI sanctioned projects worth ₹417,231.3 million for building 1,569,000 houses and dwelling units for economically weaker / lower income portion of the population under the Ministry of Urban Development's flagship scheme, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) program. In addition, the GoI, through the

Ministry of Finance, promotes rural housing finance in the LMI segment through programs such as the Rural Housing Fund, the Golden Jubilee Rural Housing Refinance Scheme and Special Refinance for Urban Poor Scheme aimed at providing affordable housing finance to underserved low income segments in rural and urban parts of India, respectively, in which we have participated.

To boost development of the affordable housing in India, the GoI has recently increased deduction limit on interest on housing loans for self-occupied constructed property from ₹0.15 million to ₹0.20 million and increased tax exemption limit under section 80C of the Indian Income Tax Act from ₹0.15 million to ₹0.20 million for principal repayment. The GoI allocated ₹40,000 million to the NHB for lending to the urban poor population, EWS and LIG and ₹80,000 million for rural housing. Also, the GoI has removed the minimum size requirement for the FDI projects with 30% or higher low cost housing component to further develop low cost housing sector in India.

We believe that our focus on, and experience working with, the LMI segment provide us with a significant competitive advantage in an area of the market that we expect to continue to grow and aligns us with the expected general economic and population growth trends and the GoI's focus on improving the economic situation of this segment of the population.

Customized business strategy to serve the LMI segment

The Company was established in 1984 with the main objective to provide loans to satisfy the housing needs of the LMI segment. Through our focus on the LMI segment, we have evolved our loan sourcing expertise over a period of past 30 years to better identify the needs of customers in the LMI segment and estimate their income and repayment capabilities. Ours business strategies have been aligned to serve these segments effectively. We have developed a suite of products that caters to all segments with a focus on the LMI segment in various geographical territories of India. Moreover, we have recently created separate business verticals for housing loans and non-housing loans in order to allow each vertical to focus on its core business and use its expertise in underwriting loans.

Strong network coverage and wide geographical reach

To support our growth initiatives, we have established an integrated branch network that has helped to optimize operational costs and improve our ability to deliver our products and services to our customers effectively. For instance, we linked all branch offices to a central database, which helps with periodic assessments of our loan portfolio and provides specific advantages in terms of efficiency, cross-sell opportunities and cost savings. We have a presence at 361 locations throughout India which includes 188 branches, 149 service centers, 19 circle/cluster offices, two disbursement hubs, one collection center, one corporate office and one national office as at December 31, 2014. Our network is grouped into circles and clusters located pan-India. Our distribution network in India is primarily spread over Tier II and Tier III cities and towns. Additionally, we have international representative offices located in London and Dubai.

We have also entered into tie-ups with a number of Indian public and private sector banks to provide their customers access to our home loan solutions. Our tie-ups with such banks allow us access to our ally banks' customers and branch networks while providing them with the option to participate in our loan syndication programs. Our partners include United Bank of India for eastern India, one of the leading public sector banks for central India, and Dhanlaxmi Bank and Yes Bank Limited for pan-India. The alliance arrangements benefit us financially, and the additional points of sales through the ally banks' networks provide us with an increased footprint for minimal cost. Our strong network coverage is designed to provide increased penetration to cater to the evolving needs of our existing customer base and tapping a growing potential customer base throughout India.

In addition our own network and resources, we engage independent direct selling associates ("**DSAs**") and online sourcing platform providers that work with us on a commission basis. The DSAs and online platforms have their own infrastructure and manpower on which we leverage for sourcing business. We believe that such arrangements strengthen our geographical reach at minimum additional cost. Business sourced by the DSAs and online platforms is appraised by us in accordance with our underwriting standards and requirements, upon which our employees undertake loan processing, appraisal and management of customer relationships post disbursement of loans.

End-to-end business model

We service both individual consumers and developers through our end-to-end business model. We identify pockets of customer demand, aid customers in finding the right properties for their needs, assist with technical and legal assessments of properties, provide financing for the purchase of selected properties and facilitate the acquisition of certain third-party insurance products by our customers to insure their property loans. We rely on our employees to build customer relationships, which we believe translates into better understanding of customer financing requirements and, consequently, improved credit appraisal mechanisms, as well as greater brand awareness. Our distribution network is complemented by sales through third-party DSAs and online sourcing platform providers working with us on a commission basis. The DSAs and online platforms source the business from the market through their contacts, which are then processed and appraised by our employees as per our standard underwriting norms.

Under our end-to-end model, our employees are involved throughout the entire loan process and are able to consult with customers from loan origination through disbursement. In majority of the cases, our in-house direct selling team originates our loans, which allows our employees to gain insight into our customers' specific needs. Our in-house underwriting team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards in an effort to minimize future losses. The properties that we fund are evaluated by in-house technical experts who are qualified civil engineers. We believe that this model provides customers with the advantage of a one-stop shop, which we believe the relatively-inexperienced customers in the LMI segment may prefer in order to obtain a more consistent service experience from a single financial services provider**.**

We understand that our customers have diversified financial needs. We aim to service such needs through the various loan products offered through our associate companies, including (i) DHFL Vysya Housing Finance Limited in association with Wadhawan Global Capital Private Limited and our Promoters to increase presence in southern India with the focus on the LMI segment; (ii) Aadhar Housing Finance Limited in association with International Finance Corporation (IFC), Wadhawan Global Capital Private Limited and our Promoters to address needs of the LMI segment in a number of under developed and developing states in India; (iii) Avanse Financial Services Limited in association with IFC, Wadhawan Global Capital Private Limited, our Promoters and our Promoters' entities to focus on educational loans; and (iv) DHFL Ventures Trustee Company Private Limited in association with our Promoters and Promoters' entities to provide business of trusteeship services. We also offer life insurance products through DHFL Pramerica and, upon completion of the acquisition, we plan to offer asset management services through Pramerica Assets Managers Private Ltd. and Pramerica Trustees Private Ltd.

Robust and efficient operations

To manage our geographically diverse business and risk management framework effectively, we have a separate operations vertical to run post-sanction, disbursement and loan management processes and address the needs of a growing business. Our operations team processes documents covering legal and technical reviews and handles disbursements and relationships across the transaction life cycle. For enhanced effectiveness and customer satisfaction, we have created a dedicated customer service team within our operations team. We have also introduced several checks and processes for achieving procedural discipline as well as exposure limits for several segments and reviews of the local markets and builders on continuous basis as a part of our portfolio monitoring and management framework. We believe that the processes we have developed and our dedicated operations team brings greater efficiencies to our business operations and enhanced productivity.

Strong risk management practices leading to healthy asset quality

We have maintained quality loan and investment portfolios through careful targeting of customers, a comprehensive risk assessment process and diligent risk remediation procedures. We place emphasis on risk management measures to ensure an appropriate balance between risk and return and have taken steps to implement robust and comprehensive policies and procedures to identify, measure, monitor and manage risk. Our gross NPAs have been maintained in the less than 1% range and constituted 0.76%, 0.71% and 0.78% as at March 31, 2012, 2013 and 2014, respectively. Our net NPAs were 0.52%, 0.46% and 0.52% as at March 31, 2012, 2013 and 2014, respectively. As at December 31, 2014, our gross NPA percentage and net NPA percentage were 0.77% and 0.49%, respectively.

We have implemented the provisions of the SARFAESI Act to our advantage for recovery of NPAs. Our branch managers and staff interact closely with customers at the time of loan disbursal. Their involvement extends to the collection process, thus ensuring higher collection efficiency and stronger relationships. Our stringent recovery procedures led to good collections and low NPAs. As at March, 31, 2014, the NPA amount stood at ₹3,175.2 million. We have adopted a three-pronged approach that includes:(i) effective monitoring of all standard accounts to capture early alert signals and recover overdue installments; (ii) persuasion with all NPA borrowers through personal contacts for recovery of the overdue amount, to upgrade the account to standard category; and (iii) within one to two months of the account turning NPA, initiation of the process under the SARFAESI Act to recover the outstanding amounts. This approach has helped us upgrade a large number of accounts.

Professional and experienced Board and management team

The Company has an experienced Board that oversees and guides our strategy and operations. Our Board has constituted several sub-committees including the Risk Management Committee, the Finance Committee, the Audit Committee and the Stakeholders' Relationship Committee for timely decision-making and to ensure effective governance. Our directors include individuals experienced in a wide range of subjects relevant to our business including banking, finance, corporate law, insurance law and real estate. In addition, our Promoter Directors, Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan, have approximately eighteen and thirteen years of experience, respectively, in the housing finance and the development and construction industries. Similarly, the members of our experienced management team and our employees share our common vision of excellence in execution and exhibit a diverse set of backgrounds with substantial experience including credit evaluation, technical evaluation, risk management, treasury, technology and marketing. The diversity of experience helps us adapt a creative and cross-functional approach. For further details on our Board see the section "*Board of Directors and Senior Management*" on page 156 of this Placement Document.

OUR BUSINESS STRATEGY

Our objective is to continue to service the needs of the LMI segment while growing profitability and increasing shareholder value by pursuing and executing the following business strategies:

Maintain strong asset quality and earnings growth

We seek to maintain high-quality loan portfolios through continued targeting of our customer base, comprehensive risk assessment processes, diligent risk monitoring and remediation procedures and the services of our employees, DSAs and online sourcing platform providers for loan origination. Our in-house operations team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards in an effort to minimize future losses. Our centralized processing system, through which credit appraisals and monitoring functions are conducted from centralized locations, ensures greater standardization and consistency in underwriting quality. Our net NPAs as a percentage of our loan book were 0.52%, 0.46% and 0.52% as at March 31, 2012, 2013 and 2014, respectively, and 0.49% as at December 31, 2014. Our revenue from operations has grown at a CAGR of 41.88% during the two-year period ended March 31, 2014 and our net profit grew at a CAGR of 31.41% during the same period. We believe we can continue to maintain strong asset quality appropriate to the loan portfolio composition, while achieving steady earnings growth, through our disciplined risk management strategies and because of our controlled cost of funding.

Leverage existing network with selective expansion

We expect that we will be able to explore latent opportunities in the LMI segment to our advantage. We operate primarily in the LMI segment and we target private salaried persons, public servants, entrepreneurs, traders and other professionals, which are underserved by conventional financial institutions and where we expect significant opportunities for growth. These customers are not targeted by most banks and HFCs due to smaller average loan sizes. We work on evolving techniques to improve credit assessment for this segment, as well as run a pilot funding program to evaluate behavioral trends and credit performance in such segments, in order to discover latent opportunities within our target segment. Further, considering our widespread geographical reach, we plan to dig deeper into the target customer base of our geographies and increase our market share in each of these locations. As and when we believe that sufficient potential exists in a particular location we plan to selectively add new locations to our distribution network of 361 locations across India as at December 31, 2014. We plan to continue to expand our pan-India presence by setting up new offices across regions with the focus on the LMI segment and through tie-ups with public and private sector banks which can

provide us with the necessary infrastructure and a readily available client portfolio. We also plan to continue to widen our distribution network through addition of the DSAs and online sourcing platform providers. For a discussion of certain risks relating to our expansion strategy, please refer to the section entitled "*Risk Factors*" on page 45 of this Placement Document.

Continue to customize and cross-sell products and services

We seek to continue to introduce, customize and cross-sell new and existing products and services. We specially design our products and services to suit the needs of varied customer segments. We have developed a wide range of housing-related loans designed to cater to a variety of customers depending on demand and needs. In addition, in order to cater to larger potential customer base, we offer other property (non-housing) loans and secured and unsecured SME loan products. We intend to continue to expand the marketing of our other property (non-housing) loans as well as secured and unsecured SME loan products as we believe that there is significant demand in our target customer segments for such products.

We will also continue to cross-sell products and services in order to increase our fee-based income. For instance, we offer life insurance products of DHFL Pramerica and, upon completion of their acquisitions, we plan to offer asset management services of PAMPL and PTPL. Generating additional fee-based income will help increase profitability and provide additional opportunities for customer interaction.

Continue to diversify funding mix and reduce funding costs

We seek to continue to use a variety of funding sources to optimize funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to further achieve funding stability and liquidity. Our weighted average borrowing cost as at March 31, 2014 was 10.59%. As at March 31, 2014, our sources of funding were primarily from banks and financial institutions (67.68%), non-convertible debentures (12.43%), public (fixed) deposits (6.57%), refinancing from NHB (5.01%), commercial papers (3.72%), subordinated debt (3.02%), multilateral agencies (1.09%) and perpetual debt (0.47%). As at December 31, 2014, our sources of funding were primarily from banks and financial institutions (59.45%), non-convertible debentures (17.65%), public (fixed) deposits (7.61%), refinancing from NHB (3.75%), commercial papers (7.64%), subordinated debt (2.59%), multilateral agencies (0.91%) and perpetual debt (0.40%). We diversify our resources profile by accessing funds from multilateral agencies such as the IFC, Asian Development Bank and DEG. We also aim to continue to gradually reduce our reliance on the borrowings from banks and financial institution and focus on capital market instruments with lower funding costs.

We have received 'CARE AAA' credit rating by the Credit Analysis and Research Ltd ("**CARE**") and a credit rating of 'BWR AAA (Stable)' by Brickworks Ratings India Pvt. Ltd ("**Brickwork**") for some of our long-term debt instruments. We also have 'CRISIL A1+' rating for short-term instruments from Credit Rating Information Services of India Limited ("**CRISIL**"); and 'CRISIL AAA(SO)'rating from CRISIL, 'CARE AAA(SO)' rating from CARE and 'ICRA AAA(SO)' rating from ICRA Limited ("**ICRA**") for the structured obligations. These ratings indicate the highest or very strong degree of safety regarding timely servicing of financial obligations and allow us to access debt financing at competitive rates of interest. Based on our ratings, we expect to source funding at competitive rates from the capital markets and reduce our proportion of bank financing to bring down our overall funding costs.

For a discussion of certain risks relating to our funding and funding costs, please refer to the section entitled "Risk Factors - *Internal Risks and Risks Associated with our Business - We may not be able to secure the requisite amount of financing at competitive rates for our growth plans and to continue to gain undisrupted access to our funding sources, which could adversely affect our business, financial condition and results of operations*" on page 55 of this Placement Document.

Become a small finance bank

On November 27, 2014, the RBI issued guidelines for licensing small finance banks in the private sector with the objective to set up small finance banks to further financial inclusion by provision of saving vehicles and supply of credit to small business units, small and marginal farmers, micro and small industries and other unorganized sectors through high technology low cost operations. In accordance with the above guidelines, we submitted an application to the RBI on January 30, 2015, seeking a small finance bank license with the goal of transforming our current business model into the banking organization based on high standards of transparency and corporate governance supervised by the RBI and creating a long-term sustainable and scalable liability

platform to allow a broader range of options for fund raising, including by issuance of infrastructure bonds. We believe that a small finance bank license will allow our Company to undertake basic banking activities to further promote financial inclusion, including through acceptance of deposits from, and the provision of saving options and supply of credit to, small businesses, small and marginal farmers, micro and small industries and other similar sectors.

If this license is granted, our Company will be registered as a small finance bank and become subject to various regulatory and legal requirements, which, amongst other things, will involve change in our business and operations to convert the Company into a bank. The Company will be required, amongst other things, to expand its branch networks in central, eastern and north-eastern India, capital investment in information technology platform and strict adherence to CRR/SLR requirements. We will also need to ensure that 75% of our business is in priority sector lending as per the RBI rules. We believe that registration of our Company as a small finance bank will help our Company enhance its customer base and enable it to widen its product portfolio by leveraging the Company's experience in the LMI segment. Further, if we register as a small finance bank, our funding mix will need to change from primarily loans from banks and financial institutions, on which we currently heavily rely, to a mix of, amongst others, infrastructure bonds, bank borrowings (as a lower percentage of funding) and more importantly, deposits CASA and terms deposits.

For a discussion of certain risks relating to us becoming a small finance bank, please refer to the section entitled "*Risk Factors*" on page 45 of this Placement Document.

Optimize cost of operations

We seek to reduce our operating costs as a percentage of top-line revenue through the efficient implementation and utilization of our technical resources and infrastructure. We aim to reduce our operating costs by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity. We seek to staff the organization with individuals capable of driving this growth by enabling them with greater delegation of authority and de-centralizing our decision-making processes. In addition, we aim to continue to manage our NPA levels to reduce losses and recovery costs.

We have an integrated branch network, which we believe contributes to the optimization of our operational costs, and improves our delivery mechanism. We have linked all branch offices to a central database that helps in periodic assessments of our portfolio and provides specific advantages in terms of efficiency and cost savings. The Company, as a deposit-taking housing finance company, accepts deposits from retail and corporate investors. We centralized the processes related to the end-to-end management of fixed deposits including those related to acceptance of fixed deposits, issuance of deposit receipts and interest warrants, and repayment and renewal of the matured deposits in a compliant manner. The centralization of the above processes has helped the Company to reduce transactional costs and achieve higher productivity.

Inorganic growth by acquisitions

We will continue to identify suitable target investments and partners to diversify our customer base and to harness economies of scale and improved efficiencies with our existing business. For example, in Fiscal 2013, our subsidiary First Blue Home Finance Limited (First Blue) was amalgamated with our Company to expand our loan book, broaden its customer base through First Blue's focus on the upper middle and higher income groups and to expand into the northern parts of India through First Blue's network. In Fiscal 2013, we also acquired a 48.50% stake in Avanse Financial Services Limited, which provided us entry into the specialized market segment of education finance. We take a disciplined and value-based approach for identifying and evaluating select opportunities to acquire and supplement our planned growth.

In October 2014, we entered into definitive agreements to acquire a 50.00% stake in each of Pramerica Asset Managers Private Limited (PAMPL) and Pramerica Trustees Private Limited (PTPL) from PGLH of Delaware, Inc., which is a wholly-owned, indirect subsidiary of Pramerica. PAMPL develops, manages, markets and operates an asset management business. PTPL provides trusteeship services and ensures that the activities of PAMPL are in compliance with the SEBI (Mutual Funds) Regulations, 1996, as amended. The completion of this acquisition is pending the satisfaction of a few of conditions, including, among other things, receipt of approval from SEBI. Pursuant to the agreements, the transactions must be completed by the end of July 2015, after which the parties have the right to terminate the transactions for failure to satisfy the conditions precedent. The said deadline for completion of the transactions can be extended upon the mutual consent of the parties to the agreements. Upon completion, we will hold a 50.00% stake in each of PAMPL and PTPL.

We believe that the acquisitions of PAMPL and PTPL, once completed, will help us to extend our philosophy of financial inclusion by increasing product offerings to the LMI segment that we have profitably served over the years. Through these entities, we aim to provide asset management services and solutions specially designed for customers in the LMI segment by leveraging on our pan-India distribution network. We also believe that we can significantly enhance financial inclusion and wealth building at the grass roots level by distributing these products through our wide network.

For a discussion of certain risks relating to our growth by acquisitions, please refer to the section entitled "*Risk Factors*" of this Placement Document.

Strengthen the IT platform

We have an integrated loan management system (LMS), which has been developed in-house. We have outsourced our data center operations to one of the leading IT companies. Our in-house system has been customized to meet the requirements for lending to the LMI segment and captures the legacy expertise that we have created over 30 years. This has helped us particularly in launching new products. We have recently initiated a technology transformation program in association with IBM to support our growth, improve operational efficiency and optimize costs through the use of technology. This program is expected to establish a scalable and flexible technology landscape, improve customer centricity, enable faster decision making through automation of certain processes and analytics and bring our technology platform to a new level. We aim to align our technology landscape to evolving business needs, which would support us in our growth targets. Under this project we plan to replace our legacy systems and business application platforms with proven commercial off-the-shelf product solutions, which provide best fit solutions to the objectives mentioned above. We will continue to assess our technology and update it according to business needs on an on-going basis.

Invest in brand building

We will continue to invest in our brand building exercise to enhance the corporate and product awareness. We have recently engaged Mr. Shah Rukh Khan, an Indian film actor, as our brand ambassador. We aim to leverage association with Mr. Shah Rukh Khan and use of digital and print media extensively to connect with our potential customers from all parts of the society.

Engage in competitive loan pricing to attract more customers

We seek to participate actively in the market through competitive offering both from the products and pricing perspective. Even though the LMI segment will continue to be our primary target markets, we seek to achieve higher growth and a diversified portfolio by providing access to our services to the broader population. This will also help us to optimally utilize our wide distribution network that encompasses the largest metro cities to Tier II and Tier III cities and towns.

THE COMPANY

The Company was incorporated as "Dewan Housing and Leasing Company Limited" on April 11, 1984. Our name was subsequently changed to "Dewan Housing Development Finance Limited" on September 26, 1984 and later to "Dewan Housing Finance Corporation Limited" on August 25, 1992.

The Company was promoted by the late Shri Dewan Kuldeep Singh Wadhawan and the late Shri Rajesh Kumar Wadhawan. The Company's current Promoters and Promoter Group comprise of Mr. Kapil Wadhawan, Mr. Dheeraj Wadhawan, Ms. Aruna Wadhawan and Wadhawan Global Capital Private Limited. Since its incorporation, the Company has been focusing exclusively on financial inclusion and financing needs of the LMI segment (*i.e.*, customers with monthly income ranging from ₹8,000 to ₹45,000) by providing adequate financial resources to fulfill their housing requirements.

Our Equity Shares have been listed on the BSE since our initial public offering in 1985. In 1986, we received the RBI's permission to accept deposits from non-resident Indians both on repatriation and non-repatriation bases. We have entered into agreements with Central Depository Services (India) Limited and National Securities Depository Limited, which allows investors to manage their holdings in our securities and trade through a demat account. We received a certificate of registration from the NHB to carry on the business of a

housing finance institution in 1999 and subsequently renewed it in 2001. We are also licensed to act a corporate agent by the IRDA.

In Fiscal 2004, we and our Promoters acquired Vysya Bank Housing Finance Limited to strengthen our presence in the southern and western parts of India. After the acquisition, Vysya Bank Housing Finance Limited changed its name to "DHFL Vysya Housing Finance Limited".

In Fiscal 2011, we set up Aadhar Housing Finance Limited in partnership with IFC to focus on low-cost housing and financial inclusion in the northern and eastern parts of India.

In Fiscal 2011, the alliance of the Company and certain Promoters' entities acquired a 100% equity stake in First Blue Home Finance Limited (erstwhile Deutsche Postbank Home Finance Limited) from a German financial services company, which helped us grow our loan book, provide access to upper middle and high income groups as well as expand into the northern parts of India. We acquired a 67.56% stake in First Blue through DHFL Holdings Private Limited (a 100% subsidiary of the Company). Effective date as of January 31, 2013, First Blue Home Finance Limited and DHFL Holdings Private Limited were amalgamated with the Company. We amalgamated First Blue's portfolio, following which the customers of First Blue became our customers. Through the amalgamation, we diversified our customer base through First Blue's focus on the upper middle and higher income segment, and extended our geographical reach through First Blue's distribution network, which was principally located in northern India, to further harness economies of scale and improve efficiencies of our business.

In Fiscal 2013, we, in partnership with IFC, set up Avanse Financial Services Limited to provide affordable educational loans.

In Fiscal 2014, we acquired a 50.00% stake in DHFL Pramerica from a wholly-owned subsidiary of Prudential Financial Inc. to form a joint venture to provide life insurance solutions in India. As at December 31, 2014, we held a 50.00% stake, a wholly-owned subsidiary of Prudential Financial Inc. held a 26.00% stake and two of our Promoters' entities held a 12.00% stake each in DHFL Pramerica.

In October 2014, we entered into definitive agreements to acquire a 50.00% stake in each of Pramerica Asset Managers Private Limited (PAMPL) and Pramerica Trustees Private Limited (PTPL) from PGLH of Delaware, Inc., which is a wholly-owned, indirect subsidiary of Pramerica. The completion of this acquisition is pending the satisfaction of certain conditions, including receipt of approval from SEBI, among other things. Pursuant to the agreements, the transaction must be completed by the end of July 2015, after which the parties have the right to terminate the transaction for failure to satisfy the conditions precedent. The said deadline for completion of the transactions can be extended upon the mutual consent of the parties to the agreements.

As at December 31, 2014, we had shareholdings in four associate companies as set forth in the table below.

Associate company	Fiscal Year of acquisition of shareholding by the Company	Company's shareholding as at December 31, 2014	Associate partners at December 31, 2014	Description of business
DHFL Vysya Housing Finance Limited (DVHFL)	2004	9.47%	• Wadhawan Global Capital Private Limited (83.89%) • Ms. Aruna Wadhawan (0.54%) • Mr. Kapil Wadhawan (0.45%) • Mr. Dheeraj Wadhawan (0.45%) • Other shareholders (5.20%)	DVHFL is a housing finance company with operations in the states of Karnataka, Andhra Pradesh, Telangana, Tamil Nadu, Uttar Pradesh, Kerala and Maharashtra. DVHFL was present at 31 locations in India as at December 31, 2014.
Aadhar Housing Finance Limited (AHFL)	2011	14.90%	• Wadhawan Global Capital Private Limited (62.00%)	AHFL provides housing finance to the LMI segment primarily in Uttar Pradesh, Madhya Pradesh,

Associate company	Fiscal Year of acquisition of shareholding by the Company	Company's shareholding as at December 31, 2014	Associate partners at December 31, 2014	Description of business
			• IFC (20.00%) • Mr. Kapil Wadhawan (1.00%) • Ms. Aruna Wadhawan (1.00%) • Mr. Dheeraj Wadhawan (1.00%) • Wadhawan Hospitality & Investments Pvt. Ltd. (0.10%) • Other shareholders (0.00%)	Bihar, Chhattisgarh, Jharkhand, West Bengal, Gujarat, Rajasthan and Orissa. AHFL focuses on financial inclusion. Its average loan size is ₹ 0.65 million for home loans and ₹ 0.50 million for other loans. AHFL had 62 branches as at December 31, 2014.
Avanse Financial Services Limited (AFSL)	2013	48.50%	• IFC (20.00%) • Wadhawan Global Capital Private Limited (30.95%) • Wadhawan Holdings Private Limited (0.20%) • Wadhawan Retail Ventures Private Limited (0.11%) • Wadhawan Consolidated Holdings Private Limited (0.11%) • Mr. Kapil Wadhawan (0.06%) • Mr. Dheeraj Wadhawan (0.06%) • Other shareholders (0.00%)	AFSL primarily focuses on educational loans and operates in 8 major markets of India, including Mumbai, with additional coverage in various parts of India through the tie-ups. Its average loan size is ₹ 0.90 million.
DHFL Ventures Trustee Company Private Limited (DHFL Ventures)	2006	45.00%	• Wadhawan Holdings Private Limited (20.00%) • Mr. Kapil Wadhawan (18.00%) • Ms. Aruna Wadhawan (12.00%) • Mr. Dheeraj Wadhawan (3.00%) • Other shareholders (2.00%)	DHFL Ventures is engaged in trusteeship services business and is presently a trustee of DHFL Venture Capital Fund, a SEBI-registered venture capital fund. The registered office of DHFL Ventures is located in Mumbai. DHFL Ventures does not have any branches.

As at December 31, 2014, we did not have any subsidiary company.

On January 30, 2015, we submitted an application to the RBI for a small finance bank license. If this license is granted, the Company will be registered as a small finance bank.

OUR PRODUCTS AND SERVICES

We are a housing finance company with a focus on providing housing finance and related products for the underserved majority, primarily through home loans made to the LMI segment (*i.e.*, customers with monthly income ranging from ₹8,000 to ₹45,000) in India. We provide secured finance primarily to individuals, partnership firms and companies for the purchase, self-construction, improvement and extension of homes, new and resalable flats, commercial properties and land. We also provide certain categories of non-housing loans.

Loan Products

We offer a range of home-related loans which we offer to a variety of customers depending on demand and needs. Generally, we determine the actual loan amount for each loan by taking into account various factors including the property value, repayment capacity, age, educational qualifications, stability and continuity of income, number of dependents, co-applicant's income, assets, liabilities and historical savings habits. Loans are generally repaid in equated monthly installments ("**EMIs**"). The size of the EMI depends on the quantum of loan, interest rate and tenure of loan.

We also offer a payment scheme for home loan seekers who are due for retirement within the term of the loan and have applied jointly with an eligible younger co-applicant. Prepayment of the loan, ahead of the contracted schedule in part or full, is permitted. Our loans vary in tenure, though most loans are not extended beyond the borrower's retirement age or 60 years (70 years for self-employed individuals), whichever is earlier. Our retail prime lending rate as at December 31, 2014 was 18.60%.

Loans given by us are generally secured by equitable mortgages, registered mortgages of the property and assets financed, assignments of life insurance policies, personal guarantees, and undertakings to create a security and/or hypothecation of assets.

We offer the following loan products:

Loan product	Purpose	Amount	Tenure
Housing Loans	Purchase of a built-up or under construction home, home renovation, extension or repainting, self-construction on plot, purchase of plot/ land	The following percentage of the market value of property could be financed: • Up to ₹2 million – up to 90% of the market value of the property; • From ₹2 million to ₹7.5 million – up to 80% of the market value of the property; and • Above ₹7.5 million – up to 75% of the market value of the property.	From one to 30 years
Non-Housing Loans	Loans against mortgage of customers' residential, commercial or industrial property, purchase or construction of commercial property	Up to 65% of the market value depending upon the nature of the property (residential / commercial / industrial) or nature of occupancy (self-occupied / leased-out)	From one to 15 years
Project Loans	Offered to companies, partnership firms etc. to finance construction of residential and commercial complexes and disbursed in installments benchmarked against a schedule of construction progress. The primary security is a registered or equitable mortgage on the project land or construction thereon and	To be determined based on appraisal	Up to 20 years

Loan product	Purpose	Amount	Tenure
	hypothecation of receivables from the project. Other security includes personal guarantees from the promoters, partners or directors of the borrower and a mortgage of other land or buildings or a pledge of shares in a developer		
SME Business Loans	Unsecured loans to SMEs to finance business needs	Up to ₹3.5 million	Up to 5 years
SME Plant and Machinery and Medical Equipment Loans	Loans to SMEs to finance purchase of new / used industrial machinery; and Loans to SMEs (doctors / hospitals / clinics / nursing homes) to finance purchase of new / used medical equipment	Up to ₹100 million	Up to 5 years

Other Products and Services

We also operate in fee-based verticals that complement our core business. By cross-selling various products, including insurance, to our customers, we retain our present customer base and generate additional fee-based income resulting in higher returns.

Life insurance services

In Fiscal 2014, the Company entered into a joint venture with Prudential Financial, Inc. (**"Pramerica**"). The Company and its Promoters' entities acquired 50.00% and 24.00% stakes, respectively, in DLF Pramerica Life Insurance Co Ltd, a registered life insurance company in India regulated by the IRDA. The name of the acquired company was subsequently changed to DHFL Pramerica Life Insurance Company Limited ("**DHFL Pramerica**"). As at December 31, 2014, we and our Promoters' entities held 50.00% and 24.00% stakes in DHFL Pramerica, respectively, with the remaining 26% stake owned by Pramerica. We, as well as AHPL, AFSL and DVHFL, act as DHFL Pramerica's corporate agents for distribution of DHFL Pramerica's life insurance products on a commission basis. Through this joint venture, we provide insurance services leveraging on the Company's pan-India distribution network. We entered into a trademark licensing agreement with DHFL Pramerica with respect to the use of our name by the joint venture, as part of our co-branding.

Prior to our participation in DHFL Pramerica, we served as the master policy holder of mortgage reducing term assurance products ("**MRTAs**") of a few leading life insurers. These MRTA insurance products are single premium and are designed to cover the life-risk of the borrowers (*i.e.*, our housing loan customers), who may opt for MRTA products to the extent of the loan availed. In case of the death of the borrower who has purchased an MRTA product, the insurer would pay an amount equivalent to the outstanding loan balance as on date of the death of the borrower to the Company and the balance, if any, to the nominee/legal heir. Any outstanding loan amount over and above the claim settlement is required to be paid by the borrower's nominee / legal heir to us. This is expected to help reduce the likelihood of loans going bad (and therefore increase NPAs).

As per the arrangement with DHFL Pramerica, we became a master policy holder for DHFL Pramerica's MRTA products effective January 2014. We will continue to service our customers who opted for other MRTA products with our pre-existing insurance associates until such time as they repay their loans with us. However, effective January 2014, we will primarily focus on distribution of insurance products of DHFL Pramerica. We also serve as a corporate agent exclusively for DHFL Pramerica for the distribution of life insurance products. New customers will have the option to purchase MRTA products from other insurers while availing a loan with us, provided that the premiums for such policies will need to be paid up-front by the customer to the relevant insurer.

Asset Management Services

In October 2014, we entered into definitive agreements to acquire a 50.00% stake in each of Pramerica Asset Managers Private Limited (PAMPL) and Pramerica Trustees Private Limited (PTPL) from PGLH of Delaware, Inc, which is a wholly-owned, indirect subsidiary of Pramerica. The completion of this acquisition is pending the satisfaction of a few of conditions, including receipt of approval from SEBI, among other things. Pursuant to the agreements, the transaction must be completed by the end of July 2015, after which the parties have the right to terminate the transaction for failure to satisfy the conditions precedent. The said deadline for completion of the transactions can be extended upon the mutual consent of the parties to the agreements. Upon completion, we will hold a 50.00% stake in each of PAMPL and PTPL. The names of PAMPL and PTPL will be changed to DHFL Pramerica Asset Managers Private Limited and DHFL Pramerica Trustees Private Limited, respectively, or such other permutation or combination thereof incorporating the trade names "DHFL" and "Pramerica" as part of its corporate name and as may be permitted by the concerned Registrar of Companies.

PAMPL develops, manages, markets and operates the asset management business. PTPL provides trusteeship services and ensure that the activities of PAMPL are in accordance with the SEBI (Mutual Funds) Regulations, 1996, as amended. Through these entities, we aim to provide asset management services leveraging on the Company's pan-India distribution network including our branches, staff and sales force, for the marketing, distribution and sale of mutual funds products. We entered into the trademark licensing agreements with PAMPL and PTPL with respect to the use of our name by the joint ventures, as part of our co-branding, which will become effective upon closing of the joint venture transaction.

LOAN OPERATIONS

Loan sanctions during the fiscal year ended March 31, 2014 were ₹223,776.1 million as against ₹173,368.5 million in the previous fiscal year, representing a growth of 29.08%. Loan sanctions for the nine months ended December 31, 2014 were ₹191,102.3 million.

Loan disbursements during the fiscal year ended March 31, 2014 were ₹165,325.7 million as against ₹133,577.3 million in the previous fiscal year, representing a growth of 24.63%. Loan disbursements for the nine months ended December 31, 2014 were ₹135,301.9 million.

The table below sets out our loan sanctions and disbursements for nine months ended December 31, 2014 and each of the past three fiscal years.

(in ₹millions)

Particulars	For the nine months ended December 31, 2014	For the fiscal year ended March 31,		
		2014	2013	2012
Sanctions	191,102.3	223,776.1	173,368.5	128,453.1
Disbursements	135,301.9	165,325.7	133,577.3	90,652.4

In value terms, our loan sanctions have grown at a CAGR of 31.99% and disbursements have witnessed a CAGR of 35.51% over the last two fiscal years ended March 31, 2014. The average size of loans by the Company has increased from ₹0.79 million in Fiscal 2012 to ₹1.16 million for the nine months ended December 31, 2014. In Fiscal 2014, housing loans made up 82.27% of our loan book.

The following table sets out our total loans by principal categories and principal categories as a percentage of total loans as at December 31, 2014 and March 31, 2014, 2013 and 2012.

(in ₹millions, except percentages)

Description	As at December 31, 2014		As at March 31,					
			2014		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Housing loans	382,367.5	80.03	334,004.5	82.27	295,384.3	87.13	168,950.6	87.29
Other property (non-housing) loans	95,389.4	19.97	71,961.8	17.73	43,632.9	12.87	24,603.2	12.71
Total	**477,756.9**	**100.00**	**405,966.3**	**100.00**	**339,017.2**	**100.00**	**193,553.8**	**100.00**

FUNDING SOURCES

We strive to maintain diverse sources of funds in order to reduce our funding costs, maintain adequate interest margins and achieve liquidity goals. The following table sets out our sources of funding and their respective percentages of our total funding as at March 31, 2014 and December 31, 2014:

Source of funding	As at March 31,2014	As at December 31, 2014
Loans from banks and financial institutions	67.68%	59.45%
Non-convertible debentures and other debt instruments	12.43%	17.65%
Public(fixed) deposits	6.57%	7.61%
Refinancing from NHB	5.01%	3.75%
Commercial papers	3.72%	7.64%
Subordinated debt	3.02%	2.59%
Multilateral agencies	1.09%	0.91%
Perpetual Debt	0.47%	0.40%
Total	**100.00%**	**100.00%**

The table below sets forth the amount and weighted average cost of our borrowings as at March 31, 2014, 2013 and 2012 and as at December 31, 2014 and 2013.

Funding source	Borrowings as at							
	December 31, 2014		March 31, 2014		March 31, 2013		March 31, 2012	
	₹ millions	Borrowing cost, %	₹ millions	Borrowing cost, %	₹ millions	Borrowing cost, %	₹ millions	Borrowing cost, %
Banks & financial institutions	273,716.6	10.88	267,251.9	11.00	226,166.2	11.02	138,627.2	11.41
NHB	17,255.7	7.91	19,796.6	8.04	21,812.9	7.99	12,785.3	7.63
Capital Markets	130,247.9	9.46	77,560.9	9.84	53,122.9	10.06	30,318.0	9.92
Multilateral agencies	4,182.5	10.53	4,305.0	10.73	245.0	10.03	367.4	9.79
Fixed deposit	35,033.4	10.34	25,954.6	10.56	19,237.2	10.59	9,388.1	10.04
Total / Weighted Average Cost	**460,436.1**	**10.33**	**394,868.9**	**10.59**	**320,584.1**	**10.63**	**191,486.1**	**10.85**

Term Loans from Banks and Financial Institutions

In Fiscal 2014 and in the nine months ended December 31, 2014, we raised ₹76,950.0 million and₹30,250.0 million, respectively, through term loans from banks and financial institutions. Our loans are secured by first ranking pari-passu charges by way of mortgages on the Company's immovable properties and by first ranking pari-passu charges by way of hypothecation of our present and future movable properties, including book debts, in favor of our lenders. The Company had 37 banks in its lending consortium as of December 31, 2014, with Union Bank of India as the lead bank of the consortium for credit facilities aggregating to ₹273,716.4 million. The Company has entered into a Security Trustee Agreement dated June 25, 2014 with all of its bank lenders forming part of the consortium with GDA Trusteeship Limited as a security trustee. Our Promoters, Mr. Kapil Wadhawan, and Mr. Dheeraj Wadhawan have executed a deed of guarantee in favor of GDA Trusteeship Limited acting as a security trustee for the lending consortium.

In Fiscal 2014, the Company availed external commercial borrowings of up to US$70 million from IFC Washington for a period of 6 years each. We plan to utilize these funds for onward lending in the segment of low cost affordable housing projects and for creating portfolio of eligible mortgages in the affordable housing segment, respectively.

In Fiscal 2015, we entered into agreement with Asian Development Bank for a secured loan facility of up to US$ 125 million to fund our lending in the low cost affordable housing segment in India for a period of 10 years. We expect to deploy approximately 40% of this loan to lending in certain under-developed Indian states such as Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand, Chhattisgarh, Uttarakhand, Andhra Pradesh, and West Bengal.

In Fiscal 2015, we also entered into agreement with DEG for an external commercial borrowing of US$ 50 million for up to eight years to finance prospective owners of individual units in the low cost affordable housing projects in India.

Refinancing from NHB

In Fiscal 2014 and in the nine months ended December 31, 2014, we have been granted refinancing sanction amounting to ₹5,500.0 million and NIL, respectively, under the NHB's refinancing scheme to HFCs.

Non-Convertible Debentures (NCDs)

In Fiscal 2014 and in the nine months ended December 31, 2014, we raised ₹20,579.0 million and ₹34,477.0 million, respectively, through secured redeemable non-convertible debentures (NCDs) on a private placement basis. The NCDs are secured by a first charge over our immovable and movable properties, including book debts.

Subordinated Debt

In Fiscal 2014 and in the nine months ended December 31, 2014, we raised ₹850.0 million and ₹1,498.5 million, respectively, through long-term unsecured redeemable non-convertible subordinated debentures. The debt under such debentures is subordinated to present and future indebtedness of the Company. Our subordinated debt is considered as Tier-II under the guidelines issued by the NHB for purposes of capital adequacy computation.

Innovative perpetual debt instruments (IPDIs)

In Fiscal 2014 and in the nine months ended December 31, 2014, we raised ₹355.0 million and NIL, respectively, through innovative perpetual debt instruments (IPDIs) qualifying as Tier-II capital.

Commercial paper

In Fiscal 2014 and in the nine months ended December 31, 2014, we issued commercial paper aggregating ₹53,200.0 million and ₹ 64,190.0 million, respectively.

Public (fixed) deposits

In Fiscal 2014 and in the nine months ended December 31, 2014, we mobilized / renewed deposits of ₹18,063.0 million and ₹19,133.8 million, respectively, and repaid deposits of ₹11,345.6 million and ₹10,055.0 million, respectively. Deposits accepted by the Company are secured by a floating charge on the statutory liquid assets created by way of a deed of trust as per the NHB's guidelines. Our fixed deposits are repayable as per individual contracted maturities ranging from 12 to 120 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.

CREDIT RATINGS

Our borrowings have received the following credit ratings as at December 31, 2014, which help us obtain debt financing at competitive rates of interest:

Nature of borrowing	Rating / Outlook			
	CARE	Brickworks	ICRA	CRISIL
Short-term debt / commercial paper	-	-	-	CRISIL A1+
Public (fixed) deposits	CARE AAA (FD)	BWR FAAA (Stable)	-	-
Subordinated debt	CARE AA+	BWR AAA (Stable)	-	-
NCDs	CARE AAA	BWR AAA (Stable)	-	-
IPDIs	CARE AA	BWR AA+ (Stable)	-	-
Long-term bank loans	CARE AAA	-	-	-
Structured obligations	CARE AAA(SO)	-	ICRA AAA(SO)	CRISIL AAA(SO)

For a discussion of certain risks relating to our funding and funding costs including losing our existing credit ratings, please refer to the section entitled "Risk Factors- *Internal Risks and Risks Associated with our Business - We may not be able to secure the requisite amount of financing at competitive rates for our growth plans and to continue to gain undisrupted access to our funding sources, which could adversely affect our business, financial condition and results of operations*" on page 55 of this Placement Document.

STATUTORY LIQUIDITY RATIO

Housing finance companies are required to maintain a statutory liquidity ratio (SLR) of 12.50% with respect to public deposits raised. As at March 31, 2014 and as at December 31, 2014, we invested ₹1,588.3 million and ₹ 2168.3 million, respectively, in bank deposits and ₹1,508.8 million and ₹2,054.6 million, respectively, in approved securities comprising government securities and government-guaranteed bonds. We maintain our SLR within the limits prescribed by the NHB.

We classified our investments across current and long-term investments. In respect of long-term investments, we made provisions to reflect permanent diminution in investment value. Our investment decisions are taken within the limits set out by the Board. Our investment function supports the core housing finance business to ensure adequate liquidity and maintain statutory liquidity.

If the Company becomes a small finance bank, it will be required to maintain a minimum 22.00% statutory liquidity ratio.

CAPITAL ADEQUACY

The Company is presently required by the NHB to maintain a minimum capital adequacy of 12.00%. The following table sets out our capital adequacy ratios as at March 31, 2014, 2013 and 2012.

Particulars	As at March 31,		
	2014	2013	2012
Capital Adequacy Ratio	17.16%	16.52%	17.42%

The Company's capital adequacy ratio was 17.16% as at March 31, 2014, which we believe provides an adequate cushion to withstand business risks and exceeds the minimum requirement of 12.00% stipulated by the NHB.

If the Company becomes a small finance bank, it will be required to maintain a minimum 15.00% capital adequacy ratio.

DISTRIBUTION NETWORK

Our distribution network is designed to reach out to the LMI segment and tap a growing potential customer base throughout India. We maintain a pan-India marketing and distribution network with a presence at 361 locations throughout India, including 188 branches, 149 service centers, 19 circles/cluster offices, two disbursement hubs, one collection center, one corporate office and one national office as at December 31, 2014. Our network is grouped into circles and clusters located pan-India. Our distribution network in India is spread over Tier II and Tier III cities and towns. We believe our business model allows us to deliver improved turnover time and to improve customer satisfaction while maintaining asset quality.

Our distribution network includes direct selling teams (i.e. staff working with us on a contract basis), DSAs and other business referral partners. Direct selling teams work under supervision of our employees and our payment for their services is a combination of fixed fee and variable commission based on the disbursement of loans sourced by them. The majority of our loans are sourced through the direct selling teams.

We engage DSAs on a commission basis payable upon disbursement of loans sourced by them. Business sourced by the DSAs is appraised by us in accordance with our underwriting standards and requirements. Our employees undertake loan processing, appraisal and management of customer relationships post disbursement of loans. We have also engaged third party web-based loan origination and lead management system to originate and manage home loan applications. Such third party provider is engaged on a commission fee on the leads and also based on the amount of loan disbursed to customers who have been originated or led from the loan origination and lead management system.

We have also entered into tie-ups with a number of Indian public and private sector banks to provide their customers access to our home loan solutions. Our tie-ups with such banks allow us access to our ally banks' customers and branch networks while providing them with the option to participate in our loan syndication programs. Our partners include United Bank of India for eastern India, one of the leading public sector banks for central India, and Dhanlaxmi Bank and Yes Bank Limited for pan-India. Under the terms of our tie-up agreements, in most cases, the loans are to be disbursed to the selected customer by the Company and the ally bank in a 50:50 ratio. As a result, consent of our ally banks would be required for initiating enforcement proceedings. Our tie-up agreements with the ally banks can be terminated by either party with notice.

Additionally, we have international representative offices located in London and Dubai.

SALES, MARKETING AND BRANDING

Our marketing and branding efforts are conducted by our in-house marketing and branding team which is responsible for the in-house product marketing and branding initiatives. We also engage third party social media marketing providers for conducting sales and marketing. We create visibility and customer awareness of the Company through DSAs, online sourcing platform providers, direct sourcing, channel partners, builder tie-ups and advertisements with the objective to build our brand, increase sales, create relevance at points of purchase and emerge as the point-of-first-recall. We initiated such activities as spot sanctions, transit media branding, sponsorship events, mall activations, society activations, hoardings and billboards, business meetings with channel partner and business associates and retail channel tie-ups. We also enhanced our presence on Facebook, Twitter, LinkedIn and YouTube to create a strong presence in the digital media and also provide a live chat service at our website. We engaged third party providers for digital marketing and various website related works. We have also set up a call center which plays an important role in business generation.

We use various other mediums including print, radio and outdoors to promote our brand, products and services. We also organize various ground-level activities including 'Home Loan Melas' and 'Spot Sanction Activities'. In Fiscal 2014, we launched 'Rent Banao EMI' campaign to encourage house financing for those consumers who contemplated their home buying decision whilst living in rental accommodation. In Fiscal 2015, we launched "Aao India Ghar Banayen" campaign to increase our brand awareness. We also entered into an association with Mumbai Indians cricket team in the Indian Premier League as an associate sponsor and an official home loan partner. We have recently engaged Mr. Shah Rukh Khan, an Indian film actor, as our brand ambassador.

PROVISIONING, WRITE-OFFS AND ASSET RECOVERY

Asset classification, Provisioning and Write-offs

The NHB Directions, 2010, stipulate requirements for HFCs for assessing the quality of their assets including preparation of financial statements. We follow the NHB Directions, 2010 for preparation of our financial statements in accordance with prudential norms prescribed by the NHB for the purpose of asset classifications.

Provisions for contingencies have been made for diminution in investment value and on non-performing loans and other assets as per the prudential norms prescribed by the NHB. We also make certain additional provisions to meet unforeseen contingencies.

The following table is a summary of the risk classification of our aggregate loan portfolio (as a percentage of total outstanding loans) and our provision for probable losses as at December 31, 2014 and March 31, 2014, 2013 and 2012.

(in ₹ millions, except percentages)

Particulars	As at December 31, 2014		As at March 31, 2014		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Housing loans								
Standard	379,394.3	79.41	331,374.3	81.63	293,377.0	86.54	167,863.5	86.73
Sub Standard	1,033.7	0.22	1,166.6	0.29	938.9	0.28	670.4	0.35
Doubtful	1,925.6	0.40	1,449.6	0.36	1,052.2	0.31	416.7	0.22
Loss Assets	14.0	0.00	14.0	0.00	16.2	0.00	-	-
Total housing	**382,367.6**	**80.03**	**334,004.5**	**82.27**	**295,384.30**	**87.13**	**168,950.6**	**87.29**

loans (A)								
Other property (non-housing) loans								
Standard	94,694.6	19.82	71,416.8	17.59	43,247.0	12.76	24,225.4	12.52
Sub Standard	372.4	0.08	307.0	0.08	217.4	0.06	180.3	0.09
Doubtful	316.3	0.07	231.9	0.06	161.5	0.05	197.5	0.10
Loss Assets	6.1	0.00	6.1	0.00	7.0	0.00	-	-
Total other property (non-housing) loans (B)	**95,389.4**	**19.97**	**71,961.8**	**17.73**	**43,632.9**	**12.87**	**24,603.2**	**12.71**
Total loan book (A+B)	**477,756.9**	**100.00**	**405,966.3**	**100.00**	**339,017.2**	**100.00**	**193,553.8**	**100.00**
Provisions	*3,968.9*	*0.83*	*3,313.5*	*0.82*	*2,626.7*	0.77	*1,553.9*	*0.80*

Asset Recovery

Our asset recovery process starts with reminders to delinquent borrowers and proceeds to our taking appropriate legal action. Employees of the Company conduct the asset recovery process. We place telephone calls to customers when loan repayments are one to two months overdue and send written repayment demands when loan repayments are two to three months overdue. We make field visits after loan repayments are overdue by three months. Further, where promised–to-pay dates have been missed, members of our asset recovery team make visits to customers. We initiate actions under Section 138 of the Negotiable Instrument Act, 1881 when loan repayments are more than four months overdue and, in certain cases, earlier. We also extensively take actions under the SARFAESI Act by issuing demand notices to defaulting borrowers and guarantors and give notice to anyone who has acquired any of the assets securing our loans, taking possession of the mortgaged properties in the defaulted loans and recovering the dues after their disposal in the open market.

Non-performing Assets

The following table sets forth details of our non-performing loans, defaulting loans, restructured loans and write-offs for loan losses as at December 31, 2014 and March 31, 2014, 2013 and 2012.

(in ₹ millions, except percentages)

Particulars	As at December 31, 2014	As at March 31,		
		2014	2013	2012
Gross NPAs	3,668.10	3,175.2	2,393.2	1,464.9
Total loans	477,756.9	405,966.3	339,017.2	193,553.8
Gross NPAs to total loans (%)	0.77	0.78	0.71	0.76
Provision for probable losses	3,968.9	3,313.5	2,626.7	1,553.9
Provision for probable losses to gross NPAs (%)	108.20	104.36	109.76	106.08
Net NPAs	2,326.9	2,098.7	1,559.6	999.5
Net NPAs to total loans (%)	0.49	0.52	0.46	0.52
Total restructured loans	NIL	NIL	NIL	NIL
Total restructured loans to total loans (%)	NIL	NIL	NIL	NIL
Loans – written off	44.6	35.5	49.4	23.6

Loans are classified as non-performing if the default is greater than 90 days. We adhere to NHB Directions, 2010 on the classification of NPAs, and to provisioning guidelines, which require us to set aside a portion or the entire outstanding loan amount depending on the asset quality.

RISK MANAGEMENT

The Company is exposed to various risks that are inherent in the lending business, with the major risks being credit risk, market risk, liquidity risk, legal risks, interest rate risk, and operational risk. The Company places emphasis on risk management measures to ensure an appropriate balance between risk and return. The Company has taken steps to implement robust and comprehensive policies and procedures to identify, measure, monitor

and manage risk. Risk management is a board-driven function with the overall responsibility of risk management assigned to the Risk Management Committee of the Board of Directors. At the operational level, risk management is assigned to the Asset Liability Management Committee ("**ALCO**"). We conduct risk profiling on a regular basis for the purpose of self-assessment.

For further details on the risk associated with our Risk Management operations, please refer to the section entitled "*Risk Factors*" on page 45 of this Placement Document.

Liquidity risk management

Liquidity risk arises when there is an asset-liability mismatch caused by the difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increases in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner at a reasonable price. We actively monitor our liquidity position to ensure that we can meet all requirements of our borrowers, while also meeting the requirements of our lenders and to be able to consider investment opportunities as they arise. Our ALCO, composed of senior management, lays down policies and quantitative limits and apprises the Board periodically on our asset-liability mismatch and liquidity issues.

HFCs in particular are exposed to liquidity risk in view of the fact that the assets generated by HFCs are of an average tenor of 10-12 years while the liabilities contracted are of an average tenor of 7-10 years. As average loan tenors change due to market conditions, we may be exposed to more liquidity risk during certain market conditions as opposed to others.

The Company seeks diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Our operations are principally funded by borrowings from banks and financial institutions, while we also obtain funding from NHB, public (fixed) deposits and the domestic debt markets. In addition, due to our stable short-term and long-term credit ratings, we have access to fundraising opportunities in the capital markets.

The following table sets forth the asset-liability gap position for our operations as at December 31, 2014 and March 31, 2014, 2013 and 2012.

(in ₹millions)

Asset - Liability Situation	As at March 31,		As at December 31,	
	2014	**2013**	**2012**	**2014**
Due in 1 year or less				
Inflows (Assets)	31,021.1	21,293.0	17,387.3	132,907.9
Outflows (Liabilities)	71,841.8	54,356.2	32,490.3	130,232.7
Due in 1 - 3 years				
Inflows (Assets)	44,110.9	36,511.3	25,171.7	124,141.6
Outflows (Liabilities)	125,349.3	98,906.1	57,394.7	134,755.7
Due in 3 - 5 years				
Inflows (Assets)	46,346.0	36,276.9	25,875.4	127,096.1
Outflows (Liabilities)	75,379.6	73,033.0	41,778.2	95,483.8
Due after 5 years				
Inflows (Assets)	301,981.2	255,540.7	139,582.7	182,236.7
Outflows (Liabilities)	121,758.1	93,706.1	59,823.0	153,463.2
Total				
Inflows (Assets)	**423,459.2**	**349,621.9**	**208,017.1**	**566,382.3**
Outflows (Liabilities)	**394,328.8**	**320,001.4**	**191,486.2**	**513,935.4**

Note: The asset liability gap is calculated considering the prepayments on loan book and includes all assets and liabilities including off balance sheet items.

Because of our composition of our credit portfolio, which qualifies for priority sector lending, we are one of the preferred sources in the securitization market. We securitize / assign a pool of certain housing and non-housing loans and manage servicing of such loan accounts under the securitization / assignment agreements with buyers / investors. For example, we have entered into the securitization / assignment agreements with various banks. As at March 31, 2014 and December 31, 2014, the balance outstanding in the pool aggregated to ₹42,254.4 million and ₹48,616.4 million, respectively. We are responsible for collection and servicing of this loan portfolio on

behalf of buyers / investors in return for a fee. Under the securitization / assignment agreements, we pay to buyers / investors on monthly basis the *pro rata* collection amount as per the agreement terms.

In Fiscal 2014, we entered into a mortgage guarantee agreement with India Mortgage Guarantee Corporation Private Limited to obtain a guarantee of repayment on the pool of assets extended by us to retail borrowers. As part of this transaction, we securitized a pool of certain identified housing loan receivables along with a security interest to a designated trust. The pool has been rated 'AAA(SO)' by CARE. This enables us to reduce the level of credit enhancement (cash collateral) that would have otherwise been required for our loan transactions and is expected to result in increase of capital, which can be redeployed to earn higher returns.

Interest rate risk management

The borrowings of HFCs like the Company are largely linked to benchmarks such as the base rate and hence the debt of the Company is mainly floating in nature. This exposes HFCs to an interest rate risk. Consequently, exposure to interest rate fluctuations and increases needs to be managed in order to mitigate the risk.

As at December 31, 2014, 98.72% of our assets were floating rate loans and 58.51% of our liabilities were floating rate borrowings. Our business is impacted by a change in interest rates although the floating rate loans only re-price on a periodic basis. Exposure to fluctuations in interest rates is measured primarily by way of asset-liability gap analysis, providing a static view of the maturity profile of balance sheet positions. An interest rate gap is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated re-pricing date. The difference in the amount of assets and liabilities maturing or being re-priced in any time period category, would then give an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities.

The Company's strategy is to optimize its borrowings between short-term and long-term debt as well as between floating and fixed rate instruments. The Company prepares interest rate risk reports periodically and reports to the NHB regarding the same. The Company follows a prudent policy in respect of managing its assets and liability to ensure that exposure to fluctuations in interest rates is kept within acceptable limits. The Company uses interest rate swaps on a limited basis for the purpose of hedging interest rate mismatches. The ALCO periodically reviews the treasury operations and the pricing of products at specific intervals.

Credit risk management

Credit risk is a risk of loss due to failure of a borrower/counterparty to meet the contractual obligation of repaying debt as per the agreed terms, which is also commonly known as a risk of default. The Company manages credit risk by using a set of credit norms and policies, including a standard credit appraisal policy based on customer credit criteria approved by the Board. These criteria vary between loan products and typically include factors such as the applicant's income and certain stability factors such as the employment and dependency details, age and educational status and other financial obligations of the applicant and the loan-to-cost ratio. The Company has a structured and standardized credit approval process including a comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower.

The Company's credit evaluation and credit portfolio management methodologies are designed to ensure consistent underwriting and early identification of problematic loans using techniques, such as early default analysis, product analysis and probability of default. The Company has established 19 circle/cluster offices as of December 31, 2014 to bring uniformity and minimize local subjectivities in the credit appraisal and credit delivery processes. The Company's branches act as a sourcing point while the circle/cluster offices act each as a centralized operations center for a set of branches.

The Company has developed internal legal and technical evaluation teams to make credit decisions more robust and in line to manage collateral risk. Under our end-to-end business model, our employees are involved throughout the entire loan process and are able to consult with customers from loan origination through disbursement. Our in-house operations team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards in an effort to minimize future losses. The Company's independent internal audit team conducts a regular review of credit files on a sample basis to ensure adherence to policies and processes, and its dedicated collection and recovery team manages lifecycle of transactions and monitors the credit quality. We believe that this model is especially valuable in the LMI segment where credit risk may be more difficult to assess.

Operational risk management

Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We have implemented a comprehensive operational risk management policy with a framework to identify, assess and monitor risks, strengthen controls, improve services and minimize operating losses. The Company attempts to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. We have strengthened our technology platform across systems and processes and set up a disaster recovery site for retrieval of data to operating units in case of an eventuality or system failure as a part of our business continuity plan. We also set up a data center in Bengaluru to ensure that all transactions are separately kept on real time basis. We formulated the contingency plan to address data recovery in case of a natural disaster and periodically review vigilance and fraud reports, recovery reports and audit reports to detect failures with the objective of systemic remediation.

INTERNAL AUDIT AND CONTROL PROCEDURES

Our internal audit function is headed by senior management personnel with the reporting lines to the Audit Committee of the Board and a dotted line reporting to the Chief Executive Officer. The internal audit function maintains its independence and objectivity while carrying out assignments. It conducts internal audit undertaken by our in-house audit professionals, evaluates on a continuous basis the adequacy and effectiveness of the internal control mechanism, adherence to policies and procedures, as well as regulatory and legal requirements. The internal audit function also proactively recommends improvements in operational processes and suggests streamlining of controls against various risks. Internal audit adopts a risk based audit approach and conducts audit of all branches through in-house internal audit team.

Additionally, practicing chartered accountancy firms are engaged to conduct concurrent audit in branches covering more than 80% of the business during the financial year. The external audit assesses and evaluates the operational effectiveness of checks and balances on a continuous basis. Our in-house internal audit team looks into cases across our locations while the external audit firms help reinforce the control mechanism.

The Audit Committee of the Board reviews the performance of the internal audit function on a quarterly basis, gives direction to its functionaries and reviews effectiveness of internal control systems. During Fiscal 2014, the Company strengthened its audit team by increasing the number of professionals with adequate domain knowledge. The internal auditors undertake a comprehensive audit of all functional areas and operations, with their findings being outlined in the report to the Audit Committee of the Board.

We also have in place well-defined business processes to ensure complete independence of the functions and segregation of responsibilities. Our robust credit approval and credit control processes, centralized operations unit, independent audit unit for checking compliance with the prescribed policies and approving all loans at transaction level, risk management processes and policies provide for multiple checks and verifications for both legal and technical parameters, including collateral valuation and title search, document verification against fraud and KYC check and personal meetings with clients.

For the mortgage loans, the credit department evaluates proposals focusing on both the borrower and the security and various legal and technical parameters like title reports from empanelled lawyers. We believe our procedures have ensured that the eventual write-off due to non-recovery has remained less than 0.10% of the loan book during the last three financial years.

During Fiscal 2014, the Company also introduced a systematized control mechanism to monitor project price movements and project launches, thereby enhancing sectoral intelligence. Our team is expected to provide relevant services to syndicated partners for their individual corporate lending portfolios where land parcels and buildings are taken as collateral.

CUSTOMER SERVICE AND GRIEVANCE REDRESSAL PROCESSES

The Company has established a multi-level customer query and grievance resolution process. At the branch level, dedicated customer service (CS) managers are appointed at each branch / cluster office. The dedicated CS

manager and branch operations manager (BOM) ensure timely resolution of the complaints / queries received at the branch/cluster office. In addition to customer walk-ins, phone calls and e-mail, the secure suggestion boxes are installed at every branch and customers are encouraged to submit their feedback and comments in the suggestion box. When we receive a customer complaint, we first perform a preliminary check to verify the customer's details. The complaint is then assigned a unique service request number. We ascertain the nature of the customer request and strive to provide a prompt resolution based on a template response mechanism. If necessary, we engage our legal team in response process. The customer service managers co-ordinate the respective vertical team members of branches for resolution of complaint. Upon resolution of the complaint, the branch MIS system is updated and communication is sent to the customer using standard templates.

At the Head Office level, the customer complaints are received through a designated e-mail available on the Company's website or through letters and phone calls. All customer grievances received at the Head Office level are handled centrally by our Customer Centre located in Gurgaon and as well at our Corporate Office. Once a customer complaint/grievance is received, it is forwarded to the appropriate function for redressal and resolution.

The Company strives to address customer grievances within three days of receipt and resolve customer complaints within one to two weeks from the date of complaint. During the nine months ended December 31, 2014, the Company received 299 complaints of which 297 were resolved.

The Company has also taken new initiatives to improve its customer service such as adopting 'A Guide to Customer Service Etiquettes', conducting customer service satisfaction survey and appointing an authorized official to redress grievances of the Company's customers.

INSURANCE

The Company insured its various properties and facilities against the risk of fire, theft and other perils, etc. and has obtained Directors' and Officers' Liability Insurance Policy which covers the Company's Directors and Officers (employees in managerial or supervisory position) against the risk of financial loss including the expenses pertaining to defense cost and legal representation expenses arising in the normal course of business. We have obtained future money policy to cover money in safe and till counter and money in transit for our branches and various offices, and insurance for some of our vehicles. We have also obtained credit life insurance to cover loans issued to certain borrowers in the event of their death. We also have in place a medi claim policy for our employees and their dependent family members and a group personal accident policy, which provides uniform benefits to all the employees.

For a discussion of certain risks relating to our insurance coverage, please refer to the section entitled "*Risk Factors- Internal Risks and Risks Associated with our Business - Our insurance coverage may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position*" on page 59 of this Placement Document.

HUMAN RESOURCES

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

Our vision is to become an employer of choice by providing a compelling employee value proposition. We strive to attract the best talent in the industry and ensure our employees' development, retention and contribution to the Company's success. Our management team has molded its policies relating to hiring, deployment, transfers, promotion, training, including its performance-linked bonuses and employee stock options, with the clear aim of building a 'cadre-based organization', whose cadre understands the company's customers, their problems, issues and aspirations. The Company's human resources policies and practices are focused on recruiting and training employees who can empathize and deal with potential and existing borrowers. In the past, the Company has engaged an outside consultant that developed a behavioral competency framework for our branch and office heads and a technical competency framework for sales, credit appraisal, accounting, collection and recovery and technical functions. We have integrated the behavioral competency and technical competency frameworks into our training, evaluation and recruiting processes.

We have implemented a robust reward and recognition framework across all functions under which contributions to the business by the employees are rewarded. We intend to continue investing in employee leadership, motivation, training and assistance programs. We also introduced an online library facility across India available to our employees.

We offer eligible employees the right to participate in our employee stock option schemes in order to reward employees for their performance and motivate them to contribute to the growth and profitability of the Company. We introduced employee stock option schemes in Fiscal 2009 (ESOP 2008) and in Fiscal 2010 and 2011 respectively (ESOP 2009, Plan II and Plan III). Share options under these schemes are granted to the employees as approved by the Nomination & Remuneration Committee of the Board. In January 2015, we also sought approval of our shareholders for an employee stock appreciation rights scheme (ESAR 2015). For details on ESOP 2008, ESOP 2009 and ESAR 2015, see the section "*Board of Directors and Senior Management*" on page 156 of this Placement Document.

Our key governance policies include 'Know Your Customer & Anti-Money Laundering Measure Policy', 'Fair Practice Code', 'Code of Conduct for Board Members and Senior Management', 'Code for Prevention of Insider Trading Practices', 'Code of Business Ethics', 'Whistle Blower Policy' and 'Workplace Sexual Harassment Policy'. Our 'Code of Business Ethics' lays down principles and standards to ensure and promote ethical and legal behavior within the Company. The 'Whistle Blower Policy' provides for a vigil mechanism that encourages and supports the Directors and employees to report to the management / the Chairperson of the Audit Committee on the instances of unethical behavior, actual or suspected, fraud or violation of the Company's 'Code of Conduct for the Board Members and the Senior Management' or 'Code of Business Ethics'. This policy also provides adequate safeguards against the victimization of a whistle blower who avails this mechanism and for direct access to the Chairperson of the Audit Committee in exceptional cases. Our 'Workplace Sexual Harassment Policy' seeks to protect women employees from sexual harassment at the place of work and also provides for punishment in case of false and malicious representations.

As at December 31, 2014, we had 2,290 permanent employees. The average service tenure of our employees is approximately 3.5 years. The growth in our employee headcount is in line with our strategy of growing our operations and expanding our geographical reach. The table below sets forth our employees by category as at December 31, 2014.

Category	No. of employees as at December 31, 2014
Head Office	277
Other locations	2,013
Total	**2,290**

Our employees are non-unionized and we are not a party to any collective bargaining agreement.

INFORMATION TECHNOLOGY

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

The Company's IT systems have the capability of an end-to-end customer data capture, computation of income, collateral data capture, and repayment management. Loan approval is controlled by the loan application system and the monthly analytics reports including through-the-door and credit information tracking to ensure risk management control and compliance.

In Fiscal 2014, the Company took various steps to strengthen its IT platform, including the following:

- We established a disaster recovery site at a seismically less active zone to avoid data loss and termination of business operations in case of a national disaster.

- We set up portals for the fixed deposit brokers to help with access to the information about customers which allows to save time and manpower allocation for the transactions.

- We strengthened our network with the back-up facilities and improved connectivity via a fast speed network.

In the beginning of 2014, we engaged a leading Indian IT company to assess our current IT landscape, propose a new IT landscape that is expected to increase our capacity, flexibility, accessibility and stability, and prepare a three-year IT roadmap to establish it. We have subscribed to the executive programs provided by an American information technology research and advisory firm for technology related insights.

We have recently initiated a technology transformation program in association with IBM to support our growth, improve operational efficiency and optimize costs through the use of technology. This program is expected to establish a scalable and flexible technology landscape, align it with the Company's evolving business needs, improve customer centricity and bring the Company's technology platform to a new level. The program aims to identify and implement best-fit solutions in such areas as (i) collaboration and employee communication portal to provide for internal communication, knowledge sharing and collaboration between employees; (ii) customer relationship management, in particular in marketing, sales and customer service, to achieve higher customer satisfaction and enhanced marketing and sales effectiveness; (iii) digital channels to provide for effective interaction between the Company and its customers and business partners/agents, which will include creation of a customer portal and an agent portal; (iv) new FD management system which will replace the current system to facilitate FD-related activities; (v) financial accounting and treasury system to implement the current customized software and establish unified accounting, financial management and business processes at the Company; (vi) imaging, workflow and DMS to facilitate the centralization of data capture and validation of the Company's loan, project finance and FD applications; (vii) loan origination and management; (viii) collections management, project finance and property information management systems; (ix) business systems (enterprise) integration; and (x) business intelligence and advanced analytics to build a platform and an operational data store to generate systematic, consistent and near real-time MIS reports and dashboards.

INTELLECTUAL PROPERTY

Our trademarks "Dewan Housing Finance Corporation Ltd.", "DHFL" and "DHFL Changing Rules Changing Lives" are registered in the name of the Company, in addition to a number of other trademarks, including those used in our insurance and financial services businesses and advertising campaigns such as "Ashray Deposits" and "The Friendly Housing Loan People". We also applied for registration with the Trade Mark Registry but do not own some of the copyright, trademark, trade name or other intellectual property rights such as certain classes of our "DHFL" logos, our logo of home and our trademarks to "First Blue Premium Home Loans". We entered into a trademark licensing agreement with DHFL Pramerica, PAMPL and PTPL with respect to the use of our name by these joint ventures. Our associate companies also use some or all of our trademarks, although no written licensing agreements are in place. For further details, please refer to the section entitled "*Risk Factors*" on page 45 of this Placement Document.

LEGAL PROCEEDINGS

We are party to various legal proceedings which arise in the ordinary course of our operations. For further details, please refer to the section entitled "*Legal Proceedings*" on page 204 of this Placement Document. None of these legal proceedings, either individually or in the aggregate, are expected to have a material adverse effect on us or our financial condition.

PROPERTY

Our registered office is located at Warden House, 2nd floor, Sir P.M. Road, Fort, Mumbai – 400 001. The registered office is not owned by the Company and the premises are currently on lease. Our corporate office is located at TCG Financial Center, 10th floor, BKC Road, Bandra Kurla Complex, Bandra (East), Mumbai – 400 098 and is leased by the Company pursuant to an assignment of a long-term lease for a period of 80 years from August 2006.

For our branches located throughout India, we have entered into one-year term lease or leave and license agreements for roughly half of our branch locations with the remainder for terms ranging from one to nine years. We own five offices and an extension of one of our offices.

The Company owns the following properties listed below:

Use	Address
National Office	HDIL Towers, Ground Floor and 6th Floor, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai – 400051
Ahmedabad Office	Unit No. 202, 2nd Floor, Ushadeep Building, Sub Plot No. 48 of Shrimali CHS, Shekhpur-Khanpur, Ahmedabad – 380009
Borivali Office	Dheeraj Regency, Shops Nos. 18, 19 & 20, Ground Floor, Dheeraj Regency, Khatau Mills Compound, Opp. Bhore Industries, Western Express Highway, Mumbai – 400 066
Hubbali Office	Office Nos. 4 & 5, 1st Floor,Eureka Towers, CTS No.172/1, Hubbali – 580029
Navi Mumbai Office	Block No 7, 2nd Floor, Raigad Bhuvan, Sector 11, Plot No. 4, CBD Belapur, Navi Mumbai
Surat Office	Office Nos. 8, 9 & 10, Mezzanine Floor, Western Plaza on land bearing R.S.No.628/1, Adajan, Surat
Docket Room, Indore	Flat No. G-1, Ground Floor, Dewan Masion, Plot No 76, Geeta Nagar, Indore Area
Flats	Flat Nos. 205, 305, 505 & 605, Lordes Tower, Gautam Buddha Marg, Church Lane, Malad (West) Mumbai – 400 064
Flats	Flat No. 4, Ground Floor, H.5, Dewan & Sons Housing Enclave, Shree Geetanjali CHS, Ambadi Road, Vasai, Thane
Docket room	Flat Nos.4-6and Shop Nos. 1-9, Ground Floor, Mayuri Building, Dewan & Sons Housing Enclave, on land bearing No. 10/3, 10/7 and 11/8, Diwanman, Vasai, Thane – 401202
Under Construction	NAPHA building located on land bearing Survey No.294, Hissa No.5(A) corresponding CTS No.5442-B, CTS Road, Kalina, Santacruz, Mumbai
Land	Non-agricultural land, Plot No.29, Mauje Irana of Kadi Taluka, District Mehsana, Gujarat

Corporate Social Responsibility (CSR)

The Company's CSR Policy was adopted in October 2012 and subsequently revised in April 2014 to align it with Section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013. This Policy is aimed at addressing specific social concerns, contributing to local communities where the Company has presence and involving the Company's employees in the Company's CSR initiatives. The Companies Act, 2013 introduced provisions relating to CSR, pursuant to which the Company is required to spend, in each financial year, at least 2.0% of its average net profits during the three immediately preceding financial years towards one of the specified CSR activities. As required by the Companies Act, 2013, the Company is required to spend ₹ 117 million on the CSR activities.

The Company supports education of approximately 100 students from economically weaker sections of society studying at D R Shriram English Medium School in Solapur by contributing towards their education fees. The Company has collaborated with a Canadian company for providing online skills building training to the underprivileged youth in India, which shall enable them to get employment opportunities. The Company has also partnered with a NGO working on providing education, healthcare, nutrition and shelter for children of construction workers. In Fiscal 2014 and 2013, the Company participated in the Mumbai Marathon in association with a NGO. The Company also organized used items donation campaigns in which the Company's employees participated. The Company also contributed ₹2 million to the Prime Minister's National Relief Fund for victims of flood in Jammu and Kashmir.

The Company's local community CSR initiatives are aimed at maintaining green environment in urban India, including through maintenance, improvement of security and preservation of CPRA Bay View Marina Garden at Cuffe Parade in Mumbai.

SELECTED STATISTICAL INFORMATION

The following unaudited information should be read together with the Company's standalone financial statements included in this Placement Document and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" to the extent that the Company's standalone financial results and financial condition are discussed in that section. All amounts presented in this section have been prepared in accordance with Indian GAAP. Footnotes appear at the end of each related section of tables. Unless otherwise stated, amounts are provided on a standalone basis for the Company.

In this section, references to "we", "our" and "us" are to the Company unless the context requires otherwise.

Average Balance Sheet

The table below presents the average balances for interest-earning assets and interest-bearing liabilities together with the related interest revenue and expense amounts, resulting in the presentation of the average yields and cost for each period. The average balance is the average of monthly balances outstanding. The average yield on average interest-earning assets is the ratio of interest revenue to average interest-earning assets. The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances of loans include NPAs and are net of allowances for credit losses. We have not recalculated tax exempt income on a tax equivalent basis.

(in ₹millions, except percentages)

	Nine months ended December 31, 2014		
	Average Balance	**Interest Income/ Expense**	**Average Yield/ Cost (%)**
Interest-earning assets:			
Advances	441,861.6	41,315.4	12.47%
Investments	6,164.5	1,252.0	27.08%
Others	-	1,470.4	0.00%
Total interest-earning assets	**448,026.1**	**44,037.8**	**13.13%**
Non-interest earning assets:			
Fixed assets	9,872.9		
Other assets	16,317.6		
Total assets	**474,216.5**		
Interest-bearing liabilities:			
Borrowings	427,652.5	32,842.2	10.24%
Total interest-bearing liabilities	**427,652.5**	**32,842.2**	**10.24%**
Non-interest bearing liabilities:			
Capital and reserves	37,015.5		
Other liabilities	9,548.59		
Total non-interest bearing liabilities	**46,564.0**		
Total liabilities	**474,216.5**		

	Fiscal year ended March 31,								
	2014			**2013**			**2012**		
	Average Balance	**Interest Income/ Expense**	**Average Yield/ Cost (%)**	**Average Balance**	**Interest Income/ Expense**	**Average Yield/ Cost (%)**	**Average Balance**	**Interest Income/ Expense**	**Average Yield/ Cost (%)**
	(in ₹ millions, except percentages)								
Interest-earning assets:									
Advances	372,491.8	46,136.8	12.39%	266,285.5	37,482.0	14.08%	167,386.8	21,656.0	12.94%
Investments	4,254.6	1,238.8	19.04%	3,688.9	1,138.3	30.86%	6,667.1	1,028.0	15.42%

	Fiscal year ended March 31,								
	2014			2013			2012		
	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)
	(in ₹ millions, except percentages)								
Others	-	2,321.2	0.00%	-	2,169.1	0.00%	-	2,013.1	0.00%
Total interest-earning assets	376,746.4	49,696.9	13.19%	269,974.4	40,789.4	15.11%	174,053.9	24,696.8	14.19%
Non-interest earning assets									
Fixed assets	7,128.3			3,422.1			2,343.7		
Other assets	14,436.7			13,203.9			14,595.9		
Total assets	398.311.4			286,600.7			190,993.5		
Interest-bearing liabilities:									
Borrowings	357,725.4	37,825.8	10.57%	256,058.8	31,193.6	12.18%	170,018.2	17,992.3	10.58%
Total interest-bearing liabilities	357,725.4	37,825.8	10.57%	256,058.8	31,193.6	12.18%	170,018.2	17,992.3	10.58%
Non-interest bearing liabilities									
Capital and reserves	34,060.3			26,349.1			17,905.8		
Other liabilities	6,525.7			4,192.9			3,069.5		
Total non-interest bearing liabilities	40,589.9			30,541.9			20,957.3		
Total liabilities	398,311.4			286,600.7			190,933.5		

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and interest margins on our interest-earning assets.

Particulars	Nine months ended December 31, 2014	Fiscal year ended March 31,		
		2014	2013	2012
		(in ₹millions, except percentages)		
Average interest-earning	448,026.1	376,746.4	269,974.4	174,053.9

Particulars	Nine months ended December 31, 2014	Fiscal year ended March 31,		
		2014	2013	2012
		(in ₹millions, except percentages)		
assets				
Average interest-bearing liabilities	427,652.5	357,725.4	256,058.8	170,018.2
Average total assets	474,216.5	398,311.4	286,600.7	190,993.5
Average interest-earning assets as a percentage of average total assets (%)	94.48%	94.59%	94.20%	91.13%
Average interest-bearing liabilities as a percentage of average total assets (%)	90.18%	89.81%	89.34%	89.02%
Average interest-earning assets as a percentage of average interest-bearing liabilities (%)	104.76%	105.32%	105.43%	102.37%
Yield (%)	12.47%	12.39%	14.08%	12.94%
Cost of Funds (%)	10.24%	10.57%	12.18%	10.58%
Spread (%)	2.23%	1.81%	1.89%	2.35%

Return on Equity and Assets

The following table presents selected financial ratios for the periods indicated.

Particulars	Nine months ended December 31, 2014	Fiscal year ended March 31,		
		2014	2013	2012
		(in ₹millions, except percentages)		
Interest income:	41,315.4	46,136.8	37,482.0	21,655.7
Average total assets	474,216.5	398,310.9	286,600.3	190,993.5
Average shareholders' equity	37,015.5	34,060.3	26,349.1	17,905.8
Net profit	4,590.1	5,290.0	4,518.5	3,063.6
ROE* (Net profit to average shareholders' equity) (%)	19.25%	17.59%	17.86%	19.02%
ROA* (Net profit to average total assets) (%)	1.66%	1.70%	1.71%	1.92%
Average shareholders' equity as a percentage of average total assets (%)	7.81%	8.55%	9.19%	9.38%

**RoE calculated as – Net Profit before provisions/average shareholder's equity*
**RoA calculated as - Net Profit before provisions/average total assets*

Investment Portfolio

The following tables set forth, as at the dates indicated, information related to our investments.

Particulars	As at December 31, 2014		
	Held To Maturity	Available For Sale	Held For Trading
	(in ₹millions, except percentages)		
Government securities	2,054.6		
Other approved securities	-		
Shares	610.3		97.5
Mutual Fund investments	318.0		2,750.0
Debentures and bonds	428.9		
Subsidiaries and joint ventures	310.7		
Total	**3,722.5**		**2,847.5**

Particulars	As at March 31, 2014			As at March 31, 2013			As at March 31, 2012		
	Held To Maturity	Available For Sale	Held For Trading	Held To Maturity	Available For Sale	Held For Trading	Held To Maturity	Available For Sale	Held For Trading
	(in ₹ millions, except percentages)								
Government securities	1,508.7			1,028.1		-	488.7		-
Other approved securities	-			-		-	-		-
Shares	668.9		-	425.0		16.4	717.5		42.7
Mutual Fund investments	318.3		2,692.0	320.1		828.6	322.3		268.8
Debentures, bonds and CP	428.9			145.0		-	75.0		441.4
Subsidiaries and joint ventures	142.3			-		-	2,290.1		-
Total	3,067.1		2,692.0	1,918.2		845.0	3,893.6		752.9

Borrowings

The following table sets forth, for the periods indicated, information related to our borrowings, which are comprised primarily of loans from banks, refinancing from NHB, public deposits, and non-convertible debentures.

	Nine months ended December 31,	Fiscal year ended March 31,		
	2014	2014	2013	2012
	(in ₹ millions, except percentages)			
Period end balance	460,436.1	394,868.9	320,581.9	191,535.7
Maximum outstanding	460,436.1	394,868.9	320,581.9	191,535.7
Interest paid during the year	32,842.2	37,825.8	31,193.6	17,992.3
Average interest rate during the period[(1)] (%)	9.51%	9.58%	9.73%	9.39%
Average interest rate at period end[(2)] (%)	9.51%	9.58%	9.73%	9.39%

(1) Represents the ratio of interest expense on borrowings to the average balances of borrowings.
(2) Represents the average rate of borrowings outstanding as at December 31, 2014, March 31, 2014, 2013 and 2012.

Subordinated Debt

We obtain funds from the issuance of unsecured non-convertible subordinated debt securities, which qualify as Tier II capital under guidelines for assessing capital adequacy. As at December 31, 2014, our outstanding subordinated debt aggregated ₹11,915.0 million.

The following table sets forth information with respect to subordinated debt issued by us as at the date sets forth below.

(in ₹ millions)

Number of Debentures	Face Value	Outstanding as at				Terms of Redemption Redeemable at par in	Amount of redemption
		December 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011		
450	1	0.0	0.0	0.0	450.0	3 - 10 years	450.0
350	1	0.0	0.0	350.0	350.0	3 - 10 years	350.0
1,750	1	1,750.0	1,750.0	1,750.0	1,750.0	3 - 10 years	1,750.0
1,750	1	1,750.0	1,750.0	1,750.0	1,750.0	3 - 10 years	1,750.0
1,500	1	1,500.0	1,500.0	1,500.0	1,500.0	3 - 10 years	1,500.0
850	1	850.0	850.0	0.0	0.0	3 - 10 years	850.0
5,315	1	5,315.0	5,315.0	5,315.0	0.0	3 - 10 years	5,315.0
750	1	750.0	750.0	750.0	750.0	3 - 10 years	750.0

Loan Portfolio

As at December 31, 2014, March 31, 2014, 2013 and 2012, our gross loan portfolio was ₹477,756.9 million, ₹405,966.3 million, ₹339,017.2 million and ₹193,553.8 million, respectively. As at each date, substantially all of our gross loans were to borrowers in India and were denominated in Indian Rupees.

The following table sets forth, for the periods indicated, our net loan portfolio classified by loan types.

(in ₹millions, except percentages)

	As at December 31,		As at March 31,					
	2014		2014		2013		2012	
Classification of Loans and Advances	**Loans**	**% of Total**	**Loans**	**% of Total**	**Loans**	**% of Total**	**Loans**	**% of Total**
Construction Loans for Individuals	65,473.5	13.70%	53,209.2	13.11%	47,528.9	14.02%	35,115.6	18.14%
Extension and Improvement Loans	11,307.5	2.37%	7,350.1	1.81%	4,564.0	1.35%	2,987.7	1.54%
Project Loans for Builders	25,690.7	5.38%	22,134.6	5.45%	17,650.0	5.21%	10,955.9	5.66%
Loans for the Purchase of Dwellings	290,715.4	60.85%	257,105.2	63.33%	226,854.0	66.92%	122,198.3	63.13%
Commercial Loans[(1)]	84,569.8	17.70%	66,167.9	16.30%	42,420.4	12.51%	22,296.4	11.52%
Total	**477,756.9**	**100.00%**	**405,966.3**	**100.00%**	**339,017.2**	**100.00%**	**193,553.8**	**100.00%**

(1) Commercial Loans include, among other things, loans for lease rental financing, investment property, mortgage loans, SME and NRI property loans.

Maturity and Interest Rate Sensitivity of Loans

The following table sets forth the interest rate sensitivity of our loans as at December 31, 2014.

	As at December 31, 2014			
	Due in one year or less	**Due in one year to five years**	**Due after five years**	**Total**
	(in ₹millions, except percentages)			
Interest rate classification of loans by maturity:	57,966.0	248,214.7	171,574.2	477,756.9

Concentration of Customers

The following table sets forth, at the dates indicated, our fund-based loans outstanding categorized by customer type.

Customers	As at December 31,		As at March 31,					
	2014		2014		2013		2012	
	Loans	**% of Total**	**Loans**	**% of Total**	**Loans**	**% of Total**	**Loans**	**% of Total**
	(in₹millions, except percentages)							
Private Sector Employees	211,158.4	44.20%	147,368.2	36.30%	124,832.8	36.82%	72,440.5	37.43%
Educational Institution Employees	21,676.2	4.54%	22,045.0	5.43%	21,539.4	6.35%	12,902.0	6.67%
Government Institution Employees	87,283.0	18.27%	81,160.8	19.99%	73,771.7	21.76%	41,712.0	21.55%
Self-Employed	149,611.8	31.32%	137,066.9	33.76%	101,283.9	29.88%	55,591.9	28.72%
Other	8,027.7	1.68%	18,325.4	4.51%	17,589.3	5.19%	10,907.4	5.64%
Total	**477,756.9**	100.00%	**405,966.3**	100.00%	**339,017.2**	100.00%	**193,553.8**	100.00%

Non-Performing Assets

As at December 31, 2014, 0.77% of our loans have been categorized as non-performing.

As at December 31, 2014, our gross NPAs as a proportion of our gross loans were 0.77% and our net NPAs as a proportion of our net loans were 0.49%. As at December 31, 2014, we had effected a provision cover of 36.56% of our gross NPAs.

The following table sets forth, for the periods indicated, information about our NPA portfolio.

	As at or for the nine months ended December 31, 2014	As at or for the fiscal year ended March 31,		
		2014	2013	2012
	(in ₹millions, except percentages)			
Opening balance at the beginning of the period	3,175.2	2,393.2	1,464.9	942.9
Increase /(Decrease)	492.9	782.0	928.3	522.0
Gross NPAs at the close of the period	**3,668.1**	**3,175.2**	**2,393.2**	**1,464.9**
Net NPAs	2,327.0	2,098.7	1,559.6	999.5
Gross loans	477,756.9	405,966.3	339,017.2	193,553.8
Net loans	475,429.9	403,867.6	337,457.6	192,554.3
Gross NPAs/Gross loans (%)	**0.77%**	**0.78%**	**0.71%**	**0.76%**
Net NPAs/Net Loans (%)	**0.49%**	**0.52%**	**0.46%**	**0.52%**
Total provisions as a percentage of gross NPAs (%)	**108.20%**	**104.36%**	**109.76%**	**106.08%**

Recognition of Non-Performing Assets

NPAs are recognized as per NHB norms.

The NPAs are classified into various categories as follows:

(i) NPA for a period not exceeding 12 months: Sub-standard asset;

(ii) NPA exceeding 12 months to 48 months: Doubtful asset; and

(iii) NPA exceeding 48 months: Loss asset.

The table below sets forth our NPA position as of the dates specified.

Housing Loans

	As at December 31,		As at March 31,	
	2014	2014	2013	2012
	(in ₹millions, except percentages)			
Sub-standard loans:				
Amount	1,033.7	1,166.6	938.9	670.4
As a percentage of total NPAs	28.18%	36.74%	39.23%	45.76%
Doubtful loans:				
Amount	1,925.6	1,449.6	1,052.2	416.7
As a percentage of total NPAs	52.50%	45.65%	43.97%	28.45%
Loss loans:				
Amount	14.0	14.0	16.2	-
As a percentage of total NPAs	0.38%	0.44%	0.68%	0.00%
Total	**2,973.3**	**2,630.2**	**2,007.3**	**1,087.1**

Non - Housing Loans

	As at December 31,		As at March 31,	
	2014	2014	2013	2012
	(in ₹millions, except percentages)			
Sub-standard loans:				
Amount	372.4	307.0	217.4	180.3
As a percentage of total NPAs	10.15%	9.67%	9.08%	12.31%
Doubtful loans:				
Amount	316.3	231.9	161.5	197.5
As a percentage of total NPAs	8.62%	7.30%	6.75%	13.48%
Loss loans:				

	As at December 31,	As at March 31,		
	2014	2014	2013	2012
	(in ₹millions, except percentages)			
Amount	6.1	6.1	7.0	-
As a percentage of total NPAs	0.17%	0.19%	0.29%	0.00%
Total	**694.8**	**545.0**	**385.9**	**377.8**

Quoted Investments

	As at December 31, 2014	As at March 31,		
		2014	2013	2012
		(in ₹millions)		
Amount of Quoted Investments	**2,581.0**	**1,937.7**	**1,189.5**	**606.2**

Non-Accrual Policy

When an asset is classified as non-performing, interest accrual thereon is stopped and the unrealized interest is reversed by a debit to our profit and loss account. In accordance with NHB guidelines, interest realized on NPAs may be credited as income, provided that the interest does not relate to additional credit facilities sanctioned to the borrower. The NHB has also stipulated that in the absence of a clear agreement between us and the borrower for the purpose of appropriating recoveries in NPAs (*i.e.*, towards principal or interest due), banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner. In the case of NPAs where recoveries are effected, our policy is to appropriate the same against interest. If any of a borrower's loans are classified as an NPA, all loans to such borrower are classified as NPAs.

Provisions on Standard Assets

In accordance with the NHB Directions, 2010, we make a general provision on standard assets of 0.4% of our total outstanding loans other than housing loans to individuals and me make a 2% provision on the total outstanding amount of housing loans at teaser or special rates (i.e. housing loans at comparatively lower rates of interest in the first few years after which the rates re-set at high rates).

NPAS Strategy

We have utilized the SARFAESI Act to enforce our security charged to us in case of defaulting borrowers as well to take appropriate portfolio intervention such as the sale of non-performing loans to specialized asset reconstruction companies. We have also restructured loans to customers who have faced cash flow problems causing delay or default in servicing their loan obligations.

Analysis of Non-Performing Loans by Loan Type

	As at March 31,								
	2014			2013			2012		
	Gross Loans	NPAS	% of Gross NPAS to Gross Advance	Gross Loans	NPAS	% of Gross NPAS to Gross Advance	Gross Loans	NPAS	% of Gross NPAS to Gross Advance
	(in ₹millions, except percentages)								
Housing	334,004.5	2,630.2	0.79%	295,384.3	2,007.3	0.68%	168,950.6	1,087.1	0.64%
Others	71,961.8	545.0	0.76%	43,632.9	385.9	0.88%	24,603.2	377.8	1.54%
Total	**405,966.3**	**3,175.2**	0.78%	**339,017.2**	**2,393.2**	0.71%	**193,553.8**	**1,464.9**	0.76%

	As at December 31, 2014

	Gross Loans	NPAS	% of Gross NPAS to Gross Advance
	(in ₹millions, except percentages)		
Housing	382,367.6	2,973.3	0.78%
Others	95,389.4	694.8	0.73%
Total	**477,757.0**	**3,668.1**	**0.77%**

Restructuring of Debt

As we are a housing finance company, the company follows the guidelines of the NHB. The NHB has not prescribed policy for restructuring assets. We have occasionally restructured loans based on individual borrower circumstances. However in the past we have not faced any significant restructuring needs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included on Page 207 of this Placement Document, along with the section titled "Selected Statistical Information" beginning on page 117 of this Placement Document, which presents important statistical information about our Company's business. You should also read the section titled "Risk Factors" beginning on page 45 of this Placement Document, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. This discussion also contains forward looking statements and you should refer to the section "Forward-Looking Statements" on page 12 of this Placement Document.

The following discussion relates to the audited standalone financial statements of the Company for Fiscal 2014, 2013 and 2012 that have been prepared in accordance with Indian GAAP, the accounting standards referred to in Sub Section (2) of Section 2 of Companies Act 2013 of the Companies Act and the other applicable provisions of the Companies Act. In addition, this discussion relates to the unaudited standalone financial statements of the Company for the nine-month period ending December 31, 2014, which have been subjected to a limited review. The following discussion, in relevant parts, is also based on internally prepared statistical information and on publicly available information.

The financial or fiscal year of our Company ends on March 31 every year, so all references to a particular financial or fiscal year are to the twelve-month period ended March 31.

The following discussion relates to the Company and is based on our standalone audited financial statements. The following discussion is based on internally prepared statistical information and on information publicly available from the RBI, NHB and other sources.

Overview

We are a deposit-taking housing finance company registered with the National Housing Bank and focused on providing financing products for the low and middle income ("LMI") segment in India primarily in Tier II and Tier III cities and towns. We have been active in the housing finance sector in India since 1984. We provide secured finance primarily to individuals, partnership firms and companies for the purchase, self-construction, improvement and extension of homes, new and resalable flats, commercial properties and land. We also provide certain categories of non-housing loans. During the fiscal year ended March 31, 2014, we made total loan disbursements of ₹ 165,325.7 million. As at March 31, 2014, our gross NPAs as a percentage of our outstanding loans were 0.78% and our net NPAs as a percentage of our outstanding loans were 0.52%.

We have a strong marketing and distribution network, with a presence across 361 locations throughout India as at December 31, 2014. In addition to our network within India, we have international representative offices located in London and Dubai. To broaden our customer base and to penetrate further geographically, we have entered into tie-ups with public and private sector banks, including United Bank of India for eastern India, a leading public sector bank for central India and Dhanlaxmi Bank and Yes Bank Limited for pan-India.

We continue to keep tight control over the cost of borrowings through negotiations with lenders, thus raising resources at competitive rates from its lenders, ensuring proper asset-liability match. Total debt funds as at March 31, 2014 amounted to ₹ 394,868.9 million, compared to ₹ 320,584.1 million as at March 31, 2013. As at March 31, 2014, term loans from banks and financial institutions constituted 67.68% while capital market instruments constituted 19.64% of our total debt funds. The remaining portion of our debt funds comprised of National Housing Bank (NHB) refinance and public deposits. Our average cost of borrowings as at March 31, 2014 was 10.59%, compared to 10.63% as at March 31, 2013.

As at December 31, 2014, we have received 'CARE AAA' credit rating by the Credit Analysis and Research Ltd. ("**CARE**") and a credit rating of 'BWR AAA (Stable)' by Brickworks Ratings India Pvt. Ltd. ("**Brickwork**") for some of our long-term debt instruments. We also have 'CRISIL A1+' rating for short-term instruments from Credit Rating Information Services of India Limited ("**CRISIL**"); and 'CRISIL AAA(SO)' rating from CRISIL, 'CARE AAA(SO)' rating from CARE and 'ICRA AAA(SO)' rating from ICRA Limited for the structured obligations. These ratings indicate the highest or a very strong degree of safety regarding timely servicing of financial obligations and allow us to access debt financing at competitive rates of interest. Based on our ratings, we expect to source funding at competitive rates from the capital markets and reduce our proportion of bank financing to bring down our overall funding costs.

For the fiscal years ended March 31, 2014, 2013 and 2012 our total revenue was ₹ 49,696.9 million, ₹ 40,789.4 million and ₹ 24,696.8 million, respectively, and our profit for the year was ₹ 5,290.0 million, ₹ 4,518.5 million and ₹ 3,063.6 million, respectively. Our total revenue and profit for the year has grown at a CAGR of 41.9% and 31.4%, respectively, during the two fiscal years ended March 31, 2014.

Basis of Presentation, Investments, Disinvestments and Amalgamation

During Fiscal 2014, we entered into a joint venture with Prudential Financial Inc. by way of acquisition of a 50% stake in DLF Pramerica Life Insurance Company Limited, which later changed its company name to DHFL Pramerica Life Insurance Company Limited. This stake is treated as an investment and is not required to be consolidated as per Companies Act, 2013 and Indian Accounting Standards.

During Fiscal 2013, we disinvested our shareholding in DHFL Vysya Housing Finance Limited ("**DVHFL**") and, as a consequence, DVHFL, along with Aadhar Housing Finance Limited and DHFL Property Services Limited, ceased to be our subsidiaries for the purposes of our financial statements in Fiscal 2012. The Company earned a profit of ₹318.7 million on sale of shares of DVHFL. The proceeds from these disinvestments were ploughed back in the business activities of the Company.

During Fiscal 2013 First Blue Home Finance Limited ("First Blue") and DHFL Holdings Private Limited ("DHFL Holdings") were amalgamated with our Company whereby we assumed the assets and liabilities of these entities and First Blue and DHFL Holdings, ceased to be our subsidiaries. Additionally, during the Fiscal 2013, we also disinvested our shareholding in First Blue Financial Consultants Limited and consequently, it ceased to be our subsidiary for the purposes of our financial statements in Fiscal 2013. We also disinvested our equity shareholding in Aadhar Housing Finance Limited bringing it down to less than 15%. This was done to comply with the regulatory requirements of the NHB with reference to cross holdings of a housing finance company ("HFC") in excess of 15% (previously NHB had prescribed limit of 10%) of the equity shares of the investee HFC.

Accordingly, due to the divestments and the amalgamation, the amounts reported in our financial statements for Fiscal 2014 and Fiscal 2013 may not be directly comparable to the amounts reported in our financial statements for Fiscal 2012.

In Fiscal 2012, we prepared consolidated financial statements of the Company and its subsidiaries at such time, and such Fiscal 2012 consolidated financial statements are included on page 207 of this Placement Document.

Financial Performance Indicators

We use a variety of indicators to measure our performance. These indicators are presented in tabular form in the section titled "Selected Statistical Information" on page 117 of this Placement Document. Our net interest income represents our total interest income net of total interest expense. Net interest margin represents the ratio of net interest income less expenses incurred on raising of borrowings to the average of total loan portfolio. We calculate average yield as interest earnings on the average of interest earning assets. Our cost of funds is the interest expense divided by the average of interest bearing liabilities. For the purposes of these averages and ratios only, the interest cost of the unsecured subordinated bonds that we issued for Tier II capital adequacy purposes ("Tier II Bonds") is included in our cost of interest bearing liabilities. In our financial statements, these bonds are accounted for as "unsecured liabilities" and their interest cost is accounted for under "other interest expenses".

Factors affecting our Operations

Our business is subject to various risks and uncertainties, including those discussed in the section titled "Risk Factors" of this Placement Document.

Some of the important factors that have affected and which may continue to affect our results of operations, financial condition and cash flows are discussed in this section.

Performance of the Indian Economy

Despite the global financial crisis in late 2008, India continued to show one of the highest annual real GDP growth in the world. The real GDP growth rate of India for the calendar year 2011, 2012 and 2013 amounted to 6.6%, 4.7% and 5.0%, respectively. (*Source: International Monetary Fund, World Economic Outlook as of October 2014).* The Reserve Bank of India expects the real GDP growth to be around 5.5% for the year 2014-

2015. (*Source: RBI, Annual Report 2013-2014).* The growth prospects of our business, including the quality of our assets and our ability to grow our asset portfolio and implement our strategy, are influenced by the growth rate of the economy as a whole. The level of credit disbursed, recovery of loans and demand for vehicles and construction equipment are all affected by these factors. Any slowdown in the growth of the economy, coupled with inflationary pressures, could adversely impact our business.

The housing finance industry in India is growing fast and is served by multiple institutions that cater to people in diverse geographies and across income spreads. Mortgage lending has significantly contributed to the growth in housing construction and housing consumption activities. The outstanding housing finance loans in India has increased from approximately ₹ 5,365 billion in the year 2008-2009 to approximately ₹ 9,343 billion in the year 2012-2013. (*Source: CRISIL Research, NBFCs in India, March 2014).* Any slowdown in the growth of the housing and housing finance industry could adversely impact our business.

Competition

Our primary competitors are HFCs, co-operative banks, local moneylenders, public sector banks, private banks (including foreign banks), regional rural banks and NBFCs. We are exposed to the risk of increased and more aggressive competition from banks expanding their housing finance operations across the markets in which we operate, resulting in margin pressures. We believe that our consistent relationships with our customers, our knowledge of the real estate needs of the LMI segment, continued expansion of our branch network through captive set-ups and tie-ups with public sector banks that have a strong regional presence coupled with our proactive approach in providing flexible loan products and speedy service will enable us to remain competitive.

Regulatory policies for HFCs

Being a financial intermediary, the operations of our Company are regulated by the National Housing Bank ("NHB") . Our Company is presently required by the NHB to maintain a minimum capital adequacy of 12%. In addition, the NHB also requires that we transfer 20% of our annual profits to a reserve fund. The NHB also requires us to make provisions in respect of NPAs. As a prudent practice, we make additional provisioning for NPAs at a faster rate than that prescribed by the NHB. Any changes in the regulatory framework affecting HFCs including the provisioning norms for NPAs or capital adequacy requirements could affect our profitability and consequently our net worth. Any additional requirements, for example in relation to securitization, re-financing of our loans with NHB or restrictions imposed on banks' lending to HFCs could adversely affect our growth.

Availability of cost effective funding sources and impact of interest rate volatility

With the growth of our business, we are increasingly relying on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors including our ability to maintain our credit ratings. While our borrowing costs have been competitive in the past due to our credit rating and the quality of our asset portfolio, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business and future financial performance.

Our operations are susceptible to interest rate movements. Interest rates are sensitive to many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We are exposed to interest rate risks. In order to mitigate the same, we have a mix of long term and short term borrowings with both fixed and variable rates.

Credit Quality, Write-Offs and Provisions

The credit quality of our loans is a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment. Credit risk is the risk of financial loss arising out of the inability or unwillingness of a customer to meet his obligations. The credit risk arises because of the quality of the loan portfolio and it is extremely important to control this risk in the housing finance industry. Any inability to control such risk could adversely affect our financial results and operations.

Our NPA level is a function of our credit quality, which is further dependent upon our recovery mechanisms and credit appraisal processes. Our gross NPAs represented 0.78%, 0.71% and 0.76% of our total loan portfolio as at March 31, 2014, 2013 and 2012, respectively. Our write-offs were ₹ 35.5 million, ₹ 49.4 million and

₹ 23.6 million as of March 31, 2014, March 31, 2013 and March 31, 2012, respectively. For the three fiscal years, our write-offs had remained less than 0.1% of our total loan book. Our ability to continue to reduce or contain the level of our NPAs depend on a number of factors beyond our control, such as increased competition, economic conditions, including with respect to specific industries to which we are exposed, decreases in agricultural production, decline in commodity prices, adverse fluctuations in interest and exchange rates or adverse changes in Indian policies, laws or regulations and also on our ability to manage our risk.

Liquidity Risk

Managing liquidity risk is essential to maintain the confidence of depositors and counterparties. Any inability to meet our financial obligation in a timely manner, could affect our business of operation and future growth of our Company.

Certain Significant Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, except where otherwise noted. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate these estimates on an on-going basis. We base our estimates on our historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount values of assets and liabilities that are not readily apparent from other sources.

We believe that application of the following critical accounting policies entails the most significant judgments and estimates used in the preparation of our financial statements.

Revenue recognition

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

(b) Dividend income on investments, processing fees and penal interest income on delayed EMI / pre-EMI are recognised on receipt basis.

(c) Income from services and interest bearing investment is recognised on accrual basis.

Interest and other related financial charges

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

Provision for contingencies

Provision for contingencies has been made for diminution in investment value and on standard as well as non-performing housing loans and other property loans as per the prudential norms prescribed by the NHB. We also make certain additional provision to meet unforeseen contingencies.

Investments

In accordance with Accounting Standard (AS 13) on "Accounting for Investments" and the guidelines issued by the NHB, investments are either classified as current or long term based on the management's intention at the time of purchase. On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and stamp duty. Long term investments are carried at cost less provision for diminution, other than temporary, in the value of investments. Current investments are stated at lower of cost and fair value.

Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impaired losses, if any. All directly attributable costs including borrowing cost, net of cenvat credit, till the asset is put to use is shown as capital work in progress and is capitalized thereafter. Depreciation on fixed assets is provided on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956 up to March 31 2014 and Companies Act, 2013 thereafter. Assets held under finance leases are depreciated over the estimated useful life of the asset or the lease term whichever is lesser.

Impairment of assets

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

Accounting for Taxes

Income tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS-22) on "Accounting for Taxes on Income". The deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the statement of profit and loss. The cumulative effect thereof is shown in the balance sheet. The deferred tax assets, if any, are recognised only to the extent that there is reasonable certainty that the assets will be realized in future. However if there are carried forward loss or depreciation then the deferred tax, if any, are recognised only to the extent that there is virtual certainty that the assets will be realized in future.

Provisions, Contingent Liability and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

Housing and Other Property Loans

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

Securitized assets

Securitized and assigned assets are derecognized in the books of the Company based on the principle of transfer of ownership interest over the assets. De-recognition of such assets and recognition of gain or loss arising on such securitization is based on the Guidance Note on Accounting for Securitization issued by the Institute of Chartered Accountants of India.

Accounting for Investments

All investments are stated at cost as per Accounting Standard (AS13) on "Accounting for Investments" and the guidelines issued by the National Housing Bank. Investments in unquoted shares being long term investments is stated at cost and provision for diminution is made only if such diminution is other than temporary. Investments in mutual funds and quoted shares are in the nature of current investments and full provision for diminution in the value of said investments is made.

Associates are not consolidated and accounted as investments using the equity method.

Amalgamation &Geographical Segment Report

The two subsidiaries, First Blue and DHFL Holdings Private Limited were amalgamated into the Company during the Fiscal 2013 pursuant to a scheme of amalgamation. The Company operates under a single (primary) business segment, namely "providing loans for construction or purchase of residential property and loans against property". Further, the Company is operating in a single geographical segment. Accordingly, disclosures relating to primary and secondary business segments under the Accounting Standard on Segment Reporting (AS-17) notified u/s 211(3C) of the Companies Act, 1956 are not applicable to the Company.

Changes in Accounting Policies in the last three Financial Years

There have been no changes in the accounting policies of the Company during the last three financial years, except for the change in accounting of lease to comply with Accounting Standard 19 for the financial year ended March 31, 2013, which resulted in a reduction in the profits of our Company as a result of making a provision of ₹ 7.8 million.

Description of Principal Components of Income and Expenditure

Income

Revenue from Operations

Revenue from operations includes the following:

- Interest on housing and property loans, which comprises interest income on loan agreements we have with our customers;
- Interest on bank deposits, which comprises interest on term deposits we have with banks;
- Interest on long term investments, which comprises interest income on long term investments we made;
- Other interest, which comprises interest on short term deposits with banks and bonds/ securities on surplus funds;
- Revenue from other services, which includes, fees and charges received in relation to provision of loan-related services and other advisory services after netting off business sourcing expenses; and
- Operational and treasury income, which comprises net income from mutual fund and financial and commodity derivatives, profit on sale of investments and dividend income from investments.

Other Income

Other income consists of income from rent received and other miscellaneous income.

Expenses

Interest and finance cost

Interest and finance cost include interest expenses on our borrowings and other borrowing costs.

Employees Remuneration and benefits

Employee remuneration and benefits expenses primarily consist of employees' salaries, wages and bonuses paid to employees, along with contributions to provident and other funds and staff welfare expenses.

Administrative and Other Expenses

Administrative and other expenses consist of a number of items, including, advertising and business promotion, rent, rates and taxes, insurance, traveling expenses, conveyance expenses, general repairs and maintenance, office maintenance, directors' fees, legal and professional charges, training and conference expenses, communication expenses, electricity charges and other miscellaneous expenses.

Depreciation and Amortization

Depreciation represents depreciation charges on our fixed assets for own use and on operating lease.

Provision for Contingencies

Provision for contingencies represents provision we make for diminution in investment value and on standard as well as on non-performing housing loans and other property loans.

Results of Operations

(in ₹millions, except percentages)

	Fiscal 2014	As a % of total revenue	Fiscal 2013	As a % of total revenue	Fiscal 2012	As a % of total revenue
Income						
Revenue from Operations						
Interest on Housing and Property Loans	46,136.8	92.8%	37,482.0	91.9%	21,655.7	87.7%
Interest on Bank Deposits	382.6	0.8%	339.3	0.8%	139.4	0.6%
Interest on Long Term Investments	139.5	0.3%	63.6	0.2%	37.3	1.9%
Other Interest	46	0.1%	91.8	0.2%	149.1	0.2%
Revenue from other services	2,300.3	4.6%	1,991.9	4.9%	1,993.9	8.1%
Operational Treasury Income	670.7	1.3%	643.6	1.6%	702.2	2.8%
Total Revenue from Operations	49,675.9	100.0%	40,612.2	99.6%	24,677.6	99.9%
Other Income	21	0.0%	177.2	0.4%	19.2	0.1%
Total Revenue	**49,696.9**	**100.0%**	**40,789.4**	**100.0%**	**24,696.8**	**100.0%**
Expenses						
Interest & Finance Cost	37,825.8	76.1%	31,193.6	76.5%	17,992.3	72.9%
Employees Remuneration & Benefits	1,761.0	3.5%	1,406.9	3.4%	877.6	3.6%
Administrative & Other Expenses	1,949.9	3.9%	1,547.5	3.8%	1,559.1	6.3%
Depreciation & Amortization	109.1	0.2%	84.6	0.2%	47.2	0.2%
Provision for Contingencies	700.0	1.4%	450.0	1.1%	237.0	1.0%
Total Expenses	**42,345.8**	**85.2%**	**34,682.6**	**85.0%**	**20,713.2**	**83.9%**
Profit Before Tax	**7,351.1**	**14.8%**	**6,106.8**	**15.0%**	**3,983.6**	**16.1%**
Less: Tax Expense						
Current Tax	2,029.5	4.1%	1,551.8	3.8%	861.5	3.5%
Deferred Tax Charge	31.6	0.1%	36.5	0.1%	58.5	0.2%
Profit For the Year	**5,290.0**	**10.6%**	**4,518.5**	**11.1%**	**3,063.6**	**12.4%**

Comparison of Fiscal 2014 with Fiscal 2013

Total Revenue

Revenue from operations for Fiscal 2014 increased by 21.8% from ₹ 40,789.4 million in Fiscal 2013 to ₹ 49,696.9 million in Fiscal 2014, mainly due to an increase in interest generated from our housing and property loans resulting from growth in our loan book during Fiscal 2014. The detailed breakdown of our revenue from operations is given below:

(in ₹millions, except percentages)

	Fiscal 2014	Fiscal 2013	% Growth
Interest on Housing and Property Loans	46,136.8	37,482.0	23.1%
Interest on Bank Deposits	382.6	339.3	12.8%
Interest on Long Term Investments	139.5	63.6	119.3%
Other Interest	46	91.8	(49.9)%
Revenue from other services	2,300.3	1,991.9	15.5%
Operational Treasury Income	670.7	643.6	4.2%
Other Income	**21.0**	**177.2**	**(88.1)%**
Total Revenue	**49,696.9**	**40,789.4**	**21.8%**

Interest on Housing and Property Loans

Our interest income from housing and property loans increased by 23.1% from ₹ 37,482.0 million in Fiscal 2013 to ₹ 46,136.8 million in Fiscal 2014, primarily due to increase in loan disbursements by 24.6% from ₹ 133,577.3 million in Fiscal 2013 to ₹ 165,325.7 million in Fiscal 2014 through deeper penetration into our existing markets and geographical expansion through our captive network. Our disbursements and loan book in Fiscal 2013 also benefited from the inclusion of the results of First Blue which was amalgamated with the Company in Fiscal 2013.

The following table sets forth the breakdown of our loan disbursements for the periods indicated:

(in ₹millions, except percentages)

	Fiscal 2014	Fiscal 2013	% Growth
Total Loan Disbursements	165,325.7	133,577.3	23.8%
Housing Loans	130,284.3	111,960.6	16.4%
Other Property Loans	35,041.4	21,616.7	62.1%

Our housing loan disbursements grew 16.4% in Fiscal 2014 due to focused sales and marketing efforts. The disbursements on other property loans increased 62.1% due to increased focus on the higher yielding Loan against Property product category and project loans (commercial).

The following table sets forth the breakdown of our loan book as at the date indicated:

(in ₹millions, except percentages)

	As of March 31,		% Growth
	2014	2013	
Total Loan Book	405,966.3	339,017.2	19.7%
Housing Loans	334,004.5	295,384.3	13.1%
Other Property Loans	71,961.8	43,632.9	64.9%

Our housing loan book grew 13.1% in Fiscal 2014 due to focused sales and marketing efforts. Our focus on the higher yielding Loan against Property portfolio increased in Fiscal 2014, which led to the rise in the other property loans portfolio in Fiscal 2014.

The table below provides information about the disbursement by housing loan type of the Company for the Fiscal 2014 and Fiscal 2013.

(in ₹millions, except percentages)

Disbursements by Housing Loan Type	Fiscal 2014	% of Total	Fiscal 2013	% of Total
Construction Loans for Individuals	15,457.1	9.3%	14,644.8	11.0%
Extension and Improvement Loans	3,830.8	2.3%	1,641.2	1.2%
Project Loans for Builders	10,354.8	6.3%	11,153.9	8.4%
Loans for the Purchase of Dwellings	101,112.4	61.2%	84,946.4	63.6%
Commercial Loans [(1)]	34,570.6	20.9%	21,191.0	15.9%
Total	**165,325.7**	**100.0%**	**133,577.3**	**100.0%**

[(1)] Commercial Loans include, among others, loans for lease rental financing, investment property, mortgage loans and non-resident property loans.

Interest from Housing Loans

The types of housing loans we offer include loans for purchase of new house property, loans for purchase of re-sale house property, loans for self-construction and loans for extension and improvement. Our interest from housing loans increased by 15.4% from ₹ 32,468.6 million in Fiscal 2013 to ₹ 37,462.9 million in Fiscal 2014, primarily due to an increase in the average ticket size of individual loans, on account of increasing home prices. In addition, the interest from housing loans grew in trend with the Housing Loan book.

Interest from Other Property Loans

Other property loans consist of non-housing loans such as mortgage loans, project loans, plot loans, lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of National Housing Bank. Our interest from other property loans increased by 73.0% from ₹ 5,013.4 million in Fiscal 2013 to ₹ 8,673.8 million in Fiscal 2014, primarily due to increase in our other property loans book. Our total other property loan book increased by 64.9% from ₹ 43,632.8 million as of March 31, 2013 to ₹ 71,961.8 million as of March 31, 2014, primarily due to our focus on the higher yielding Loan against Property portfolio in Fiscal 2014 which led to the rise in the other property loans portfolio in Fiscal 2014.

Interest on Bank Deposits

Our interest on bank deposits increased by 12.8% from ₹ 339.3 million in Fiscal 2013 to ₹ 382.6 million in Fiscal 2014. As a percentage of revenue, our interest on bank deposits remained stable at 0.8% in Fiscal 2013 and Fiscal 2014.

Income on Long Term Investments

Our interest on long term investments increased by 119.3% from ₹ 63.6 million in Fiscal 2013 to ₹ 139.5 million in Fiscal 2014, primarily due primarily due to an increase in SLR investment in Fiscal 2014

Other Interest

Our other interest decreased by 49.9% from ₹ 91.8 million in Fiscal 2013 to ₹ 46.0 million in Fiscal 2014, primarily due to release of deposits earmarked as liquid collateral for the purpose of assignment and securitization.

Revenue from other services

Our revenue from other services increased by 15.5% from ₹ 1,991.9 million in Fiscal 2013 to ₹ 2,300.3 million in Fiscal 2014, primarily due to increase in revenue generated from loan-related services such as processing fees and cheque return charges and cross selling insurance products as our loan book increased during the period

Operational Treasury Income

Our operational treasury income increased by 4.2% from ₹ 643.6 million in Fiscal 2013 to ₹ 670.7 million in Fiscal 2014, mainly due to an increase in net income from mutual fund and financial or commodity derivatives, partially offset by a decrease in profit on the sale of liquid investments

Other Income

Other income decreased by 88.1% from ₹ 177.2 million in Fiscal 2013 to ₹ 21 million in Fiscal 2014, primarily due to a ₹ 123.7 million profit from the sale of real estate in Fiscal 2013.

Expenses

The detailed breakdown and explanations of our expenses is given below:

(in ₹millions, except percentages)

	Fiscal 2014	Fiscal 2013	Growth (%)
Interest and Finance Cost	37,825.8	31,193.6	21.3%
Employees Remuneration & Benefits	1,761.0	1,406.9	25.2%
Administrative & Other Expenses	1,949.9	1,547.5	26.0%
Depreciation & Amortization	109.1	84.6	29.0%
Provision for Contingencies	700.0	450.0	55.6%
Total Expenses	**42,345.8**	**34,682.6**	**22.1%**

Our total expenses increased by 22.1% from ₹ 34,682.6 million in Fiscal 2013 to ₹ 42,345.8 million in Fiscal 2014, generally in line with the increase in our total revenue from operations in Fiscal 2014.

Interest and Finance Cost

Our interest & finance cost increased by 21.3% from ₹ 31,193.6 million in Fiscal 2013 to ₹ 37,825.8 million in Fiscal 2014, generally in line with increase in total on-book assets from ₹ 339,017.2 million in Fiscal 2013 to ₹ 405,966.3 million in Fiscal 2014. The interest and finance cost as a percentage of total revenue decreased slightly from 76.5% in Fiscal 2013 to 76.1% in Fiscal 2014. The overall interest costs declined from Fiscal 2013 to Fiscal 2014, primarily due to shift of additional borrowings from high interest bearing bank borrowing to cheaper interest rate borrowings from capital markets as well as a rate cut by RBI in May 2013 by 25 bps.

Employees Remuneration & Benefits

Our employees remuneration and benefits expenses increased by 25.2% from ₹1,406.9 million in Fiscal 2013 to ₹ 1,761.0 million in Fiscal 2014, primarily due to increase in employees from 1,736 in Fiscal 2013 to 1,891 in Fiscal 2014 and an upward revision of fixed remuneration in Fiscal 2014. As a percentage of total revenue, our employees remuneration & benefits expenses remained relatively stable at 3.4% and 3.5% for Fiscal 2013 and Fiscal 2014, respectively.

Administrative & Other Expenses

Our administrative & other expenses increased by 26.0% from ₹1,547.5 million in Fiscal 2013 to ₹ 1,949.9 million in Fiscal 2014, mainly due to advertisement and business promotion activities as well as fees paid to legal counsel with regards to insurance venture. As a percentage of total revenue, our administrative & other expenses remained relatively stable at 3.8% and 3.9% for Fiscal 2013 and Fiscal 2014, respectively.

Depreciation & Amortization

Our depreciation & amortization expenses increased by 29.0% from ₹ 84.6 million in Fiscal 2013 to ₹ 109.1 million in Fiscal 2014, primarily due to depreciation expense incurred for the addition of fixed assets in Fiscal 2014 (gross block excluding capital work in progress increased from ₹ 2,147.1 million in Fiscal 2013 to ₹ 2,341.4 million in Fiscal 2014. Such addition of fixed assets was mainly on account of expansion in our captive branch network.

Provision for Contingencies

Our provision for contingencies increased by 55.6% from ₹ 450 million in Fiscal 2013 to ₹ 700.0 million in Fiscal 2014, primarily due to increase in loan book size.

Profit Before Tax

Profit before tax increased by 20.4% from ₹ 6,106.8 million in Fiscal 2013 to ₹ 7,351.1 million Fiscal 2014 and increased, as a percentage of total revenue, from 15.0% in Fiscal 2013 to 14.8% in Fiscal 2014.

Tax Expense

Our current tax expenses increased by 30.8% from ₹ 1,551.8 million in Fiscal 2013 to ₹ 2,029.5 million in Fiscal 2014, while our deferred tax charge decreased by 13.4% from ₹ 36.5 million in Fiscal 2013 to ₹ 31.6 million in Fiscal 2014. As a percentage of revenue, our current tax expenses increased from 3.8% in Fiscal 2013 to 4.1% in Fiscal 2014. Non housing loans have increased in 2014 on which tax rebates are not allowed.

Profit For the Year

As a result of the foregoing, our profit for the year increased by 17.1% from ₹ 4,518.5 million in Fiscal 2013 to ₹ 5,290.0 million in Fiscal 2014.

Comparison of Fiscal 2013 with Fiscal 2012

Total Revenue

Revenue from operations for Fiscal 2013 increased by 65.2% from ₹ 24,696.8 million in Fiscal 2012 to ₹ 40,789.4 million in Fiscal 2013, mainly due to an increase in interest generated from our housing and property

loans resulting from growth in our loan book during Fiscal 204. The detailed breakdown of our revenue from operations is given below:

(in ₹millions, except percentages)

	Fiscal 2013	Fiscal 2012	% Growth
Interest on Housing and Property Loans	37,482.0	21,655.7	73.1%
Interest on Bank Deposits	339.3	139.4	143.4%
Interest on Long Term Investments	63.6	37.3	70.5%
Other Interest	91.8	149.1	(38.4)%
Revenue from other services	1,991.9	1,993.9	(0.1)%
Operational Treasury Income	643.6	702.2	(8.3)%
Other Income	**177.2**	**19.2**	**822.9%**
Total Revenue	**40,789.4**	**24,696.8**	**65.2%**

Interest on Housing and Property Loans

Our interest income from housing and property loans increased by 73.1% from ₹ 21,655.7 million in Fiscal 2012 to ₹ 37,482.0 million, primarily due to increase in loan disbursements by 47.3% from ₹ 90,654.8 million in Fiscal 2012 to ₹ 133,577.3 million in Fiscal 2013 through significant geographical expansion. Our disbursements and loan book also benefited from the inclusion of the results of First Blue, which was amalgamated with the Company in Fiscal 2013.

The following table sets forth the breakdown of our loan disbursements for the periods indicated:

(in ₹millions, except percentages)

	Fiscal 2013	Fiscal 2012	% Growth
Total Loan Disbursements	133,577.3	90,654.8	47.3%
Housing Loans	111,960.6	72,488.4	54.5%
Other Property Loans	21,616.7	18,166.4	19.0%

The housing loan disbursements grew 47.3% due to the amalgamation of First Blue. The disbursements on housing loans increased 54.5% due to focused sales and marketing efforts.

The following table sets forth the breakdown of our Loan Book as at the date indicated:

(in ₹millions, except percentages)

	As of March 31,		% Growth
	2013	2012	
Total Loan Book	339,017.2	193,553.8	75.2%
Housing Loans	295,384.4	168,950.6	74.8%
Other Property Loans	43,632.9	24,603.2	77.3%

The housing loan book grew 75.2% primarily due to the amalgamation of First Blue as well as deeper penetration into the Company's existing markets and geographical expansion through the Company's captive network.

The table below provides information about the disbursement by housing loan type of the Company for the Fiscal 2013 and Fiscal 2012:

(in ₹millions, except percentages)

Disbursements by Housing Loan Type	Fiscal 2013	% of Total	Fiscal 2012	% of Total
Construction Loans for Individuals	14,644.8	11.0%	10,384.9	11.5%
Extension and Improvement Loans	1,641.2	1.2%	1,039.2	1.1%
Project Loans for Builders	11,153.9	8.4%	9,958.9	11.0%
Loans for the Purchase of Dwellings	84,946.4	63.6%	51,105.5	56.4%
Commercial Loans [(1)]	21,191.0	15.9%	18,166.2	20.0%
Total	**133,577.3**	**100.0%**	**90,654.8**	**100.0%**

Commercial Loans include, among others, loans for lease rental financing, investment property, mortgage loans and non-resident property loans.

Interest from Housing Loans

\The types of housing loans we offer include loans for purchase of new house property, loans for purchase of re-sale house property, loans for self-construction and loans for extension and improvement. Our interest from housing loans increased by 70.6% from ₹ 19,029.1 million in Fiscal 2012 to ₹ 32,468.6 million in Fiscal 2013, in line with the increase in our housing loan disbursements during the period**.**

Interest from Other Property Loans

Other property loans consist of non-housing loans such as mortgage loans, project loans, plot loans, lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of National Housing Bank. Our interest from other property loans increased by 90.9% from ₹ 2,626.6 million in Fiscal 2012 to ₹ 5,013.4 million in Fiscal 2013, primarily due to an increase in our Other Property Loan book due to the amalgamation of First Blue. Our total other property loans book increased by 77.3% from ₹ 24,603.2 million as of March 31, 2012 to ₹ 43,632.9 million as of March 31, 2013, primarily due to the amalgamation of First Blue.

Interest on Bank Deposits

Our interest on bank deposits increased by 143.4% from ₹ 139.4 million in Fiscal 2012 to ₹ 339.3 million in Fiscal 2013, mainly due to the merger of First Blue and to meet the SLR requirements against public deposits. As a percentage of revenue, our interest on bank deposits increased from 0.6% in Fiscal 2012 to 0.8% in Fiscal 2013.

Income on Long Term Investments

Our interest on long term investments increased by 70.5% from ₹ 37.3 million in Fiscal 2012 to ₹ 63.6 million in Fiscal 2013, primarily due to an increase in SLR investment in Fiscal 2013

Other Interest

Our other interest decreased by 38.4% from ₹ 149.1 million in Fiscal 2012 to ₹ 91.8 million in Fiscal 2013, primarily due to a reduction in short term investments.

Revenue from other services

Our revenue from other services decreased slightly by 0.1% from ₹ 1,993.9 million in Fiscal 2012 to ₹ 1,991.9 million in Fiscal 2013, primarily due to change in Accounting method of Business sourcing expenses. From Fiscal 2013, Business sourcing expenses are being net off against processing fees. On a gross basis the revenue from other services in Fiscal 2013 was ₹ 2,606.1 million.

Operational Treasury Income

Our operational treasury income decreased by 8.3% from ₹ 702.2 million in Fiscal 2012 to ₹ 643.6 million in Fiscal 2013, mainly due to a decrease in profit on sale of investments, partially offset by income from mutual fund or other financial derivatives.

Other Income

Other income increased by 822.9% from ₹ 19.2 million in Fiscal 2012 to ₹ 177.2 million in Fiscal 2013, primarily due to a ₹ 123.7 million profit from the sale of real estate in Fiscal 2013.

Expenses
The detailed breakdown and explanations of our expenses is given below:

(in ₹millions, except percentages)

	Fiscal 2013	Fiscal 2012	Growth (%)

Interest & Finance Cost	31,193.6	17,992.3	73.4%
Employees Remuneration & Benefits	1,406.9	877.6	60.3%
Administrative & Other Expenses	1,547.5	1,559.1	(0.7)%
Depreciation & Amortization	84.6	47.2	79.2%
Provision for Contingencies	450.0	237.0	89.9%
Total Expenses	**34,682.6**	**20,713.2**	**67.4%**

Our total expenses increased by 67.4% from ₹ 20,713.2 million in Fiscal 2012 to ₹ 34,682.6 million in Fiscal 2013, generally in line with the increase in our total revenue from operations in such period.

Interest & Finance Cost

Our interest & finance cost increased by 73.4% from ₹ 17,992.3 million in Fiscal 2012 to ₹ 31,193.6 million in Fiscal 2013, primarily due to amalgamation of First Blue and generally in line with increase in total on-book assets from ₹ 193,553.8 million in Fiscal 2012 to ₹ 339,017.2 million in Fiscal 2013. The interest and finance cost as a percentage of total revenue increased from 72.9% in Fiscal 2012 to 76.5% in Fiscal 2013. The overall interest costs declined from Fiscal 2012 to 2013 primarily due to a repo rate cut by RBI in April 2012 by 50 bps.

Employees Remuneration & Benefits

Our employees remuneration & benefits expenses increased by 60.3% from ₹ 877.6 million in Fiscal 2012 to ₹1,406.9 million in Fiscal 2013, primarily due to the amalgamation of First Blue which led to an increase in employees from 1,400 in Fiscal 2012 to 1,736 in Fiscal 2013. As a percentage of total revenue, our employees remuneration & benefits expenses decreased from 3.6% in Fiscal 2012 to 3.4% in Fiscal 2013.

Administrative & Other Expenses

Our administrative & other expenses decreased by 0.7% from ₹ 1,559.1 million in Fiscal 2012 to ₹1,547.5 million, mainly due to a regrouping of business sourcing expenses which are being netted out from revenue from other services from Fiscal 2013. On a gross basis, the administrative & other expenses in Fiscal 2013 were ₹2,161.7 million. Additionally, the amalgamation of First Blue also impacted the expenses. As a result, our administrative & other expenses as a percentage of total revenue decreased substantially from 6.3% in Fiscal 2012 to 3.8% in Fiscal 2013.

Depreciation & Amortization

Our depreciation & amortization expenses increased by 79.2% from ₹ 47.2 million in Fiscal 2012 to ₹ 84.6 million in Fiscal 2013, primarily due to depreciation expense incurred for the addition of fixed assets in Fiscal 2013 (gross block excluding capital work in progress from ₹ 827.8 million in Fiscal 2012 to ₹ 2,147.1 million in Fiscal 2013). Such addition of fixed assets was mainly on account of expansion in our captive branch network.

Provision for Contingencies

Our provision for contingencies increased by 89.9% from ₹ 237.0 million in Fiscal 2012 to ₹ 450 million in Fiscal 2013, generally in line with the expansion of our business in this period.

Profit Before Tax

Profit before tax increased by 53.3% from ₹ 3,983.6 million in Fiscal 2012 to ₹ 6,106.8 million in Fiscal 2013. As a percentage of total revenue, our profit before tax decreased from 16.1% in Fiscal 2012 to 15.0% in Fiscal 2013.

Tax Expense

Our current tax expenses increased by 80.1% from ₹ 861.5 million in Fiscal 2012 to ₹ 1,551.8 million in Fiscal 2013, while our deferred tax charge decreased by 37.6% from ₹ 58.5 million in Fiscal 2012 to ₹ 36.5 million in Fiscal 2013 due to the amalgamation of First Blue within the Company. As a percentage of revenue, our current tax expenses increased from 3.5% in Fiscal 2012 to 3.8% in Fiscal 2013.

Profit For the Year

As a result of the foregoing, our profit for the year increased by 47.5% from ₹ 3,063.6 million in Fiscal 2012 to ₹ 4,518.5 million in Fiscal 2013.

Liquidity and Capital Resources

Summary of Cash Flow

(in ₹millions)

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Net Cash Flow From/(Used In) Operating Activities	6,568.8	5,663.1	2,296.9
Net Cash From/(Used In) Investing Activities	(7,148.8)	(1,505.3)	4,662.9
Net Cash From/(Used In) Financing Activities	5,286.3	(6,948.9)	(8,741.7)
Net Increase in Cash and Cash Equivalents	**4,706.2**	**(2,791.1)**	**(1,781.9)**

We need cash primarily to finance new borrowers and meet working capital requirements. We fund these requirements through a variety of sources, including cash from interest income, short term borrowings and long-term borrowings such as debentures, term loans from commercial banks, rights issues, preference share issuance and securitization transactions.

Net Cash From Operating Activities

We had net cash from operating activities of ₹ 6,568.8 million, ₹ 5,663.1 million and ₹ 2,296.9 million in the Fiscal years ended March 31, 2014, 2013 and 2012, respectively, representing an increase in net cash used in operating activities of ₹ 905.7 million, or 16.0% in Fiscal 2014 compared to Fiscal 2013 and an increase of ₹ 3,366.2 million, or 146.6%, in Fiscal 2013 compared to Fiscal 2012. Our net cash used in operating activities was primarily deployed in increases in advances made and paying interest on deposits and borrowings during the respective periods.

Net Cash From Investing Activities

Investing activity consists of the purchase and sale of investments including publicly traded equity shares, investment in associate companies, mutual fund units, venture capital funds, and redeemable bonds. Net cash from investing activities amounted to ₹ (7,148.8) million, ₹ (1,505.3) million and ₹ 4,662.9 million in Fiscals 2014, 2013 and 2012, respectively. The decrease in net cash from investing activities is due to additional investments made in mutual funds, SLR and tax free bonds to meet regulatory guidelines and deploy excess cash.

Net Cash From/(Used In) Financing Activities

Net cash from financing activities amounted to ₹ 5,286.3 million, ₹ (6,948.9) million and ₹ (8,741.7) million in Fiscals 2014, 2013 and 2012, respectively. The proceeds from securitization increased substantially in Fiscal 2014. Cash flow from housing loan repayments increased 72.8% to ₹ 58,217.6 million in Fiscal 2014 from ₹ 33,681.4 million in Fiscal 2013.

Liquidity

We regularly monitor our funding levels to ensure we are able to satisfy the requirement for loan disbursements and maturity of our liabilities. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by long-term borrowings from banks and mutual funds, short and long-term general financing through the domestic debt markets and retained earnings, proceeds from securitization and equity issuances.

Surplus funds, if any are invested in accordance with our investment policy and practice. As of March 31, 2014, our total current investment portfolio was ₹ 2,692.0 million. As of March 31, 2014, our cash and bank balances amounted to ₹ 9,831.8 million. In addition, we monitor and manage our asset-liability gap with respect to our maturing assets and liabilities. Excluding the estimated Prepayments based on our past experience, as at March 31, 2014 our liabilities maturing within one year exceeded our assets maturing within the same period by ₹ 40,820.7 million, our liabilities maturing between one year and three years exceeded our assets maturing

during the same period by ₹ 81,238.4 million, our liabilities maturing between three and five years fall short of our assets maturing during the same period by ₹ 29,033.6 million while our assets maturing in over five years exceeded our liabilities maturing in the same period by ₹ 180,223.1 million For any period where liabilities exceed assets, we look to our credit lines with banks and will access the debt capital markets to ensure that liquidity requirements are met.

The loan agreements entered into by our Company and debentures issued contain a number of covenants including financial covenants. In addition, some loans contain provisions, which allow the lender, at its discretion, to call for repayment of the loan at short notice and/or require us to prepay on a *pari passu* basis if any other loan is being repaid. These covenants, if acted upon, may have an impact on our liquidity.
Since January 1, 2015, we have raised debt funds in the normal course of business through various routes including issuing commercial papers, private placement of NCDs and through public deposits.

Interest Rate Risk

Movements in domestic interest rates constitute the main source of interest rate risk. We assess and manage the interest rate risk on our balance sheet through the process of asset-liability management. The company has an Asset Liability Management Committee comprising of senior officials from various functions and headed by the Managing Director. The Asset Liability Management Committee (ALCO) lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. ALCO ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Board.
Our cost of borrowings has been and will be negatively impacted by an increase in interest rates. Exposure to fluctuations in interest rates is measured primarily by way of gap analysis, providing a static view of the maturity profile of our assets and liabilities. An interest rate sensitivity report is prepared by classifying all assets and liabilities into various categories according to interest rate sensitivity for reporting on a regular basis to the asset liability management committee and our board of directors. The difference between the amounts of assets and liabilities maturing in any maturity category provides a measure of the extent to which we are exposed to the risk of potential changes in the margins on new assets and liabilities.

Liquidity Risk

Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying deposits and borrowings. This could be due to a decline in the expected collection, or our inability to raise adequate resources at an appropriate price. This risk is minimized through diversifying its funding sources and through its ability to augment liquidity through asset sales and securitization. We also maintain a reasonable amount of liquid assets and keeps access to unsecured funding as a hedge against unexpected requirements.

The Asset Liability Management Committee reviews asset liability position, cost of funds, sensitivity analysis of forecasted cash flow statements over short and long-term time horizons and recommends corrective measures, if any, on a regular basis. The Asset Liability Management Committee also monitors liquidity risk through our asset liability management function aided by liquidity gap reports. This involves the categorization of all assets and liabilities in different maturity profiles, and evaluating them for any mismatches in any particular maturities, especially in the short term. The asset liability management policy is based on NHB guidelines and our asset liability management committee's guidelines and establishes the maximum allowed mismatches in the various maturities.

Exchange Rate Risk

All our assets are financed in INR and, therefore, we do not have any exchange rate risk on our asset portfolio.

Credit Ratings
Our borrowings enjoy the following credit ratings:

Particulars	Ratings
Short-Term Debt/ Commercial Paper	CRISIL A1+
Fixed Deposits	CARE AAA (FD); BWR FAAA
Subordinated Debt	CARE AA+; BWR AAA
Non-Convertible Debentures	CARE AAA; BWR AAA
Perpetual Debenture	CARE AA; BWR AAA
Long-term Bank Loans	CARE AAA

Structured Obligations	CARE AAA(SO); ICRA AAA(SO); CRISIL AAA(SO)

The above credit ratings are subject to revalidation and are valid for facilities up to specific amounts as indicated in such credit ratings.

Inflation

In recent years, although India has experienced fluctuation in inflation rates, inflation has not had material impact on our business and results of operations save in respect of its effects on interest rates.

Financial Condition

Our shareholders fund increased by 59.2% from ₹ 20,327.2 million as of March 31, 2012 to ₹ 32,370.9 million as of March 31, 2013 and further increased by 10.4% to ₹ 35,749.6 million as of March 31, 2014.

Assets

The following table sets forth the principal components of our assets:

(in ₹millions)

	As of March 31,		
	2014	**2013**	**2012**
Net Fixed Assets	9,877.3	4,379.3	2,464.8
Long Term Housing and Property Loans	3,87,469.0	3,23,694.9	1,82,429.8
Other Non Current Assets	5,172.9	4,974.6	6,613.8
Current Investments	2,692.0	845.0	752.9
Cash and Bank Balances	9,831.8	5,125.6	7,016.4
Short Tern portion of Housing and Property Loans	18,497.3	15,322.3	11,124.0
Other Short Term Loans and Advances	4,028.1	2,871.7	4,086.5
Other Current Assets	1,023.9	816.1	682.9
Total Assets	**4,38,592.3**	**3,58,029.5**	**2,15,171.1**

Our total assets increased by 66.4% from ₹ 215,171.0 million as of March 31, 2012 to ₹ 358,029.5 million as of March 31, 2013 and further increased by 22.5% to ₹ 438,592.3 million as of March 31, 2014. The most significant element of this change was the increase in housing and other loans as a result of an increase in our business activities described above. Our long term housing and property loans increased by 77.4% from ₹ 182,429.8 million as of March 31, 2012 to ₹ 323,694.9 million as of March 31, 2013 and further increased by 19.7% to ₹ 387,469.0 million as of March 31, 2014.

Our current investments include investments in equity shares, mutual funds and bonds. Our current investments increased by 12.2% from ₹ 752.9 million as of March 31, 2012 to ₹ 845.0 million as of March 31, 2013 and further increased by 218.6% to ₹ 2,692.0 million as of March 31, 2014. The most significant increase in current investments as of March 31, 2014 was due to an increase in investment of ₹ 1,863.4 million in mutual funds and venture capital funds.

Our cash and bank balances decreased by 26.9% from ₹ 7,016.4 million as of March 31, 2012 to ₹ 5,125.6 million as of March 31, 2013, but increased by 91.8% to ₹ 9,831.8 million as of March 31, 2014. The decrease in cash and bank balances as of March 31, 2013 was mainly due to a decrease of 29.2% on current account balances and short term deposits held with banks. The increase in cash and bank balances as of March 31, 2014 was mainly due to a remittance in transit in the amount of ₹ 6,100.0 million during Fiscal 2014, partially offset by a decrease in balances held in current accounts with scheduled banks. The money invested in liquid mutual funds was redeemed on March 31, 2014, which was credited as of April 2014.

Liabilities

The following table sets forth the principal components of our liabilities:

(in ₹millions)

	As of March 31,		
	2014	**2013**	**2012**

Secured Long Term Borrowings	295,276.7	243,048.3	148,325.2
Unsecured Long Term Borrowings	27,678.1	22,598.8	11,860.8
Term Provisions	3,313.5	2,636.0	1,594.0
Short Term Borrowings	15,947.2	8,759.8	9,341.7
Other Current Liabilities	59,846.7	48,119.9	22,845.8
Total Liabilities	**402,062.2**	**325,162.8**	**193,967.5**

Our total liabilities increased by 67.6% from ₹ 193,967.5 million as of March 31, 2012 to ₹ 325,162.8 million as of March 31, 2013 and further increased by 23.6% to ₹ 402,062.2 million as of March 31, 2014. These increases were due to an increase in our borrowings as a result of the growth of our business. The main reason for the substantial increase in total liabilities as of March 31, 2013 was the 63.9% increase in secured long term borrowings due to amalgamation of First Blue.

(in ₹millions)

	As of March 31,		
	2014	**2013**	**2012**
Debt Structure—Secured Long Term Borrowings			
Non-Convertible Debentures	44,365.6	31,046.4	15,235.3
Term Loan from Banks	230,714.3	194,257.4	121,848.7
Loan from National Housing Bank	16,000.9	17,580.1	10,939.5
Loan from Financial Institutions	4,195.9	162.5	301.7
Finance Lease Obligation	-	1.9	-
Total Secured Long Term Borrowings	**295,276.7**	**243,048.3**	**148,325.2**

Leveraging on our long-term relationship with scheduled banks, our outstanding secured term loan from scheduled bank increased by 59.4% from ₹ 121,848.7 million as of March 31, 2012 to ₹ 194,257.4 million as of March 31, 2013, and further increased by 18.8% to ₹230,714.3 million as of March 31, 2014.

Interest Coverage

Our interest coverage ratio (defined as cash profit after tax plus interest paid divided by interest paid) as of March 31, 2012, 2013 and 2014 is set forth in the table below:

Particulars	**As of March 31,**		
	2014	**2013**	**2012**
Interest Coverage Ratio	1.16	1.16	1.19

Off-Balance Sheet Items

Contingent liabilities

The following table sets forth the principal components of our contingent liabilities:

(in ₹millions)

	As of March 31,		
	2014	**2013**	**2012**
Guarantees provided by the Company	1,000.3	999.6	2,247.3
Claims against the Company not acknowledged as debts	10.5	8.3	5.4
Income Tax Demand (Net of amount deposited under protest ₹ 6.7 million)	43.0	43.0	-
Total Liabilities	**1,053.8**	**1,050.9**	**2,252.7**

Our total contingent liabilities decreased by 53.3% from ₹ 2,252.7 million as of March 31, 2012 to ₹ 1,050,9 million as of March 31, 2013, but increased slightly by 0.3% to ₹ 1,053.8 million as of March 31, 2014. The decrease in Fiscal 2013 was mainly due to the removal of guarantees provided by the Company in respect of First Blue, which were eliminated as we assumed the underlying First Blue liabilities on balance sheet when First Blue was amalgamated with the Company in Fiscal 2013.

Capital Adequacy

HFCs are required to maintain a minimum capital adequacy norm of 12% of the risk weighted assets and off-balance sheet items. In addition, the National Housing Bank Directions also require HFCs transfer minimum 20% of their annual profits to a reserve fund. The table below sets forth our capital adequacy ratios as at March 31, 2012, 2013 and 2014:

(in ₹millions)

	As of March 31,		
	2014	**2013**	**2012**
Capital Adequacy Ratio (CRAR)[(1)]	17.16%	16.52%	17.42%
CRAR – Tier I Capital	11.94%	11.32%	11.37%
CRAR – Tier II Capital	5.22%	5.20%	6.05%

(1) Capital Adequacy Ratio is defined as a minimum capital ratio consisting of Tier I and Tier II Capital to its aggregated risk weighted assets on-balance sheet and risk adjusted value of off-balance sheet items.

Asset Classification / Provisioning Policy / Write offs

We adhered to the prudential guidelines for Non-Performing Assets (NPAs), issued by the National Housing Bank under its Directions of 2010, as amended from time to time. The Company did not recognize income on such NPAs and further created provisions for contingencies on standard as well as non-performing housing loans and property loans, in accordance with the National Housing Bank Directions. The following table set forth our gross NPAs, net NPAs, cumulative provisions and write-offs for the periods indicated:

(in ₹millions, except percentages)

	As of March 31,		
	2014	**2013**	**2012**
Capital Adequacy Ratio (CRAR)	17.16%	16.52%	17.42%
Gross Non-Performing Assets	3,175.2	2,393.2	1464.9
% of Gross NPA to Total Loan Portfolio	**0.78%**	**0.71%**	**0.76%**
Net Non-Performing Assets	2,098.7	1,559.6	999.5
% of Net NPA to Total Loan Portfolio	**0.52%**	**0.46%**	**0.52%**
Total cumulative provision- loans and other assets	3,313.5	2,626.7	1,553.9
Write-off	35.5	49.4	23.6

Competitive Conditions

Refer to the sections titled "Business", "Industry" and "Risk Factors" in this Placement Document regarding competition.

Unusual or Infrequent Events or Transactions

Except as described in this Placement Document, there have been no other events or transactions to the best of our knowledge which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Except as described in the section titled "Risk Factors", this section and elsewhere in this Placement Document, to the best of our knowledge there are no known trends or uncertainties that have or had or expected to have any material adverse impact on the Group's revenues or income from continuing operations.

Future Relationship between Cost and Income

Except as described in the sections titled "Risk Factors", "Business" and this section, to the best of our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Significant Developments after March 31, 2014

In the opinion of our Board of Directors, other than disclosed below and elsewhere in this Placement Document, there has not arisen, since March 31, 2014, any circumstances that materially and adversely affect the profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

Results of Operations for the Nine Months Ended December 31, 2014 (Unaudited) Compared with the Fiscal 2014 (Audited)

Summary Results of Operations

(in ₹millions, except percentages)

	Nine Months Ended December 31, 2014	As a % of total revenue	Fiscal 2014	As a % of total revenue
Income				
Revenue from Operations				
Interest on Housing and Property Loans	41,315.40	93.82%	46,136.80	92.80%
Interest on Bank Deposits	446.5	1.01%	382.6	0.80%
Interest on Long Term Investments	133.4	0.30%	139.5	0.30%
Other Interest	28.6	0.06%	46	0.10%
Revenue from other services	1,460.30	3.32%	2,300.30	4.60%
Operational Treasury Income	643.5	1.46%	670.7	1.30%
Total Revenue from Operations	44,027.70	99.98%	49,675.90	100.00%
Other Income	10.1	0.02%	21	0.00%
Total Revenue	**44,037.80**	**100.00%**	**49,696.90**	**100.00%**
Expenses				
Interest & Finance Cost	32,842.20	74.58%	37,825.80	76.10%
Employees Remuneration & Benefits	1,411.10	3.20%	1,761.00	3.50%
Administrative & Other Expenses	1,957.00	4.44%	1,949.90	3.90%
Depreciation & Amortization	207.9	0.47%	109.1	0.20%
Provision for Contingencies	700	1.59%	700	1.40%
Total Expenses	**37,118.20**	**84.29%**	**42,345.80**	**85.20%**
Profit Before Tax	**6,919.60**	**15.71%**	**7,351.10**	**14.80%**
Less: Tax Expense				
Current Tax	2,189.00	4.97%	2,029.50	4.10%
Deferred Tax Charge	140.5	0.32%	31.6	0.10%
Profit For the Period	**4,590.10**	**10.42%**	**5,290.00**	**10.60%**

Nine Months ended December 31, 2014

Total Revenue

Revenue from operations for nine months ended December 31, 2014 was ₹ 44,037.80 million. Our revenue during the nine months ended December 31, 2014, primarily benefited from an increase in interest generated from our housing and property loans resulting from growth in our loan book. The detailed breakdown of our revenue from operations is given below:

(in ₹millions, except percentages)

	Nine Months ended December 31, 2014	Fiscal 2014
Interest on Housing and Property Loans	41,315.40	46,136.80
Interest on Bank Deposits	446.5	382.6
Interest on Long Term Investments	133.4	139.5
Other Interest	28.6	46
Revenue from other services	1,460.30	2,300.30
Operational Treasury Income	643.5	670.7
Other Income	**10.1**	**21**
Total Revenue	**44,037.80**	**49,696.90**

Interest on Housing and Property Loans

Our interest income from housing and property loans was ₹ 41,315.40 million during the nine months ended December 31, 2014. This was primarily due to loan disbursements of ₹ 135,301.9 million during the period through continued penetration into our existing markets and geographical expansion through our captive network.

The following table sets forth the breakdown of our loan disbursements for the periods indicated:

(in ₹millions, except percentages)

	Nine Months ended December 31, 2014	Fiscal 2014
Total Loan Disbursements	135,301.9	165,325.7
Housing Loans	99,614.2	130,284.3
Other Property Loans	35,687.6	35,041.4

During this period we continued our focus on the higher yielding Loan against Property product category and project loans (commercial), which resulted in disbursals of ₹ 35,687.6 million for other property loans. Our housing loans benefited from a moderate rate of disbursals amounting to ₹ 99,614.2 million during this period.
The following table sets forth the breakdown of our loan book as at the date indicated:

	Nine Months ended December 31, 2014	Fiscal 2014
Total Loan Book	477,757.0	405,966.3
Housing Loans	382,367.6	334,004.5
Other Property Loans	95,389.4	71,961.8

During this period we continued our focus on the higher yielding Loan against Property and project loans (commercial) portfolios, which resulted in loan book of ₹ 95,389.4 million for other property loans. Our Housing Loans benefited from a moderate rate of growth amounting to ₹ 382,367.6 million during this period.
The table below provides information about the disbursement by housing loan type of the Company during the Nine months ended December 31, 2014:

(in ₹millions, except percentages)

Disbursements by Housing Loan Type	Nine Months ended December 31, 2014	% of Total
Construction Loans for Individuals	16,329.0	12.1%
Extension and Improvement Loans	2,268.1	1.7%
Project Loans for Builders	8,998.9	6.7%
Loans for the Purchase of Dwellings	75,721.7	56.0%
Commercial Loans [(1)]	31,984.1	23.6%
Total	**1,35,301.8**	**100.0%**

[(1)]*Commercial Loans include, among others, loans for lease rental financing, investment property, mortgage loans and non-resident property loans.*

Interest from Housing Loans

The types of Housing Loans we offer include loans for purchase of new house property, loans for purchase of re-sale house property, loans for self-construction and loans for extension and improvement. Our interest from housing loans was ₹ 31,031.0 million in the nine months ended December 31, 2014. The rise in housing prices led to the increase in the average ticket size thus keeping the interest income in line with the trend.

Interest from Other Property Loans

Other property loans consist of non-housing loans such as mortgage loans, project loans, plot loans, lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of National Housing Bank. Our interest from other property loans was ₹ 10,284.4 million in the nine months ended December 31, 2014 in line with the growth in the non-housing loan portfolio.

Interest on Bank Deposits

Our interest on bank deposits was ₹ 446.5 million in the nine months ended December 31, 2014. As a percentage of revenue, our interest on bank deposits remained stable at 1.01%.

Income on Long Term Investments

Our interest on long term investments was ₹ 133.4 million in the nine months ended December 31, 2014 primarily due to growth in our SLR investment during the nine months ended December 31, 2014.

Other Interest

Our other interest was ₹ 28.6 million in the nine months ended December 31, 2014 primarily due to a reduction in short term investments during the nine months ended December 31, 2014.

Revenue from other services

Our revenue from other services was ₹ 1,460.30 million in the nine months ended December 31, 2014, which were primarily represented the revenue generated from loan-related services such as processing fees and cheque return charges and cross-selling insurance products as our loan book increased during the period.

Operational Treasury Income

Our operational treasury income was ₹ 643.5 million in the nine months ended December 31, 2014, primarily included profit on sale of investments and income from redemption of liquid mutual funds.

Other Income

Other income was ₹ 10.1 million in the nine months ended December 31, 2014, primarily included other miscellaneous income.

Expenses

The detailed breakdown and explanations of our expenses is given below:

(in ₹millions, except percentages)

	Nine Months ended December 31, 2014	Fiscal 2014
Interest & Finance Cost	32,842.20	37,825.80
Employees Remuneration & Benefits	1,411.10	1,761.00
Administrative & Other Expenses	1,957.00	1,949.90
Depreciation & Amortization	207.9	109.1
Provision for Contingencies	700	700
Total Expenses	**37,118.20**	**42,345.80**

Our total expenses were ₹ 37,118.20 million in the nine months ended December 31, 2014. Our expenses in the in the nine months ended December 31, 2014 showed growth generally in line with the increase in our total revenue from operations in such period.

Interest & Finance Cost

Our interest & finance cost was ₹ 32,842.20 million in the nine months ended December 31, 2014. The trend in the interest and finance cost was in line with the growth in the total on-book assets during the same period. Our interest and finance cost as a percentage of total revenue was 74.6% in the nine months ended December 31, 2014. The overall interest costs declined in the nine months ended December 31, 2014 primarily due to our improved credit rating for long term debt and the continued shift of additional borrowings from high interest bearing bank borrowings to cheaper interest rate borrowings from capital markets.

Employees Remuneration & Benefits

Our employees remuneration & benefits expenses were ₹ 1,411.10 million in the nine months ended December 31, 2014. The trend in the employee and remuneration expenses remained in line with the growth in the employee count. As on December 31, 2014, the Company had 2,288 employees. Our employees remuneration & benefits expenses as a percentage of total revenue was 3.2% in the nine months ended December 31, 2014.

Administrative & Other Expenses

Our administrative & other expenses were ₹ 1,957.00 million in the nine months ended December 31, 2014. Our administrative & other expenses as a percentage of total revenue was 4.4% in the nine months ended December 31, 2014. The Company's huge advertisement and business promotion activities that included the "Ghar Jaisa Loan Campaign" as well as professional fees with regards to our small bank finance initiatives majorly contributed to the administrative & other expenses.

Depreciation & Amortization

Our depreciation & amortization expenses were ₹ 207.9 million in the nine months ended December 31, 2014. Our depreciation & amortization expenses as a percentage of total revenue was 0.5% in the nine months ended December 31, 2014.

Provision for Contingencies

Our provision for contingencies was ₹ 700.0 million in the nine months ended December 31, 2014. The provisions were made due to further growth in loan book size.

Profit Before Tax

Profit before tax was ₹ 6,919.6 million in the nine months ended December 31, 2014.

Tax Expense

Our current tax expenses were ₹ 2,189.0 million in the nine months ended December 31, 2014. As a percentage of revenue, our current tax expenses were 5.0% during the period. Our deferred tax charge was ₹ 140.5 million in the nine months ended December 31, 2014. Non housing loans have increased during the period on which tax rebates are not allowed.

Profit For the Year

As a result of the foregoing, our profit for the nine months ended December 31, 2014 was ₹ 4,590.1 million.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bylaws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The National Housing Bank Act, 1987

The National Housing Bank Act, 1987 (the "**NHB Act**") was enacted to establish NHB to operate as a principal agency to promote HFCs both at the local and regional levels and to provide financial and other support to such institutions for matters connected therewith or incidental thereto. The business of the NHB, among others, includes promoting, establishing, supporting or aiding in the promotion, establishment and for housing activities of HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Central Government; making loans and advances or other forms of financial assistance to; guaranteeing the financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; formulating one or more schemes for the purpose of mobilization of resources and extension of credit for housing; providing guidelines to the HFCs to ensure their growth on sound lines; providing technical and administrative assistance to HFCs and exercising all powers and functions in the performance of duties entrusted to the NHB under the NHB Act or under any other law for the time being in force.

Under the NHB Act, every HFC is required to obtain a certificate of registration and meet the requirement of net owned funds of ₹ 100 million or such other higher amount as the NHB may specify for commencing or carrying on the business of HFCs. Further, every HFC is required to invest and continue to invest in India in unencumbered approved securities, an amount which, at the close of business on any day, is not less than 5% (or such higher percentage as the NHB may specify, not exceeding 25%) of the deposits outstanding at the close of business on the last working day of the second preceding quarter.

Additionally, every HFC is required to maintain in India an account with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the NHB or by way of subscription to the bonds issued by the NHB, or partly in such account or in such deposit or partly by way of such subscription, a sum which, at the close of business on any day, together with the investment as specified above, shall not be less than 10% (or such higher percentage as the NHB may specify, not exceeding 25%), of the deposits outstanding in the books of the HFC at the close of business on the last working day of the second preceding quarter. Pursuant to the NHB Act, every HFC is also required to create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

Under the terms of the NHB Act the NHB has the power to direct deposit accepting HFCs to furnish such statements, information or particulars relating to deposits received by the HFC, as may be specified by the NHB. The NHB may cause an inspection to be made of any deposit accepting HFCs, for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for the purpose of obtaining any information or particulars which the HFC has failed to furnish on being called upon to do so. If any HFC accepting deposits fails to comply with any direction given by the NHB, the NHB may prohibit the acceptance of deposits by that HFC.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment of the Debts Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and

defendant's detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt may join an ongoing proceeding filed by some other bank or public financial institution against its debtor at any stage of the proceedings before the final order is passed by making an application to the DRT.

The Housing Finance Companies (National Housing Bank) Directions, 2010, as amended

The objective of the Housing Finance Companies (National Housing Bank) Directions, 2010 (the "**NHB Directions, 2010**") is to consolidate and issue directions in relation to the acceptance of deposits by the housing finance institutions. Additionally, the NHB Directions, 2010, provide the prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the housing finance institutions and the matters to be included in the auditors' report by the auditors of housing finance institutions.

Pursuant to the NHB Directions, 2010, no HFC shall accept or renew public deposits unless the HFC has obtained minimum investment grade rating for its fixed deposits from any one of the approved rating agencies, at least once a year and a copy of the rating is sent to the NHB and it is complying with all the prudential norms, provided that:

- A HFC which has obtained credit rating for its fixed deposits not below the minimum investment grade rating as above and complied with all the prudential norms may accept public deposits not exceeding five times of its net owned funds; and

- HFC which does not have the requisite rating for its fixed deposits shall obtain the same within a period of six months' from the date of notification or such extended period as may be permitted by the NHB.

Under the NHB Directions, 2010, no HFC shall have deposits inclusive of public deposits, the aggregate amount of which, together with the amounts, if any, held by it which are referred in the Reserve Bank of India Act, 1934, and loans or other assistance from the NHB, is in excess of sixteen times of its net owned funds. In addition, no HFC shall accept or renew any public deposit which is (a) repayable on demand or on notice; or (b) unless such deposit is repayable after a period of 12 months or more but not later than 84 months from the date of acceptance or renewal of such deposits. On and from July 6, 2007, no HFC shall invite or accept or renew any public deposit at a rate of interest exceeding 12.5% per annum, such interest being payable or compounded at rests which should not be shorter than monthly rests. On and from September 20, 2003, no HFC shall invite or accept or renew repatriable deposits from non-resident Indians in terms of Notification no. FEMA.5/2000-RB dated May 3, 2000 under Non-Resident (External) Account Scheme at a rate exceeding the rates specified by the RBI for such deposits with scheduled commercial banks.

An HFC which has failed to repay any public deposit or part thereof in accordance with the terms of conditions of such deposit, is not permitted to grant any loan or other credit facility by whatever name called or make any investment or create any other asset as long as the default exists.

In accordance with the prudential norms mentioned in the NHB Directions, 2010, income recognition shall be based on recognized accounting principles. Every HFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease/hire purchase assets, loans and advances and any other forms of credit into certain specified classes, viz. standard assets, sub-standard assets, doubtful assets and loss assets. Every HFC, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realization of the security and the erosion over time in the value of security charged, is required to make provision against substandard assets, doubtful assets and loss assets as provided under the NHB Directions, 2010.

The NHB has amended the provisioning norms in the NHB Directions, 2010, pursuant to the notification no. NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, as further amended by NHB *vide* notification no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012, as amended by notification no. NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013. The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted are required to be:

(a) loss assets - the entire assets are required to be written off. If assets are permitted to remain in the books for any reason, then 100% of the outstanding should be provided for;

(b) doubtful assets - 100% provision to the extent to which the advance is not covered by the realizable value of the security to which a HFC has a valid recourse shall be made and in addition, depending upon the period for which the asset has remained doubtful provision to the extent of 25% to 100% of the secured portion i.e. the estimated realisable value of the outstandings shall be made in the following manner: i) 25% up to the period of one year; ii) 40% for the period of one year to three years and, iii) 100% for the period more than three years;

(c) substandard assets - provision of 15% of the total outstanding; and

(d) standard assets- (i) standard assets with respect to housing loans at teaser/special rates - provision of 2% on the total outstanding amount of such loans and the provisioning of these loans to be re-set after one year at the applicable rates from the date on which the rates are re-set at higher rates if the accounts remain standard; (ii) (a) standard assets in respect of Commercial Real Estates Residential Housing ("**CRE-RH**") (consisting of loans to builders/ developers for residential housing projects (except for captive consumption). Such projects do not include non-residential commercial real estate. However, integrated housing projects comprizing of some commercial space (e.g. shopping complex, school etc.) can be classified as CRE-RH, provided that the commercial space in the residential housing project does not exceed 10% of the total floor space index ("**FSI**") of the project. In case the FSI of the commercial area in a predominantly residential housing complex exceeds the ceiling of the project loans, the entire loan should be classified as CRE (and not CRE-RH) - provision of 0.75% on the total outstanding amount of such loans; (ii) (b) standard assets in respect of all other Commercial Real Estates ("**CRE**") (consisting of loans to builders/developers/others for office buildings, retail space, multipurpose commercial premises multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc., other than those covered in (ii)(a). Loans for third dwelling unit onwards to an individual will also be treated as CRE exposure) – provision of 1% on the total outstanding amount of such loans; and (iii) standard assets in respect of all loans other than (i) and (ii) - a general provision of 0.4% of the total outstanding amount of loans which are standard assets is required to be made.

Pursuant to the notification no. NHB.HFC.DIR.9/CMD/2013, no HFC shall (i) grant housing loans up to ₹2.0 million to individuals with LTV ratio exceeding 90%, (ii) grant housing loans above ₹2.0 million and up to ₹7.5 million to individuals with LTV exceeding 80% and grant housing loans above ₹7.5 million to individuals with LTV exceeding 75%.

Every HFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 12% of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items.

Under the NHB Directions, 2010, degrees of credit risk expressed as percentage weighting have been assigned to balance sheet assets. Hence, the face value of each asset is multiplied by the relevant risk weights to arrive at its risk adjusted value of the asset. The aggregate shall be taken into account for calculating the minimum capital adequacy ratio of a housing finance institution.

Further, in terms of the NHB Directions, 2010, no HFC shall invest in land or buildings, except for its own use, an amount exceeding 20% of its capital fund (aggregate of Tier I capital and Tier II capital). Such investment over and above 10% of its owned funds is required to be made only in residential units. Additionally, no HFC shall lend to any single borrower an amount exceeding 15% of its owned funds, and to any single group of borrowers, an amount exceeding 25% of its owned funds. A HFC is not allowed to invest in the shares of another company an amount exceeding 15% of its owned funds; and in the shares of a single group of companies an amount exceeding 25% of its owned funds. An HFC shall not lend and invest (loans/investments together) amounts exceeding 25% of its owned funds to a single party and 40% of its owned funds to a single group of parties. Additionally, a HFC is not allowed to lend against its own shares and any outstanding loan granted by a HFC against its own shares on the date of commencement of the NHB Directions, 2010 shall be recovered by the HFC in accordance with the repayment schedule.

The NHB Directions, 2010 provide for exposure limits for HFC to the capital market. Pursuant to the NHB Directions, 2010, the aggregate exposure of an HFC to the capital market in all forms should not exceed 40% of its net worth as on March 31 of the previous year. Within this overall ceiling, direct investment in shares,

convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20% of its net worth.

The NHB *vide* circular no NHB(ND)/DRS/POL-No. 36/2010 dated October 18, 2010 has directed all HFCs not to charge any prepayment levy or penalty on pre-closure of housing loans by the borrowers out of their own sources. Further, NHB, *vide* circular no NHB(ND)/DRS/POL-No. 43/2011-2012 dated October 19, 2011 has directed all HFCs to discontinue the pre-payment levy or penalty on pre-closure of housing loans when (i) the housing loan is on floating rate basis and pre-closed by the borrower from funds received from any source and (ii) the housing loan is on fixed rate basis if pre-closed by the borrowers from their "own sources" which means any source other than by borrowing from a bank, HFC, NBFC and/or a financial institution. It has been clarified *vide* circular no NHB(ND)/DRS/Pol-No.48/2011-12 dated April 4, 2012 that the instruction applicable to fixed interest rate housing loans referred to in the circular dated October 19, 2011 will be applicable to such loans which carry fixed rate of interest at the time of origination. Further, it has been directed *vide* circular no NHB(ND)/DRS/Pol-No.51/2012-13 dated August 7, 2012 that all dual/special rate (combination of fixed and floating) housing loans will attract the preclosure norms applicable to fixed/floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. A fixed rate loan shall be considered to be a loan where the rate is fixed for entire duration of the loan. Thus, in the case of a dual/special rate housing loans, the pre-closure norm for floating rate will be applicable once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This shall be applicable to all such dual/special rate housing loans being foreclosed hereafter. Further NHB (ND)/DRS/Policy Circular No. 63/2014-15 dated August 14, 2014 directed that HFCs shall not charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect. Subsequently, it was clarified vide no NHB(ND)/DRS/Policy Circular 66/2014-15 dated September 3, 2014 provisions of the circular issued on August 14, 2014 are applicable in respect of all floating rate term loans sanctioned to individual borrowers by HFCs, irrespective of the date of sanction and prepaid on or after August 14, 2014. The provisions of the said circular cover part as well as full prepayment. It was also clarified that aforesaid circular is applicable to term loans sanctioned to individual borrowers and loan in which company, form etc. is a borrower or co-borrower, therefore is excluded from its purview.

The NHB *vide* circular no NHB(ND)/DRS/POL-No. 58/2013-14 dated November 18, 2013 has directed all HFCs to ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects/ houses and upfront disbursal should not be made in cases of incomplete/ under-construction/ greenfield housing projects/ houses.

The Prevention of Money Laundering Act, 2002

The Prevention of Money Laundering Act, 2002 (the "**PMLA**") was enacted to prevent money laundering and to provide for confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, every financial institution, including housing finance institutions, is required to maintain record of all transactions including the value and nature of such transactions, furnish information of such transactions to the director defined under PMLA and verify and maintain the records of the identity of all its clients, in such a manner as may be prescribed. The PMLA also provides for power of summons, searches and seizures to the authorities under the PMLA. In terms of PMLA, whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering. The NHB *vide* circular NHB(ND)/DRS/POL No. 13/2006 dated April 10, 2006 had introduced anti-money laundering measures wherein the HFCs were advised *inter-alia* to follow the customer identification procedure, maintenance of records of transactions and period of preservation of such record keeping in view of the provisions of PMLA. Further, the aforesaid circular introducing anti-money laundering measures were reviewed and revised *vide* circular NHB(ND)/DRS/POL-No. 33/2010-11 dated October 11, 2010 (the "**2010 Notification**") in light of amendments in the PMLA and the rules framed there under. Further the 2010 Notification requires the HFC to verify identity of non-account based customer while carrying out transaction of an amount equal to or exceeding ₹ 50,000. Further, it was directed *vide* NHB(ND)/DRS/Misc. Circular No.13/2014 dated January 20, 2014, that the HFCs shall ensure that the documents are not given directly to the customers for verification, etc. to obviate any frauds.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**") regulates the securitization and reconstruction of financial assets of banks and financial

institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution may sell financial assets to an asset reconstruction company provided the asset is an NPA. A bank or financial institution may sell a financial assets only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the total loans to the borrower are classified as an NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. These assets are to be sold on a "without recourse" basis only. The SARFAESI Act provides for the acquisition of financial assets by securitization company or reconstruction company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower and enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitization company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Refinance Scheme for Housing Finance Companies, 2003

Pursuant to Refinance Scheme for Housing Finance Companies, 2003 ("**Refinance Scheme**"), as amended *vide* circular NHB(ND)/ROD/HFC/LRS/17/2004 dated April 15, 2005, HFCs registered with the NHB are eligible to obtain refinance from the NHB in respect of their direct lending up to ₹ 5 million to individuals for the purchase, construction, repair and upgrade of housing units.

In addition, the HFCs are required to provide long-term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers. The HFCs are also required to have specific levels of capital employed and net owned funds to be eligible to avail refinance facilities under the Refinance Scheme. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. The security for refinance from the NHB may generally be secured by a charge on the book debts of a HFC. If at any time the NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advise the HFC to furnish such additional security including, *inter-alia*, charges on immovable/moveable property or a requisite guarantee.

Master Circular on Housing Finance issued by the RBI

Pursuant to the Master Circular on Housing Finance dated July 1, 2014, as amended issued by the RBI ("**Master Circular**"), banks are eligible to deploy their funds under the housing finance allocation in any of three categories, *i.e.* (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB/Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFCs, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units.

Under the terms of the Master Circular, banks may grant loans to HFCs taking in to account (long-term) debt-equity ratio, track record, recovery performance and other relevant factors. All HFCs registered with NHB are eligible to apply for refinance from NHB and will be eligible subject to the refinance policy. The quantum of term loan to be sanctioned to them will not be linked to net owned funds as NHB has already prescribed the ceiling on total borrowing of HFCs.

Priority sector lending

Pursuant to the RBI circulars dated July 20, 2012 and October 17, 2012, loans granted by banks to HFCs approved by the NHB for the purpose of refinance, for on-lending for purchase/construction/reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ₹1 million per borrower would be classified under priority sector, provided that all inclusive interest rate charged to the ultimate borrower is not exceeding the lowest lending rate of the lending bank for housing loans

plus 2% p.a. However, the eligibility under this measure is restricted to 5% of the individual bank's total priority sector lending, on an ongoing basis. The maturity of bank loans should be co-terminus with average maturity of loans extended by HFCs. Banks should maintain necessary borrower-wise details of the underlying portfolio.

Guidelines for Asset Liability Management System for HFCs vide circular NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010

The guidelines for introduction of asset liability management system by HFCs was issued by NHB *vide* circular NHB(ND)/HFC(DRS-REG)/ALM/1407/2002 dated June 28, 2002, ("**ALM Guidelines**"). NHB has since revised the guidelines. The revised guidelines would be applicable to all HFCs irrespective of whether they are accepting/holding public deposits or not. The ALM Guidelines for HFCs lays down broad guidelines for HFCs in respect of systems for management of liquidity and interest rate risks. The ALM Guidelines provide that the board of directors of an HFC should have overall responsibility for management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted consisting of the HFC's senior management including the chief executive officer for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFC's budget and decided risk management objectives. Asset-liability management support groups to be constituted of operating staff are required to be responsible for analysing, monitoring and reporting the risk profiles to the asset-liability committee.

The ALM Guidelines also recommended classification of various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). The gap is the difference between rate sensitive assets and rate sensitive liabilities for each time bucket. In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data/empirical studies could classify them in the appropriate time buckets, subject to approval by the asset-liability committee/board of the HFC.

Guidelines on Fair Practices Code for HFCs

The Guidelines on Fair Practices Code for HFCs ("**Fair Practices Code**") were issued by the NHB *vide* circular NHB(ND)/DRS/POL-No-16/2006 dated September 5, 2006, and were revised by the NHB *vide* circular NHB/ND/DRS/Pol No. 34/2010-11 dated October 11, 2010, and as further amended *vide* circular NHB (ND)/DRS/Pol. No. 38/2010-11, dated April 25, 2011, to bring more clarity and transparency and to cover all aspects of loan sanctioning, disbursal and repayment issues. The Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency, encourage market forces, promote fair and cordial relationship between customer and HFCs and foster confidence in the housing finance system.

The Fair Practices Code provides for provisions in relation to providing regular and appropriate updates to the customer, prompt resolution of grievances and confidentiality of customer information. Further, the HFCs are required to disclose information on interest rates, common fees and charges through notices etc. HFCs are required to ensure that all advertising and promotional material is clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/her notice or by making personal visits and/or repossession of security, if any.

Guidelines for Recovery Agents Engaged by HFCs

The Guidelines for Recovery Agents Engaged by HFCs ("**Recovery Agents Guidelines**") were issued on July 14, 2008 by the NHB in relation to the practices and procedures regarding the engagement of recovery agents by the HFCs. Under of the Recovery Agents Guidelines, HFCs are required to have a due diligence process in place for engagement of recovery agents, which should cover *inter-alia*, individuals involved in the recovery process. HFCs are required to ensure that the agents engaged by them in the recovery process carry out verification of the antecedents of their employees and HFCs may decide the periodicity at which re-verification should be resorted to. HFCs are required to ensure that the recovery agents are properly trained to handle with care and sensitivity their responsibilities, in particular, aspects like hours of calling and privacy of customer information, among

others. HFCs are also required to inform the borrower of the details of recovery agency firms/companies while forwarding default cases to the recovery agency.

Under the Recovery Agents Guidelines, any person authorized to represent an HFC in collection and/or security repossession should follow guidelines which includes *inter-alia* contacting the customer ordinarily at the place of his/her choice; interaction with the customer in a civil manner and assistance to resolve disputes or differences regarding dues in a mutually acceptable and orderly manner. Each HFC should have a mechanism whereby the borrower's grievances with regard to the recovery process can be addressed. The details of the mechanism should also be furnished to the borrower. HFCs have been advised to constitute grievance redressal machinery within the company and give wide publicity about it through electronic and print media.

HFCs are required to, at least on an annual basis, review the financial and operational condition of the service providers to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider, should highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.

Guidelines on Know Your Customers and Anti Money Laundering measures for Housing Finance Companies

The KYC Guidelines issued by NHB on October 11, 2010, mandate the KYC policies and anti-money laundering measures for HFC to have certain key elements, including *inter-alia* a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to NHB KYC Guidelines and the exercise of due diligence by the NBFC, including its brokers and agents.

Norms for excessive interest rates

The NHB vide circular NHB(ND)/DRS/POL-No-29/2009 dated June 2, 2009, has advised all HFCs to revisit internal policies in determining interest rates,fee and other charges. According to this notification, the board of each HFC is required to revisit its policies on interest rate determination, fees and other charges, including margins and risk premiums charged to different categories of borrowers and approve the same. HFCs are advised to put in place an internal mechanism to monitor the process and operations in relation to disclosure of interest rates and charges in view of the guidelines indicated in the Fair Practices Code, to ensure transparency in communications with borrowers.

Foreign Investment in HFCs

Foreign Investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications there-under, read with the presently applicable Consolidated FDI Policy, dated April 17, 2014 ("**Consolidated FDI Policy**") (provisions of the Circular 1 of 2014) issued by the Department of Industrial Policy and Promotion from time to time. As per the provisions of the Consolidated FDI Policy, 100% FDI under the automatic route is permitted for investment in the Non-Banking Finance Companies which carry out certain specified activities, which includes HFCs, subject to the following conditions:

1. Minimum Capitalization:

   (a) For FDI up to 51% - US$ 0.5 million to be brought upfront;
   (b) For FDI above 51% and up to 75% - US$ 5 million to be brought upfront; and
   (c) For FDI above 75% and up to 100% - US$ 50 million out, of which US$ 7.5 million to be brought up front and the balance to be brought up in 24 months.

2. Foreign investors can set up 100% step down subsidiaries for specific NBFC activities, subject to bringing in US$ 50 million without any restriction on number of operating subsidiaries and without bringing in additional capital.

3. Joint venture operating NBFCs that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries complying with the applicable minimum capitalization norms mentioned above.

4. Compliance with guidelines of the relevant regulator is required in this regard.

5. The minimum capitalization norms would apply where the foreign holding in the NBFC (both direct and indirect) exceeds the limits indicated above.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to a non-resident purchaser.

Guidelines for Licensing of Small Finance Banks in the Private Sector

On November 27, 2014, the RBI issued guidelines for licensing small finance banks in the private sector (the "**SFB Guidelines**").

The key features of the SFB Guidelines are as follows:

(a) Objective

The objective of setting up of small finance banks is to further financial inclusion by: (i) provision of saving vehicles; and (ii) supply of credit to small business units, small and marginal farmers, micro and small industries and other unorganized sectors entities, through high technology-low cost operations.

(b) Scope of Activities

The small finance bank shall primarily undertake basic banking activities of acceptance of deposits in the categories mentioned above. It can also undertake other non-risk sharing simple financial services activities, not requiring any commitment of own fund, such as distribution of mutual fund units, insurance products, pension products, etc. with the prior approval of the RBI and after complying with the requirements of the sectoral regulator for such products. The financial and non-financial activities should be distinctly ring-fenced and not co-mingled with the banking business.

(c) Capital Requirement

This minimum paid-up equity capital for small finance banks is ₹ 1,000 million.

(d) Promoters Contribution

The Promoters minimum initial contribution to the paid-up equity capital of a small finance bank shall be at least 40%and gradually brought down to 26%within 12 years from the date of commencement of business of the bank.

(e) Foreign Shareholding

The foreign shareholding in a small finance bank would be as per the FDI policy for private sector banks from time to time.

(f) Prudential Norms

A small finance bank will be subject to all prudential norm and regulation of the RBI as applicable to the existing commercial banks including requirement of maintenance of Cash Reserve Ratio ("**CRR**") and Statutory Liquidity Ratio ("**SLR**"). A small finance bank will have to extent 75 % of its adjusted net bank credit to the sectors eligible for classification as priority sector lending by the RBI. At least 50 % of a small finance bank loan portfolio should constitute loans and advances upto ₹ 2.50 million.

(g) Procedure for RBIs Decision

The RBI has set up an external advisory committee to evaluate the applications. The decision to issue an in-principle approval for setting up of a bank will be taken by the RBI. The RBI's decision will be final. Currently, the validity of the in-principle approval is 18 (eighteen) months.

Disclaimer Clause of NHB

The Company is having a valid Certificate of Registration dated July 31, 2001 issued by the National Housing Bank (NHB) under Section 29A of the NHB Act, 1987. However, the NHB does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinion expressed by the Company and for repayment of deposits / discharge of liabilities by the Company.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its power subject to the Memorandum and Articles of Association of our Company and the requirements of the applicable laws. The Memorandum and Articles of Association set out that the number of Directors in our Company shall be no less than 3 (three) and not more than 15 (fifteen).

The composition of the Board is in conformity with section 149 of the Companies Act, 2013 and clause 49 of the Equity Listing Agreements. As on date our Company has 6 (six) Directors including an Executive Chairman and Managing Director. Out of the 6 (six) Directors, 1 (one) is an Executive Director, 1 (one) is a Non-Executive Non Independent Director and 4 (four) are Independent Directors (including one woman Director).

The following table sets forth details regarding the Board at the date of this Placement Document:

Name, Occupation, Term and Nationality	Age	Position	Director Identification Number	Address
Mr. Kapil Rajeshkumar Wadhawan Occupation: Business Term: 5 (five) years commencing from October 04, 2010 Nationality: Indian	41	Chairman and Managing Director	00028528	22/23, Sea View Palace Pali Hill, Bandra (West) Mumbai, Maharashtra India 400050
Mr. Dheeraj Rajeshkumar Wadhawan Occupation: Business Term: Liable to retire by rotation Nationality: Indian	36	Non- Executive Non-Independent Director	00096026	22/23, Sea View Palace Pali Hill, Bandra (West) Mumbai, Maharashtra India 400050
Mr. Guru Prasad Kohli Occupation: Management Consultant Term: 5 (five) years commencing from April 01, 2014 Nationality: Indian	74	Independent Director	00230388	1403/1404, Dheeraj Enclave, Tower A/1, Off. Western Express Highway, Opp. Bhor, Borivali East, Mumbai Maharashtra India 400066
Mr. Vijay Kumar Chopra Occupation: Professional Term: 5 (five) years commencing from	68	Independent Director	02103940	4 - A, 4th Floor, Harmony Tower, Dr. E Moses Rd, Worli Naka, Worli, Mumbai, Maharashtra, India 400018

Name, Occupation, Term and Nationality	Age	Position	Director Identification Number	Address
April 1, 2014 Nationality: Indian				
Mr. Mannil Venugopalan Occupation: Professional Term: 5 (five) years commencing from April 1, 2014 Nationality: Indian	69	Independent Director	00255575	Heritage City, Block No. 34, Flat No 201, DLF CITY - II, M G Road, Gurgaon, Haryana India 122002
Ms. Vijaya Sampath Occupation: Professional Term: To hold office till next AGM Nationality: Indian	61	Independent Director	00641110	Flat No - 403, Block -14, Heritage City, Mehrauli Gurgaon Road, Gurgaon Haryana, India 122002

Brief Biographies of the Directors

Mr. Kapil Rajeshkumar Wadhawan

Mr. Kapil Rajeshkumar Wadhawan, is our Chairman and Managing Director. He is also the Promoter of our Company. He holds a master's degree in business administration from Edith Cowan University, Australia and a bachelor's degree in commerce from the University of Mumbai. He has over 18 years of experience in housing finance industry. He joined our Company in September 1996 as a Director.

Mr. Dheeraj Rajeshkumar Wadhawan

Mr. Dheeraj Rajeshkumar Wadhawan, is our Non-Executive Non Independent director. He is also the Promoter of our Company. He has over 13 years of experience in the real estate and construction industry. He joined the Board of our Company as a Non-Executive Director on May 12, 2008.

Mr. Guru Prasad Kohli

Mr. Guru Prasad Kohli is our Independent Director. He holds a master's degree in English Literature from Punjab University. He also holds a diploma in labour law, labour welfare and personnel management. He was also the former managing director of Life Insurance Corporation of India and has experience in the insurance sector. He has been on our Board as an Independent Director since May 23, 2001.

Mr. Vijay Kumar Chopra

Mr. Vijay Kumar Chopra is our Independent Director. He is a member of the Institute of Chartered Accountants of India. He has been on our Board since May 12, 2008.

Mr. Mannil Venugopalan

Mr. Mannil Venugopalan, is our Independent Director. He holds a bachelor's degree in Commerce from University of Kerala and has vast experience as a commercial banker. He was the chairman and managing director of Bank of India and Federal Bank. He was also an executive director of Union Bank of India. He joined the Board of our Company as an Independent Director on February 25, 2013.

Ms. Vijaya Sampath

Ms. Vijaya Sampath is our Independent Director. She holds a bachelor's degree in literature from Faculty of Arts, University of Madras and a bachelor's degree in law from University of Mysore. She is a fellow member of the Institute of Company Secretaries of India and is currently a partner at Lakshmikumaran Sridharan and also acts as the ombudsperson for the Bharti Group. She had worked as a company secretary for Bharti Group. She has also served on the boards of Bharti Infratel Limited and Bharti AXA General Insurance Company Limited.

Compensation of Directors

The Nomination and Remuneration Committee determines and recommends to the Board the compensation to Directors. The Board of Directors or the shareholders, as the case may be, approve the compensation to Directors.

The table below sets forth the details of the remuneration paid as well as provisions made for the amount payable to the existing Directors for the current financial period mentioned below and the remuneration (including sitting fees, salaries, commission and perquisites) pertaining to the last three financial years which has been paid to the existing Directors:

(in ₹ million)

Name	From April 1, 2014 to January 31, 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Mr. Kapil Rajeshkumar Wadhawan	13.60	17.12	17.50	17.50
Mr. Dheeraj Rajeshkumar Wadhawan	0.92	0.74	0.71	0.67
Mr. Guru Prasad Kohli	1.15	0.82	0.76	0.73
Mr. Vijay Kumar Chopra	0.88	0.57	0.48	0.49
Mr. Mannil Venugopalan	0.87	0.54	0.04	-
Ms. Vijaya Sampath	0.35	-	-	-

Terms and Conditions of employment of Chairman and Managing Director

Mr. Kapil Rajeshkumar Wadhawan

Mr. Kapil Rajeshkumar Wadhawan was appointed for a period of 5 (five) years, with effect from October 4, 2010 as the Chairman and Managing Director of our Company. The remuneration payable for the Fiscal 2015 shall be as mentioned below:

Sr. No.	Category	Remuneration
1.	Salary	₹ 0.5 million per month
2.	Perquisites	Shall be equivalent to the salary for the said period
3.	Commission	Commission per annum shall be equivalent to such sum as fixed by the Board or the Nomination and Remuneration Committee, subject to an overall ceiling of 1.50% of the net profits of the Company.
4.	Other Allowances	Shall include use of car with driver, telephones for the Company's business, house maintenance allowance, leave travel allowance, contributions to provident fund, superannuation fund other benefits as approved by the Board and Nomination and Remuneration Committee from time to time.

Relationship with other Directors

Following directors are related to each other:

Name of Director	Nature of relationship
Mr. Kapil Rajeshkumar Wadhawan and	Brother

Name of Director	Nature of relationship
Mr. Dheeraj Rajeshkumar Wadhawan	

Borrowing powers of the Board

Our Company has vide special resolution dated June 12, 2014, passed under section 180(1)(c) of Companies Act, 2013, authorised the Board of Directors to borrow money upon such terms and conditions as the Board may think fit upto an aggregate amount not exceeding ₹ 1,000,000 million over and above the aggregate of paid up share capital and free reserves of our Company and the total amount so borrowed shall be within the limits as prescribed under the NHB Directions, 2010.

Interest of Directors

All of the Directors, other than the Chairman and Managing Director, may be deemed to be interested to the extent of fees payable to them for attending Board or Board committee meetings and commission as well as to the extent of reimbursement of expenses payable to them. The Chairman and Managing Director may be deemed to be interested to the extent of remuneration paid to him for services rendered as the officer of our Company.

Our Directors may also be regarded as interested in the Equity Shares held by them, if any, or that may be subscribed by or allotted to their relatives or the companies, firms or trusts, in which they are interested as directors, members, partners, trustees or promoters. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as disclosed in this Placement Document, and except to the extent of shareholding in our Company, our Directors do not have any economic interest in our Company. As of March 31, 2014, there were no outstanding transactions other than in the ordinary course of business undertaken by our Company in which the Directors were interested parties.

For details relating to contracts, agreements or arrangements entered into by our Company during the last three Fiscals, in which the Directors are interested directly or indirectly and for payments made to them in respect of such contracts, agreements or arrangements and for other interest of Directors in respect to other related party transactions, see "Financial Information" on page 207.

Shareholding of Directors

As at January 31, 2015, our Directors held the following number of the Equity Shares:

Names of Directors	Number of Equity Shares held
Mr. Kapil Rajeshkumar Wadhawan	900,000
Mr. Dheeraj Rajeshkumar Wadhawan	900,000
Mr. Guru Prasad Kohli	3,400
Mr. Mannil Venugopalan	500

Except as otherwise stated in this Placement Document, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Placement Document in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. Further, as on January 31, 2015, no Director has taken any loans from our Company.

Corporate Governance

Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. Our Company has in place processes and systems whereby it complies with the requirements to the corporate governance provided in Clause 49 of the Equity Listing Agreements. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

Our Company believes that its Board is constituted in compliance with the Companies Act, 2013 and the Equity Listing Agreements which are currently in force. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees of Board of Directors

1. **Audit Committee**

   Audit Committee was last reconstituted on October 21, 2014. The terms of reference of this committee were last amended on April 30, 2014. The Audit Committee comprises of 3 (three) members: Mr. Mannil Venugopalan, Mr. Vijay Kumar Chopra and Mr. Guru Prasad Kohli. Mr. Mannil Venugopalan is the Chairman of the Audit Committee.

2. **Stakeholders Relationship Committee ("SRC")**

   SRC was last reconstituted on November 5, 2014. The terms of reference of this committee were last amended on April 30, 2014. The SRC comprises of 2 (two) members: Mr. Guru Prasad Kohli and Mr. Kapil Rajeshkumar Wadhawan. Mr. Guru Prasad Kohli is the Chairman of the SRC Committee.

3. **Nomination and Remuneration Committee ("NRC")**

   NRC was last reconstituted on November 5, 2014. The terms of reference of this committee were last amended on July 24, 2014. NRC comprises of 3 (three) members: Mr. Vijay Kumar Chopra, Mr. Guru Prasad Kohli and Ms. Vijaya Sampath. Mr. Vijay Kumar Chopra is the Chairman of NRC.

4. **Corporate Social Responsibility Committee ("CSR")**

   CSR was last reconstituted on February 25, 2013. The terms of reference of this committee were last amended on April 30, 2014. CSR comprises of 3 (three) members: Mr. Guru Prasad Kohli, Mr. Vijay Kumar Chopra and Mr. Kapil Rajeshkumar Wadhawan. Mr. Guru Prasad Kohli is the Chairman of the CSR Committee.

5. **Risk Management Committee ("RMC")**

   RMC was constituted on July 24, 2014. There have been no changes in the terms of reference of this committee since its constitution. The RMC comprises of 3 (three) members: Mr. Kapil Rajeshkumar Wadhawan, Mr. Vijay Kumar Chopra and Mr. Mannil Venugopalan. Mr. Kapil Rajeshkumar Wadhawan is the Chairman of the RMC.

6. **Finance Committee ("FC")**

   FC was last reconstituted on November 5, 2014. The terms of reference of this committee were last amended on April 30, 2014. The FC comprises of 3 (three) members: Mr. Kapil Rajeshkumar Wadhawan, Mr. Guru Prasad Kohli and Mr. Dheeraj Rajeshkumar Wadhawan. Mr. Kapil Rajeshkumar Wadhawan is the Chairman of the FC.

Key managerial personnel of our Company

Our operations are overseen by a professional management team. In addition to the Chairman and Managing Director as set forth above, the following are the key managerial personnel:

Mr. Harshil Mehta, Chief Executive Officer

Mr. Harshil Mehta is the Chief Executive Officer of our Company. He holds a master's degree in science from Mumbai University and a master's degree in business administration (Finance) from Graduate School of Business, Mississippi State University, USA. He was the managing director and CEO of Aadhar Housing Finance Limited from January, 2011 to January 2015.

Mr. Santosh R. Sharma, Chief Financial Officer

Mr. Santosh R. Sharma is the Chief Financial Officer of our Company. He is a member of the Institute of Chartered Accountants of India. He has over 20 years of experience in the finance sector. He has been associated with our Company for a period of 1 (one) year and 4 (four) months.

Ms. Niti Arya, Company Secretary

Ms. Niti Arya is the Company Secretary of our Company. She is a member of the Institute of Company Secretaries of India. She has over 12 years of experience in secretarial and legal functions. She has been associated as a Company Secretary with our Company for a period of 1 (one) year and 5 (five) months.

Compensation of our Company's key managerial personnel

Our Company paid a total remuneration of ₹ 143.12 million to its employees who were key managerial personnel during the financial year ended March 31, 2014.

Bonus or profit sharing plan of the key managerial personnel

Other than the commission fixed for our Chairman and Managing Director, our Company does not have any bonus or profit sharing plan with the key managerial personnel.

Interest of key managerial personnel

None of our key managerial personnel has been paid any consideration of any nature from our Company, other than their remuneration.

Payment or Benefit to Officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any other benefit upon termination of his/her employment in our Company.

Shareholding of our Company's key managerial personnel

Other than Mr. Kapil Rajeshkumar Wadhawan, none of the key managerial personnel are holding any shares in our Company.

Other Confirmations

Except as otherwise stated above in "Interest of Directors", none of the Directors, Promoters or key managerial personnel of our Company has any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three financial years, as per the requirements under "Accounting Standard 18 – Related Party Transactions" specified under the Companies Act, see the section "Financial Information" on page 207.

Employee Stock Option Schemes

ESOP 2008

The ESOP 2008 was formulated by the Nomination and Remuneration Committee (previously known as Remuneration and Compensation Committee) in accordance with the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999, as amended (the "**SEBI ESOP Guidelines**"), pursuant to a special resolution passed by the shareholders of the Company on July 23, 2007.

The objective of ESOP 2008 is to reward our employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of our Company.

Each option granted under ESOP 2008 would entitle the employee, on exercise, to acquire 1 (one) Equity Share of the face value of ₹ 10 each. The exercise price of ESOP 2008 was determined to be ₹ 53.65 per option pursuant to the Nomination and Remuneration Committee resolution dated May 30, 2008. Pursuant to ESOP 2008, as at December 31, 2014, a total of 1,422,590 stock options were granted, out of which 1,108,926 stock options have been exercised and a total of 61,534 stock options are yet to be exercised and 252,130 stock options have lapsed which can be re-issued.

ESOP 2009

ESOP 2009 Plan II

ESOP 2009 Plan II was formulated by the Nomination -and Remuneration Committee (previously known as Remuneration and Compensation Committee) of the Board of Directors of the Company in accordance with the provisions of SEBI ESOP Guidelines, pursuant to a special resolution passed by the shareholders of the Company on July 23, 2007.

The objective of the ESOP 2009 Plan II is to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of our Company.

Each option granted under ESOP 2009 Plan II would entitle the employee, on exercise, to acquire 1 (one) Equity Share of the face value of ₹ 10 each. The exercise price of ESOP 2009 Plan II was determined to be ₹ 141 per option pursuant to the Nomination and Committee resolution dated November 25, 2009. Under ESOP 2009 Plan II, as at December 31, 2014 a total of 1,275,000 stock options were granted, out of which 991,119 stock options have been exercised and a total of 218,146 stock options are yet to be exercised.

ESOP 2009 Plan III

ESOP 2009 Plan III was formulated by the Nomination and Remuneration Committee (previously known as Remuneration and Compensation Committee) of the Board of Directors of the Company in accordance with the SEBI ESOP Guidelines pursuant to a special resolution passed by the shareholders of the Company on July 23, 2007.

The objective of the ESOP 2009 Plan III is to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of our Company.

Each option granted under ESOP 2009 Plan III would entitle the employee, on exercise, to acquire 1 (one) Equity Share of the face value of ₹ 10 each. The exercise price of ESOP 2009 Plan III was determined to be ₹ 141 per option pursuant to the Nomination and Remuneration Committee resolution dated October 22, 2010. Under ESOP 2009 Plan III as at December 31, 2014, a total of 1,234,670 stock options were granted, out of which no stock options have been exercised.

ESAR 2015

The shareholders of our Company have, pursuant to a special resolution dated February 23, 2015, approved the issuance of stock appreciation rights ("**SARs**") through ESAR 2015 to the permanent employees including directors (other than Promoters of our Company, independent directors and directors holding, directly or indirectly more than 10% each of the outstanding Equity Shares of our Company), whether full-time or otherwise, whether working in India or out of India, as may be decided solely by the Board or Nomination and Remuneration Committee under ESAR 2015, exercisable into not more than 5,146,023 fully paid up Equity Shares in aggregate of face value of ₹ 10 each, directly or through an Employee Welfare Trust ("**Trust**"), at such price or tranches as the Board or Nomination and Remuneration Committee may deem fit in accordance with ESAR 2015 and the applicable laws.

PRINCIPAL SHAREHOLDERS AND OTHER INFORMATION

The following table presents information regarding the ownership of Equity Shares by the Shareholders as of December 31, 2014:

Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Equity Shares		Equity Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Equity Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	3	3,000,000	3,000,000	2.33	2.33	0	0.00
Bodies Corporate	1	47,909,822	47,909,822	37.24	37.24	0	0.00
Sub Total	**4**	**50,909,822**	**50,909,822**	**39.57**	**39.57**	**0**	**0.00**
(2) Foreign							
Total shareholding of Promoter and Promoter Group (A)	**4**	**50,909,822**	**50,909,822**	**39.57**	**39.57**	**0**	**0.00**
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	7	44,142	24,642	0.03	0.03	0	0.00
Financial Institutions / Banks	4	377,290	377,090	0.29	0.29	0	0.00
Central Government / State Government(s)	1	1,000	1,000	0.00	0.00	0	0.00
Foreign Institutional Investors	102	26,495,827	26,495,827	20.60	20.60	0	0.00
Sub Total	**114**	**26,918,259**	**26,898,559**	**20.92**	**20.92**	**0**	**0.00**
(2) Non-Institutions							
Bodies Corporate	693	22,358,161	22,355,460	17.38	17.38	0	0.00
Individuals							
Individual shareholders holding nominal share capital up to ₹ 0.1 million	33,384	6,197,443	5,570,597	4.82	4.82	0	0.00
Individual shareholders holding nominal share capital in excess of ₹ 0.1 million	109	12,064,327	12,018,327	9.38	9.38	0	0.00
Any Others (Specify)	**752**	**10,202,582**	**10,200,382**	**7.93**	**7.93**	**0**	**0.00**
Clearing Members	267	663,814	663,814	0.52	0.52	0	0.00
Non Resident Indians	452	386,615	386,615	0.30	0.30	0	0.00
Office Bearer	13	2,200	0	0.00	0.00	0	0.00
Directors & their Relatives & Friends	1	500	500	0.00	0.00	0	0.00
Foreign Port Folio Investor Corporate	12	9,147,883	9,147,883	7.11	7.11	0	0.00
Trusts	7	1,570	1,570	0.00	0.00	0	0.00
Sub Total	**34,938**	**50,822,513**	**50,144,766**	**39.50**	**39.50**	**0**	**0.00**

Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Equity Shares		Equity Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Equity Shares
Total Public shareholding (B)	**35,052**	**77,740,772**	**77,043,325**	**60.43**	**60.43**	**0**	**0.00**
Total (A)+(B)	**35,056**	**128,650,594**	**127,953,147**	**100.00**	**100.00**	**0**	**0.00**
(C) Shares held by Custodians and against which Depository Receipts have been issued	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
(1) Promoter and Promoter Group	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
(2) Public	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
Sub Total	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
Total (A)+(B)+(C)	**35,056**	**128,650,594**	**127,953,147**	**0.00**	**100.00**	**0**	**0.00**

The table below gives details of shareholdings of the Promoters as at December 31, 2014;

(I)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"

Sl. No.	Name of the Shareholder	Details of Shares held		Encumbered shares (*)		Details of warrants			Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Equity Shares held	As a % of grand total (A)+(B)+(C)	No	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
1	Kapil Rajeshkumar Wadhawan	9,00,000	0.70	0	0.00	0.00	0	0.00	0	0.00	0.00
2	Dheeraj Rajeshkumar Wadhawan	9,00,000	0.70	0	0.00	0.00	0	0.00	0	0.00	0.00
3	Aruna Wadhawan	12,00,000	0.93	0	0.00	0.00	0	0.00	0	0.00	0.00
4	Wadhawan Global Capital Pvt Ltd	4,79,09,822	37.24	0	0.00	0.00	0	0.00	0	0.00	0.00
	Total	**5,09,09,822**	**39.57**	**0**	**0.00**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0.00**

(*) The term "encumbrance" has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

The table below is a list of the Shareholders in the public category holding more than 1% of the paid-up share capital of our Company as at December 31, 2014:

(I)(c)(i) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as % of Total No. of Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	Hemisphere Infrastructure India Pvt Ltd	5358889	4.17	0	0.00	0	0.00	0.00
2	Galaxy Infraprojects & Developers Pvt Ltd	5217702	4.06	0	0.00	0	0.00	0.00
3	Ironwood Investment Holdings	5196581	4.04	0	0.00	0	0.00	0.00
4	Jhunjhunwala Rakesh Radheshyam	4922000	3.83	0	0.00	0	0.00	0.00
5	Silicon First Realtors Pvt Ltd	5047781	3.92	0	0.00	0	0.00	0.00
6	Morgan Stanley Asia (Singapore) Pte	2074847	1.61	0	0.00	0	0.00	0.00
7	Asia Bridge Fund I LLC	3571352	2.78	0	0.00	0	0.00	0.00
8	Goverment Pension Fund Global	1861753	1.45	0	0.00	0	0.00	0.00
9	Government of Singapore	1884911	1.47	0	0.00	0	0.00	0.00
10	Lazard Emerging Markets Small Cap Equity Trust	1795000	1.40	0	0.00	0	0.00	0.00
	Total	**36930816**	**28.71**	**0**	**0.00**	**0**	**0.00**	**0.00**

The table below is a list of the Shareholders in the public category holding more than 5% of the paid-up share capital of our Company as at December 31, 2014:

(I)(c)(ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with Persons Acting in Concert ("PAC")) belonging to the category "Public" and holding more than 5% of the total number of shares of the Company

Sl. No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	No. of Shares	Shares as % of Total No. of Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	Nil	0	0.00	0	0.00	0	0.00	0.00
	Total	0	0.00	0	0.00	0	0.00	0.00

The table below is a list of the locked-in shares of our Company as at December 31, 2014:

(I)(d) Statement showing details of locked-in shares

Sl. No.	Name of the Shareholder	No. of Shares	Locked-in Shares as % of Total No. of Shares
1	Nil		0.00
	Total		**0.00**

The table below is a list of depository receipts issued by our Company as at December 31, 2014:

(II)(a) Statement showing details of depository receipts

The table below is a list of the holding of depository receipts, where underlying shares held by "Promoter/Promoter group" are in excess of 1% of the total number shares as at December 31, 2014:

Sl. No.	Type of Outstanding DR (ADRs, GDRs, SDRs, etc.)	No. of Outstanding DRs	No. of Shares Underlying Outstanding DRs	Shares Underlying Outstanding DRs as % of Total No. of Shares
1	Nil			**0.00**
	Total			**0.00**

(II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares held by "Promoter/Promoter group"" are in excess of 1% of the total number shares.

Sl. No.	Name of the DR Holder	Type of Outstanding DR (ADRs, GDRs, SDRs, etc.)	No. of Shares Underlying Outstanding DRs	Shares Underlying Outstanding DRs as a % of Total No. of Shares
1	Nil			**0.00**
	Total			**0.00**

(III) (a) Statement showing the voting pattern of shareholders, if more than one class of shares / securities is issued by the issuer.

Sl. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

ISSUE PROCEDURE

Below is a summary intended to present a general outline of the procedure relating to the bidding, payment, Allocation and Allotment of the Equity Shares. The procedure followed in this Issue may differ from the one mentioned below and the prospective investors are assumed to have appraised themselves of the same from our Company or the BRLMs.

The prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLMs and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and the BRLMs and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Also see "Selling and Transfer Restrictions" on page 179.

Qualified Institutions Placements

This Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations and section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, through the mechanism of Qualified Institutions Placements ("**QIP**") wherein a listed company in India may issue and allot equity shares to QIBs on a private placement basis, provided that:

- a special resolution approving the QIP has been passed by its shareholders. Such special resolution must specify that the allotment of equity shares is proposed to be pursuant to a QIP at the relevant date;
- equity shares of the same class of such company which are proposed to be allotted through the QIP are listed on a stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution;
- the aggregate of the proposed issue and all previous QIP made by the issuer in the same financial year does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of the issuer as per the audited balance sheet of the previous financial year
- such company complies with the minimum public shareholding requirements set out in the Securities Contract Regulation Rules, 1957 ("**SCRR**");
- the issuer shall have completed allotments with respect to any offer or invitation made earlier by the issuer or shall have withdrawn or abandoned any invitation or offer made earlier by the issuer;
- the issuer shall offer to each allottee at least such number of securities in the issue which would aggregate to ₹ 20,000 at the face value of the equity shares;
- the payment to be made for subscription to the equity shares shall be made from the bank account of the person subscribing to such securities and in case of securities to be held by joint holders, the payment for subscription to the securities shall be paid from the bank account of the person whose name appears first in the application;
- at least 10% of equity shares issued to QIB's must be allotted to mutual funds, provided that, if this portion or any part thereof to be allotted to mutual funds remains unsubscribed, it may be allotted to other QIBs; and
- bidders are not allowed to withdraw their bids after the closure of the issue.

Additionally, there is a minimum pricing requirement for pricing equity shares, offered in a QIP, under the SEBI ICDR Regulations. The issue price of the equity shares shall not be less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the Stock Exchange during the two weeks preceding the Relevant Date. Further a discount of not more than 5% of the Floor Price is permitted.

The "relevant date" referred to above means the date of the meeting in which the board of directors or the committee of directors, duly authorized by the board of directors, decides to open the proposed issue; and the "stock exchange" means any of the recognized stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during two weeks immediately preceding the relevant date.

Equity shares must be allotted within 12 months from the date of the shareholders resolution approving the QIP. The equity shares issued pursuant to the QIP must be issued on the basis of a placement document that shall include the information specified in Schedule XVIII of the SEBI ICDR Regulations and Form PAS- 4 as prescribed under Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The placement document is a private document provided to only QIBs interested in applying in the issue, through serially numbered copies and is required to be placed on the website of the stock exchange and of the issuer with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any category of investors.

Securities allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of allotment except on a recognized stock exchange in India.

The minimum number of allottees for each QIP shall not be less than:

- Two, where the issue size is less than or equal to ₹ 2,500 million; and
- Five, where the issue size is greater than ₹ 2,500 million.

No single allottee shall be allotted more than 50% of the issue size. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee for this purpose.

The issuer is required to furnish a copy of the placement document to each stock exchange on which its equity shares are listed. Accordingly, our Company has filed a copy of the Preliminary Placement Document, and subsequently file a copy of this Placement Document with the Stock Exchanges, SEBI and RoC.

The aggregate of the proposed QIP and all previous QIPs made in the same financial year shall not exceed five times the net worth of the issuer as per its audited balance sheet of the previous financial year.

Our Company has received the in-principle approval of both BSE and NSE dated February 24, 2015 under Clause 24 (a) of the Equity Listing Agreements for the Issue. The Board of directors has authorized the Issue pursuant to a resolution passed at its meeting held on January 16, 2015. The shareholders of our Company have authorised the Issue pursuant to a special resolution dated February 23, 2015, passed by means of postal ballot.

Issue Procedure

1. Our Company and the BRLMs shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic form or physical form, to QIBs and the Application Form shall be specifically addressed to such QIBs. Pursuant to section 42(7) of the Companies Act, 2013, our Company shall maintain complete record of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and with SEBI within the stipulated time period as required under the Companies Act, 2013 and the rules made thereunder.

2. The list of QIBs to whom the Application Form is delivered shall be determined by the BRLMs at their sole discretion. **Unless a serially numbered Preliminary Placement Document along with the Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such other person and any application that does not comply with this requirement shall be treated as invalid.

3. QIBs may submit the Application Form, including any revisions thereof, during the Bidding Period to the BRLMs.

4. Bidders shall submit Bids for, and our Company shall issue and allot to each successful Allottee at least such number of Equity Shares in the Issue which would aggregate to ₹ 20,000 calculated at the face value of the Equity Shares.

5. QIBs will be required to indicate the following in the Application Form:

   (a) name of the QIB to whom Equity Shares are to be Allotted;

   (b) number of Equity Shares Bid for;

   (c) price at which they offer to apply for the Equity Shares provided that QIBs may also indicate that they are agreeable to submit a bid at "Cut-off Price" which shall be any price as may be determined by our Company in consultation with the BRLMs at or above the Floor Price, net of such discount as approved in accordance with SEBI ICDR Regulations and decided by the Board;

   (d) a representation that it is either (i) outside the United States and is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S under the U.S. Securities Act; or (ii) a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act) purchasing the Equity Shares pursuant to Section 4(a)(2) of the U.S. Securities Act, and it has agreed to certain other representations set forth in the Application Form; and

   (e) the details of the depository account(s) to which the Equity Shares should be credited.

   Note: Each sub-account of an FII other than a sub-account which is a foreign corporate or a foreign individual will be considered as an individual QIB and separate Application Forms would be required from each such sub – account for submitting Bids.

6. Once a duly filled in Application Form is submitted by the QIB, such Application Form constitutes an irrevocable offer and the same cannot be withdrawn after the Issue Closing Date.

7. The Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after the receipt of the Application Form.

8. The Bids made by asset management companies or custodians of mutual funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI.

9. Upon the receipt of the Application Form, our Company in consultation with the BRLMs shall decide both the Issue Price and the number of Equity Shares to be issued. On determination of the Issue Price, the BRLMs will send the Confirmation of Allocation Note ("**CAN**") to the QIBs who have been Allocated Equity Shares along with serially numbered Placement Document. The dispatch of the CANs shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details like the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIBs.

   Pursuant to receiving the CAN, the QIBs would have to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price through electronic transfer to the Escrow Account by the Pay-In Date as specified in the CAN sent to the respective QIB. **Please note that the allocation shall be at the absolute discretion of our Company and will be based on the recommendation of the BRLMs.**

10. No payment shall be made by QIBs in cash. Please note that any payment of application monies for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account

with a scheduled bank and shall be utilized only for the purposes permitted under the Companies Act, 2013.

11. Upon receipt of the application monies from the QIBs, our Company shall issue and allot Equity Shares as per the details in the CAN to the QIBs. Our Company will intimate the details of the Allotment to the Stock Exchanges.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing.

13. After receipt of the listing approvals from the BSE and the NSE, our Company shall credit the Equity Shares into the Depository Participant accounts of the respective QIB.

14. Our Company shall then apply for the final trading and listing permissions from the Stock Exchanges.

15. The Equity Shares that have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approvals from BSE and the NSE.

16. Upon receipt of intimation of final listing and trading approval from BSE and the NSE, our Company may inform the QIBs who have received an Allotment of the receipt of such approval. Our Company and the BRLMs shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the BSE and the NSE or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the BSE and the NSE are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of Chapter VIII of the SEBI ICDR Regulations are eligible to invest. Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made, either directly or indirectly, to any QIB who is a Promoter or any person related to the Promoters. Currently these include:

- Alternate investment funds registered with SEBI;
- Eligible FPIs;
- Foreign venture capital investors registered with SEBI;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India;
- Multilateral and bilateral development financial institutions;
- Mutual funds registered with SEBI;
- Pension Funds with minimum corpus of ₹ 250 million;
- Provident Funds with minimum corpus of ₹ 250 million;
- Public financial institutions as defined in section 2(72) of the Companies Act, 2013;
- Scheduled commercial banks;
- State industrial development corporations;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Venture capital funds registered with SEBI;

FIIs (other than a sub-account which is a foreign corporate or a foreign individual) and Eligible FPIs shall participate in this Issue under Schedule 2 and Schedule 2A of FEMA, respectively. FIIs and Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs and FIIs does not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in the Issue under Schedule 1 of the FEMA and shall make the payment of application money through the foreign currency non-resident (FCNR) account and not through the special non-resident rupee (SNRR) account.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10.00% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA, the total holding by each FPI shall be below 10.00% of our total paid-up Equity Share capital and the total holdings of all FPIs put together shall not exceed 24.00% of our paid-up Equity Share capital. The aggregate limit of 24.00% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company. The existing limit for FIIs in our Company is 60% of the paid up capital of our Company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of FEMA, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no allotment shall be made pursuant to this Issue, either directly or indirectly, to any QIB being our Promoter or any person related to our Promoter.

Our Company and the BRLMs and any of their respective directors, officers, counsel, advisors, representatives, agents or affiliates are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. QIBs are advised to consult their advisers in this regard. Furthermore, QIBs are required to satisfy themselves that their Application Form would not eventually result in triggering a tender offer under the Takeover Code.

Note: Affiliates or associates of the BRLMs who are QIBs may participate in this Issue subject to compliance with applicable laws.

Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Bid Process

Application Form

QIBs are permitted to only use the serially numbered Application Forms (which is addressed to the QIB) supplied by the BRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including any revision of a Bid) in terms of the Preliminary Placement Document and the Placement Document.

By making a Bid (including revisions thereof) for Equity Shares pursuant to the terms of the Preliminary Placement Document, each QIB will be deemed to have made the following representations and warranties, and the representations, warranties, acknowledgements and agreements made under "Representations By Investors". The representations listed in this section shall be included in the Application Form:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and has a valid and existing registration under the applicable laws of India and is eligible to participate in this Issue and is not excluded under Regulation 86 of the SEBI ICDR Regulations;

2. The QIB confirms that it is not a promoter of the Issuer and is not a person related to the promoter of the Issuer, either directly or indirectly and its Application does not directly or indirectly represent the Promoter or Promoter Group or a person related to the Promoter of our Company;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board of the Issuer other than such rights acquired in the capacity of a lender (not holding any Equity Shares) which shall not be deemed to be a person related to the Promoter;

4. The QIB has no right to withdraw its Bid after the Issue Closing Date;

5. The QIB confirms that if Equity Shares are Allotted pursuant to this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted and together with any Equity Shares held by the QIB prior to this Issue. The QIB further confirms that its holding of the Equity Shares does not, and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that the Bids will not eventually result in triggering an open offer under the Takeover Code;

8. The QIB confirms that, to the best of its knowledge and belief, together with other QIBs in this Issue that belongs to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

   (a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

   (b) "Control" shall have the same meaning as is assigned to it by sub-clause (e) of clause 1 Regulation 2 of the Takeover Code;

9. The QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time that the final listing and trading approvals for the Equity Shares are issued by the BSE and the NSE; and

10. The QIB represents that it is either (i) outside the United States and is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S under the U.S. Securities Act; or (ii) a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act) purchasing the Equity Shares pursuant to Section 4(a)(2) of the U.S. Securities Act, and it has agreed to certain other representations set forth in the Application Form.

QIBs MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB-ACCOUNTs OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

IF SO REQUIRED BY THE BRLMs, THE QIB SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO BRLMs TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

Demographic details such as an address and a bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by the QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Issuer in favour of the QIB.

Submission of Application Form

All Application Forms shall be required to be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied. The Application Form shall be submitted to the BRLMs either through electronic form or through physical delivery at the following addresses:

Name of the BRLM	Address	Contact Person	Email	Phone
Kotak Mahindra Capital Company Limited	27 BKC, 1st Floor, Plot No. C-27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051,India	Karl Sahukar	dhfl.qip@kotak.com	Tel: +91 22 4336 0000 Fax: +91 22 6713 2447
Motilal Oswal Investment Advisors Private Limited	12th Floor, Motilal Oswal Tower, Junction of Gokhale & Sayani Road, Opposite Parel S.T Depot Prabhadevi, Mumbai – 400 025	Rupesh Khant Subodh Mallya	Rupesh.khant@motilaloswal.com Subodh.mallya@motilaloswal.com	Board: + 91 22 3980 4380 Fax: + 91 22 3980 4315
Barclays Bank PLC	801 / 808 Ceejay House, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018	Raahi Kapadia	ecmindiaops@barclays.com	Tel: +91 22 6719 6000 Fax: +91 22 6719 6185

The BRLMs shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each QIB should mention its Permanent Account Number ("**PAN**") allotted under the IT Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Application Form.** Bids without this information will be considered incomplete and is liable to be rejected. It is to be specifically noted that applicant should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build-up of the book

The QIBs shall submit their Bids (including the revision thereof) through the Application Form within the Bidding Period to the BRLMs. The book shall be maintained by the BRLMs.

Price discovery and Allocation

Our Company, in consultation with the BRLMs, shall finalize the Issue Price for the Equity Shares, which shall be at or above the Floor Price. The Issuer may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the ICDR Regulations. After finalization of the Issue Price, our Company shall update the Preliminary Placement Document with the details of the Issue and file the Placement Document with the Stock Exchanges.

After finalization of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLMs on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Application Forms received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Application Form being received at or above the Issue Price.

THE DECISION OF OUR COMPANY, IN CONSULTATION WITH THE BRLMs, IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBs. QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BRLMs, AND QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BRLMs ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

CAN

Based on the Application Forms received, our Company, in consultation with the BRLMs, will, in its sole and absolute discretion, decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of the same in their respective names shall be notified to such QIBs. Additionally, the CAN would include details of Escrow Account into which such payments would need to be made, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The QIBs would also be sent a serially numbered Preliminary Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Preliminary Placement Document and the CAN to the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the BRLMs and our Company and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOCATED / ALLOTTED TO THEM PURSUANT TO THE ISSUE.

Bank Account for the Payment of Bid Money

Our Company has opened an escrow account titled "DHFL – QIP Escrow Account" (the "**Escrow Account**") with the Escrow Bank in terms of the arrangements between our Company, the BRLMs, Axis Bank Limited (acting as the Escrow Bank). The QIBs will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in their respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favouring the Escrow Account within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, our Company and the BRLMs have the right to re-allocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirements of the Companies Act, 2013 and the SEBI ICDR Regulations.

Our Company undertakes to utilize the amount in the Escrow Account only for the purposes of (i) adjustments against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the Escrow Account as stated above.

2. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN for the QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.

3. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.

4. Our Company reserves the right to cancel this Issue at any time up to Allotment without assigning any reasons whatsoever.

5. Post receipt of the listing approvals of the BSE and the NSE, the Issuer shall credit the Equity Shares into the Depository Participant account of the QIBs.

6. Following the Allotment and credit of Equity Shares into the QIBs Depository Participant account, our Company will apply for final listing and trading approvals for trading on the BSE and the NSE.

7. In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, in accordance with section 42 of the Companies Act, 2013 we shall repay the application money within 15 days from expiry of 60 days, failing which we shall repay that money with interest at the rate of 12% per annum from expiry of the 60th day. The application money to be refunded by us shall be refunded to the same bank account from which application money was remitted by the QIBs.

8. The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after allotment of the Equity Shares to the QIBs.

9. In case of QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to the Stock Exchanges and the Stock Exchanges shall make the same available on their website.

Other Instructions

Our Right to Reject Bids

Our Company, in consultation with the BRLMs, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of our Company and the BRLMs in relation to the rejection of Bids shall be final and binding.

Equity Shares in dematerialized form with NSDL or CDSL

1. The Allotment of the Equity Shares in this Issue shall be only in dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

2. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

3. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

4. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

5. The trading of the Equity Shares would be in dematerialized form only for all QIBs in the demat segment of the respective Stock Exchanges.

6. Our Company will not be responsible or liable for the delay in the credit of the Equity Shares due to errors in the Application Forms or on part of the QIBs.

Compliance officer

Ms. Niti Arya
Tel: +91 22 6600 6941;
Fax: +91 22 6600 6998;
Email: niti.arya@dhfl.com

PLACEMENT AGREEMENT

Placement Agreement

The BRLMs have entered into a Placement Agreement dated February 24, 2015 with our Company, pursuant to which, the BRLMs have agreed, subject to certain conditions, to place the Equity Shares of our Company, on reasonable efforts basis, pursuant to Chapter VIII of the SEBI ICDR Regulations and section 42 of the Companies Act, 2013.

The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company, the Issue is subject to satisfaction of certain conditions and subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies in India. With the exception of QIBs, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than QIBs.

The Equity Shares have not been and will not be registered under the U.S Securities Act, and they may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of U.S Securities Act and applicable state securities law. Accordingly, the Equity Shares are being offered, sold and delivered (i) in the United States only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to section 4(a)(2) under the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and in accordance with all applicable laws of the jurisdictions in which the Equity Shares are offered and sold. The Equity Shares are transferable only in accordance with the restrictions described in the section titled "Selling and Transfer Restrictions". All purchasers are required to make representations set forth in "Representations By Investors".

In connection with the Issue, the BRLMs (or their respective affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the BRLMs may hold long or short positions in such Equity Shares. These transactions may comprise of a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the BRLMs who are QIBs may purchase Equity Shares and be allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of offshore derivative instruments.

The BRLMs and certain of their affiliates have in past provided, currently provide and may in the future from time to time provide, investment banking general financing and banking and advisory services to our Company and our affiliates for which they have in the past received, currently receive and may in the future receive, customary fees.

Lock-up

Our Company has agreed that it shall not, without the consent of the BRLMs, during the period commencing from the date of the Preliminary Placement Agreement and ending 90 calendar days after the date of Allotment, directly or indirectly: (i) issue, offer, contract to issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Equity Shares or any other securities convertible into or exercisable as or exchangeable for Equity Shares; or (iii) publicly announce any intention to enter into any transaction described in (i) or (ii) above; whether any such transaction described in (i) or (ii) above is to be settled by delivery of Equity Shares or such other securities of the Company, Convertible into Equity Shares, in cash or otherwise. The foregoing restriction shall not apply to any issuance, sale, transfer or disposition of Equity Shares, options

or stock appreciation rights by the Company: (a) pursuant to this Issue; (b) pursuant to ESOP, 2008, ESOP 2009 Plan II, ESOP 2009 Plan III and ESAR 2015; and (c) to the extent such issuance, sale, transfer or disposition is required by any statutory or regulatory authorities or under Indian Law. For avoidance of doubt, nothing set forth in this clause shall restrict the ability of the Company to issue non-convertible debentures, commercial papers or any other debt security or instrument;

Wadhawan Global Capital Private Limited, Aruna Wadhawan and our Promoters have agreed that they will not without the prior written consent of the BRLMs, during the period commencing on the date of the Placement Agreement and ending 180 days after the date of allotment of the Equity Shares (the "Lock-up Period"), directly or indirectly: (a) sell, lend, pledge, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (c) sell, lend, pledge, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise.

SELLING AND TRANSFER RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document or any other offering material relating to the Equity Shares are advised to seek legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

SELLING RESTRICTIONS

General

No action has been taken or will be taken by the Company or the BRLMs that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each purchaser of the Equity Shares in this Issue will be deemed to have made representations, warranties, acknowledgements and agreements set forth in the sections "Notice to Investors", "Representations by Investors" and "Selling and Transfer Restrictions".

Notice to Prospective Investors in the Dubai International Financial Centre

This Placement Document relates to an exempt offer (an "Exempt Offer") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "DFSA"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser. For the avoidance of doubt, the Equity Shares are not interests in a "fund" or a ''collective investment scheme'' within the meaning of either the Collective Investment Law (DIFC Law No. 2 of 2010) or the Collective Investment Rules Module of the Dubai Financial Services Authority Rulebook.

Australia

This Placement Document is not a disclosure document under Chapter 6D of the Corporations Act 2001 (Cth) (the "Australian Corporations Act"), has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act. Accordingly, (i) the offer of the Equity Shares under this Placement Document is only made to "Sophisticated investors" within the meaning of Section 708(8) of the Australian Corporations Act or "Professional Investors" within the meaning of section 708(11) of the Australian Corporations Act, who in each case are also "wholesale clients" for the purposes of Chapter 7 of the Australian Corporations Act, (ii) this Placement Document is made available in Australia only to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and agrees not to sell or offer for sale within Australia any Equity Share sold to the offeree within 12 months after their issue or transfer to the offeree under this Placement Document.

The Company is not licensed to provide financial product advice in Australia in relation to the Equity Shares. This Placement Document is intended to provide general information only and has been prepared without taking into account any particular person's objectives, financial situation or needs. Investors should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation or needs. No cooling off period applies in relation to this offer under the Australian Corporations Act.

Cayman Islands

No offer or invitation to subscribe for the Equity Shares may be made to the public in the Cayman Islands.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "Relevant Implementation Date"), the Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and the 2010 Amending Directive, except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time:

- to persons or entities that are "qualified investors" as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;

- to (i) fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than "qualified investors" as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the BRLMs; or

- in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive,

provided that no such offering of Equity Shares to the public shall result in a requirement for the publication by the Company or the BRLMs of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression "2010 Amending Directive" means Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (as amended, to the extent implemented in a Relevant Member State, by the 2010 Amending Directive) or in circumstances in which the prior consent of the BRLMs has been obtained to each such proposed offer or resale. The Company, the BRLMs and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a "qualified investor" as so defined and who has notified the BRLMs of such fact in writing may, with the consent of the BRLMs, be permitted to subscribe for or purchase Equity Shares in the Issue subject to compliance at all times by the Company and the BRLMs with the provisions of Article 3(2) of the Prospectus Directive as amended (to the extent implemented) by Article 1(3) of the 2010 Amending Directive.

Germany

This Placement Document is not being distributed in the context of, and does not constitute a public offer in Germany within the meaning of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) (the

"WpPG"), and it has not been and will not be filed with, approved by or notified to the German Federal Financial Services Supervisory Authority (*Bundesanstalt Für Finanzdienstleistungsaufsicht*) ("BaFin"). Likewise, the distribution of the Equity Shares has not been notified to, and the Equity Shares are not registered with or authorized for public distribution in Germany by BaFin.

Therefore, this Placement Document, any copies thereof or any other documents relating directly or indirectly to the Issue or the Equity Shares may not be distributed, and the Equity Shares may not be offered or sold in Germany by way of a public offering within the meaning of the WpPG.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong, by means of any document, other than to "professional investors" as defined in the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "Securities and Futures Ordinance") and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the "Companies Ordinance"); or which do not constitute an offer to the public within the meaning of the Companies Ordinance. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. This Placement Document and the Equity Shares have not been and will not be registered with the Securities and Futures Commission of Hong Kong and/or the Stock Exchange of Hong Kong. There are no public markets or platforms in Hong Kong for the purchase or disposal of the Equity Shares. If you are in doubt as to the contents of this Placement Document, you must immediately seek legal and investment advice from your solicitor, accountant and/or professional advisors.

India

This Placement Document may not be distributed, directly or indirectly, in India or to residents of India and any Equity Shares may not be offered or sold, directly or indirectly, in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to QIBs and is not an offer to the public. The Issue is a "private placement" within the meaning of Section 42 of the Companies Act, 2013 since the invitation or offer is to be made only to QIBs. The Preliminary Placement Document as well as this Placement Document is neither a public issue nor a prospectus under the Companies Act, 2013 or an advertisement and should not be circulated to any person other than to whom the offer is made. This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law. No. 25 of 1948 as amended) (the "FIEL"). The Equity Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, a "resident of Japan" means any natural person residing in Japan and business offices located in Japan, including any corporation or other entity organized under the laws of Japan.

Kuwait

The Issue has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has the Company received authorization or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Shares within Kuwait. Therefore, no services relating to the offering, including the receipt of applications and/or the allotment of Equity Shares, may be rendered within Kuwait by the Company or persons representing the Company.

Malaysia

No approval of the Securities Commission of Malaysia has been or will be obtained in connection with the offer and sale of the Equity Shares in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Equity Shares be registered with the Securities Commission of Malaysia. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia.

Mauritius

The Equity Shares may not be offered, distributed or sold, directly or indirectly, to the public in Mauritius. Neither this Placement Document, nor any offering material or information contained herein relating to the offer of the Equity Shares, may be released or issued to the public in Mauritius or used in connection with any such offer. This Placement Document does not constitute an offer to sell the Equity Shares to the public in Mauritius. This Placement Document is not a prospectus.

New Zealand

The Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "New Zealand Securities Act"). The Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("Habitual Investors"). By accepting the Placement Document, each investor represents and warrants that if they receive the Placement Document in New Zealand they are a Habitual Investor and they will not disclose the Placement Document to any person who is not also a Habitual Investor.

Oman

This Placement Document and the Equity Shares offered under it are issued and governed by the laws of India.

No offer or marketing of any securities or financial products including the Equity Shares has been or will be made by the Company from within the Sultanate of Oman and no subscription to any securities or financial products may or will be effected or undertaken within the Sultanate of Oman. The Company does not have a presence or representation in the Sultanate of Oman and any purchase of the Equity Shares will be deemed to be made in and under the laws of India.

By receiving this Placement Document, the person or entity to whom it has been issued understands, acknowledges and agrees that this document has not been registered or approved by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman, nor is the Company authorized or licensed by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman, to market or sell the Equity Shares within the Sultanate of Oman.

The Equity Shares offered under this document have not and will not be listed on any stock exchange in the Sultanate of Oman.

The Underwriters are not brokers, dealers, financial advisors or investment advisors licensed under the laws applicable in the Sultanate of Oman, and, as such, do not advise residents of the Sultanate of Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the Sultanate of Oman. This Placement Document is confidential and for your information only and nothing in this Placement Document is intended to endorse or recommend a particular course of action.

You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

People's Republic of China ("PRC")

This Placement Document may not be circulated or distributed in the PRC. Other than to qualified domestic

institutional investors qualified by China Securities Regulatory Commission in the PRC, the Equity Shares may not be offered or sold, directly or indirectly, to any resident of the PRC, or offered or sold to any person for re-offering or re-sale, directly or indirectly, to any resident of the PRC.

Qatar

This Placement Document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorized or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Company nor persons representing the Company are authorized or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither the Company nor persons representing the Company are, by distributing this document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Singapore

This Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Future Act (Chapter 289) of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are acquired by a person pursuant to Section 274 or 275 of the SFA, such Equity Shares shall not be transferable for six months after that person has acquired the Equity Shares, except (i) to another person who is an institutional investor or a relevant person, or (ii) pursuant to Section 275(1A) of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are subscribed or purchased pursuant to Section 275 of the SFA by a relevant person who is:

- a corporation which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest

in that trust shall not be transferable for six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on the terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, in accordance with the conditions, specified in Section 275 of the SFA as applicable; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan and are not being offered for subscription or sold and may not be offered for subscription or sold, directly or indirectly, in Taiwan or to, or for the benefit of, any resident of Taiwan.

United Arab Emirates

This Placement Document does not, and shall not, constitute an invitation, offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "UAE") (including the laws of the Dubai International Financial Centre (the "DIFC")) and accordingly shall not be construed as such. Neither the Equity Shares nor interests therein offered nor the Issue are regulated under the laws of the UAE (including the laws of the DIFC) relating to securities, investments or otherwise. Neither the Issue nor this Placement Document is approved or licensed by, or registered with, the UAE Central Bank, the Dubai Financial Services Authority ("DFSA"), or any other relevant licensing or regulatory authorities or governmental agencies in the UAE (including in the DIFC). The Equity Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE or DIFC exchange.

The Issue, the Equity Shares and interests therein do not constitute a public offer of securities or an advertisement or solicitation to the general public in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise, or an offer of securities in the DIFC in accordance with the Markets Law, DIFC Law No. 12 of 2004. This Placement Document is strictly private and confidential and is being distributed to a limited number of selected institutional and/or sophisticated investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Equity Shares may not be offered or sold directly or indirectly to retail investors or the public in the UAE (including in the DIFC) and no sale of securities or other investment products is intended to be consummated within the UAE or the DIFC. The BRLMs are not licensed brokers, dealers, financial advisors or investment advisors under the laws applicable in UAE and the DIFC, and do not advise individuals resident in the UAE or the DIFC as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the UAE or the DIFC. This document is confidential and for your information only and nothing in this Placement Document is intended to endorse or recommend a particular course of action. Prospective investors should conduct their own due diligence on the Issue and the Equity Shares. You should consult an appropriate professional for specific advice rendered on the basis of your situation.

United Kingdom

The Equity Shares cannot be promoted in the United Kingdom to the general public. The contents of this Placement Document have not been approved by an authorized person within the meaning of the Financial Services and Markets Act 2000, as amended (the "FSMA"). The BRLMs (a) may only communicate or cause to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which section 21(1) of the FSMA does not apply to the Company; and (b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity

(within the meaning of Section 21 of the FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this Placement Document comes to inform themselves about and to ensure observance of all applicable provisions of the FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The BRLMs have advised us that the Equity Shares will be offered, sold and delivered (i) in the United States by broker-dealers registered as such under the U.S. Exchange Act of 1934, as amended, only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to Section 4(a)(2) under the U.S. Securities Act or another available exemption from registration under the U.S. Securities Act and (ii) to QIBs (as defined in SEBI ICDR Regulations) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Issue, an offer or sale of the Equity Shares within the United States by a dealer (whether or not participating in the Issue) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offense in the United States. See also the section "Selling and Transfer Restrictions – Transfer Restrictions" below. If you purchase the Equity Shares in the Issue, you will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in the section "Representations by Investors" and in this section with respect to that purchase.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Equity Shares. Terms that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein.

Until 40 days after the commencement of the Issue, an offer or sale of the Equity Shares within the United States by a dealer (whether or not participating in the Issue) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Notice to Investors in the United States

Each investor in the United States purchasing the Equity Shares in the Issue in reliance on an exemption from the registration requirements of the U.S. Securities Act, by accepting the delivery of this Placement Document, will be deemed to have represented and agreed as follows:

- It acknowledges and agrees (or if it is a broker-dealer acting as an agent on behalf of a customer, its customer has confirmed to it that such customer acknowledges and agrees) that such Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States;

- It is a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act), is aware (and each beneficial owner has been advised) that the sale to it is being made in a transaction exempt from the registration requirements of the U.S. Securities Act and is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer;

- It is aware that the Equity Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;

- It acknowledges and agrees that if, in the future, it decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) in the United States (i) to a person that it reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) pursuant to an exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder (if available); (iii) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (iv) pursuant to an effective registration statement under the U.S. Securities Act, or (B) outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

- It acknowledges that the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares;

- It agrees not to deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

- It acknowledges and understands that the Equity Shares sold within the United States (to the extent they are in certificated form), unless we determine otherwise in accordance with applicable law, will bear a legend to the following effect:

  "THESE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR RESALES OF THESE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK."

- It acknowledges that any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions will not be recognized by us; and

- It acknowledges that we, the BRLMs and our respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify us.

Notice to Investors outside the United States

Each investor outside the United States purchasing the Equity Shares in the Issue in reliance on Regulation S, by accepting the delivery of this Placement Document, will be deemed to have represented and agreed as follows:

- It acknowledges and agrees (or if it is a broker-dealer acting as an agent on behalf of a customer, its customer has confirmed to it that such customer acknowledges and agrees) that such Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States;

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, (i) the beneficial owner of the Equity Shares and (ii) located outside the United States (within the meaning of Regulation S) or (B) it is a broker-dealer acting as an agent on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S);

- It agrees that it will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from the registration requirements of the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India; and

- It acknowledges that any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions will not be recognized by us.

Notice to All Investors

Each purchaser of the Equity Shares in the Issue, wherever located, by accepting the delivery of this Placement Document, will also be deemed to have represented and agreed as follows:

- It is authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- It is not an affiliate (as defined in Rule 405 of the U.S. Securities Act) of our Company or a person acting on behalf of such affiliate; and it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Equity Shares from our Company or an affiliate (as defined in Rule 405 of the U.S. Securities Act) thereof in the initial distribution of the Equity Shares; and

- It acknowledges that we, the BRLMs and our respective affiliates (as defined in Rule 405 under the U.S. Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify us.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the BRLMs or any of their respective affiliates or advisors.

The Indian securities market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the "SEBI Act"), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "SCR (SECC) Rules"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalization requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FIIs, FPIs, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing of Securities

The listing of securities on a recognized Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the listing agreements of the respective stock exchanges. The SCRA empowers the governing body of each recognized stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under such listing agreement or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such equity listing agreements and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

All listed companies are required to ensure a minimum public shareholding at 25%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognized as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. The NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. The securities in the NSE 50 Index are highly liquid.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" and the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognized stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (or "BOLT") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

The NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or "NEAT"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("Takeover Regulations"), which provides specific regulations in relation to substantial acquisition of shares and takeover. The Takeover Regulations came into effect on October 22, 2011 and replaced the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Code 1997"). Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

The key changes from the Takeover Code 1997 under the Takeover Code include:

- the trigger for making a public offer upon acquisition of shares or voting rights has been increased from 15% to 25%;
- every public offer has to be made for at least 26% of all the shares held by other shareholders;
- creeping acquisition of up to 5% is permitted up to a limit of 75% of the shares or voting rights of a company;
- acquisition of control in a target company triggers the requirement to make a public offer regardless of the level of shareholding and the acquisition of shares; and
- if the indirect acquisition of a target company is a predominant part of the business or entity being acquired, it would be treated as a direct acquisition.

Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalize insider trading in India. An insider is, among other things, prohibited from dealing either on his own behalf or on behalf of any other person, in the securities of a listed company when in possession of unpublished price sensitive information.

The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a predefined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who is a connected person as defined in the SEBI Insider Trading Regulations and who is in possession of or having access to unpublished price sensitive information.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in

February 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association, and the sections of the Companies Act, 2013. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share Capital

As of December 31, 2014, our Company's authorized Share Capital is ₹ 8, 280 million divided into 748,000,000 equity shares of ₹10 each, 75,000,000 redeemable non-convertible preference shares of ₹ 10 each and 500,000 redeemable non-convertible preference shares of ₹ 100 each and the issued subscribed and paid up share capital is ₹ 1,286.51 million divided into 128,650,594 Equity Shares. Post December 31, 2014, our Company has allotted 95,046 Equity Shares pursuant to conversion of 12,770 ESOPs under ESOP 2008 and 82,276 ESOPs under ESOP 2009 Plan II. For further details on our Company's share capital, see "**Capital Structure**" on page 75.

Dividends

Under Indian law, a company pays final dividend upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM of shareholders held each financial year. Under the Companies Act, 2013 unless the board of directors of a company recommends the payment of final dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions specified under Section 123 of the Companies Act, 2013 and the rules made thereunder no dividend can be declared or paid by a company for any financial year except (a) out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013; or (b) out of the profits of the company for any previous financial year(s) arrived at in accordance with the Companies Act, 2013 and remaining undistributed; or (c) out of both; or (d) out of money provided by the Central Government or a state Government for payment of dividend by the Company in pursuance of a guarantee given by that Government.

The profits of our Company, subject to provisions of the Articles of Association, shall be divisible among the members in proportion of the amount of capital paid up on the shares held by them respectively, provided always that any capital paid up on a share during the period in respect of which a dividend is declared shall, unless the terms of the issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid up during such period on such time.

Our Board may retain any dividends on which our Company may have a lien and may apply the same towards the satisfaction of the debts or liabilities in respect of which the lien exists. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Equity Shares during any portion or portions of the period in respect of which the dividend is paid but if any Equity Share is issued on terms providing that it shall rank for dividends as from a particular date, such Equity Share shall rank for dividend accordingly. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Equity Shares while any money may be due or owing from him to the company and our Board may deduct from the interest or dividend to any member all such sums of money so due from him to our Company. A transfer of Equity Shares shall not pass the right to any dividend declared therein before the registration of the transfer.

The Memorandum and Articles of Association provide that our Company in its general meeting may declare dividends to be paid to the members according to their respective rights and interest in the profits. The dividend shall not exceed the amount recommended by our Board. Further, our Board may from time to time pay the member's interim dividend as may appear to them to be justified.

Capitalization of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to capitalize the company's profits or reserves for the purpose of issuing fully paid-up bonus shares, which are similar to stock dividend. The Companies Act, 2013 permits the issue of fully paid up bonus shares from its free reserves, securities premium account or capital redemption reserve account, provided that bonus shares shall not

be issued by capitalizing reserves created by revaluation of assets. These bonus Equity Shares must be distributed to shareholders in proportion to the number of Equity Shares owned by them as recommended by the board of directors.

Any issue of bonus shares by a listed company would be subject to the SEBI ICDR Regulations. The relevant SEBI ICDR Regulations prescribe that no company shall make a bonus issue of equity shares if it has outstanding fully or partly convertible debt instruments at the time of making the bonus issue, unless it has made reservation of the equity shares in the same class in favour of the holders of the outstanding convertible debt instruments in proportion to the convertible part thereof and the equity shares reserved for the holders of fully or partly convertible debt instruments shall be issued at the time of conversion of such convertible debt instruments on the same terms or same proportion on which the bonds were issued. Further, for issuance of such bonus shares, a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The declaration of bonus shares in lieu of a dividend cannot be made. The bonus issuance shall be made out of free reserves built out of genuine profits or share premium collected in cash only. The reserves created by revaluation of fixed assets cannot be capitalized. Further, a company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees, such as contributions to provident funds, gratuities and/or bonuses.

Our Company may by a resolution passed in a general meeting of the shareholders resolve that any moneys, investments or other assets forming part of the undivided profits of our Company standing to the credit of the Reserve Fund, or any capital redemption reserve account, or in the hands of our Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the shares premium account) be capitalized and distributed among such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture-stock of our Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum, provided that a share premium account and a capital redemption reserve account may, for the purposes of this Article, only be applied in the paying of any unissued shares to be issued to members of our Company as fully paid bonus shares.

Alteration of Share Capital

Subject to the provisions of the Companies Act, 2013, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act, 2013 such new shares shall be offered to existing shareholders in proportion to the paid up share capital on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date or on receipt of earlier intimation from the persons to whom such notice is given that they decline to accept the shares offered, the Board may dispose of the shares offered in respect of which no acceptance has been received in a manner which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person. Private placement and public issues shall be undertaken pursuant to Chapter III the Companies Act, 2013.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014, new shares may be offered to any persons whether or not those persons include existing shareholders or employees to whom shares are allotted under a scheme of employees stock options, either for cash or for consideration other than cash, if a special resolution to that effect is passed by our Company's shareholders in a general meeting. Our Company may, by a resolution passed in a general meeting, from time to time, increase the share capital by the creation of new Equity Shares of such amount as may be deemed expedient and specified in the resolution. Such increase in the share capital shall be subject to compliance with the provision of the Companies Act, 2013 and of any other laws that may be in force. New Equity Shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as are consistent with provisions of the Companies Act, 2013 and which the general meeting, resolving upon the creation thereof shall direct and if no direction be given, as our Board shall determine, and in particular

such Equity Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of our Company and with a special or without any right of voting, subject to the conditions prescribed under the Companies Act, 2013.

Our Company may by ordinary resolution taken in a general meeting of shareholders:

(i) consolidate and divide all or any of its share capital into Equity Shares of larger amount than its existing Equity Shares;

(ii) subdivide its existing Equity Shares or any of them into Equity Shares of smaller amount than is fixed originally by the Memorandum and Articles of Association, such that in the subdivision, the proportion between the amount paid and the amount unpaid if any, on each reduced Equity Share be the same as it was in the case of the Share from which the reduced Share is derived; or

(iii) cancel Equity Shares which at the date of the passing of the ordinary resolution, have not been taken or agreed to be taken by any person and also may diminish the amount of its Share capital by the amount of the Equity Shares so cancelled.

Further, our Company may, from time to time, by special resolution taken in a general meeting of shareholders, reduce its share capital or any share premium account in any manner, subject to any incident authorized and consent required by law.

General Meetings of Shareholders

Every year our Company is required to hold an annual general meeting in addition to any other meetings. Further, our Board may, whenever it thinks fit, call an extraordinary general meeting and shall, on the requisition of a number of shareholders who constitute not less than one-tenth of the paid-up capital of our Company, proceed to call an extraordinary general meeting. Not less than 21 days' clear notice in writing of the general meeting is to be given, but shorter notice may be given if consent in writing is accorded by all the shareholders entitled to vote and in case of any other meetings, with the consent of shareholders holding not less than 95 per cent of such part of the paid-up Share capital of our Company which gives a right to vote at the meeting. An explanatory statement shall be annexed to every notice of a general meeting. The quorum requirements for a general meeting are as prescribed under Section 103 of the Companies Act, 2013, and no business is to be transacted at the general meeting unless the requisite quorum is present at the commencement of the same. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place. The Memorandum and Articles of Association further provide that no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Voting Rights

Subject to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association, votes may be given either personally or by proxy, or in the case of a body corporate, a duly authorized representative under Section 113 of the Companies Act, 2013.

Every member present in person shall have one vote on a show of hands, and on poll, the member present in person or by proxy shall have one vote for each Equity Share of our Company held by him, subject to any rights or restrictions for the time being attached to any class or classes of Equity Shares. The Articles of Association provide that votes may be given by proxies in a manner as authorized under the Articles of Association.

The instrument appointing a proxy is required to be lodged at the registered office at least 48 hours before the time of the meeting. No proxy shall be entitled to vote on a show of hands. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the Equity Share in respect of which the vote is given provided no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office of our Company before the general meeting. Provided that the chairman of any general meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. The Companies Act, 2013 provides that to amend the Articles of Association a special resolution is required to be passed in a general meeting.

Directors

The Articles of Association provide that the number of Directors shall be not less than three and not more than fifteen (15). The Directors shall be appointed by our Company in the general meeting subject to the provisions of the Companies Act, 2013 and the Articles of Association. The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment but as between persons who became Directors on the same day those to retire shall in default of being subject to any agreement among themselves, be determined by lot.

The Directors have the power to appoint any other persons as an additional Director on our Board but any Director so appointed shall hold office only up to the date of the next following annual general meeting of our Company and the total number of Directors shall not at any time exceed the maximum strength prescribed under the Articles of Association. Our Board shall also have the power to appoint any person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months from the state in which the meetings of our Board are ordinarily held.

Our Board is required to meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year. The quorum for a meeting of our Board is one-third of the total number of Directors (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher. However, where it involves a decision on an affirmative vote item, the quorum is required to include an investor Director.

Transfer of Equity Shares

An application for registration of a transfer of the Equity Shares in our Company may be made either by the transferor or the transferee. Where the application is made by the transferor and relates to partially paid Equity Shares, the transfer shall not be registered unless our Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice. A notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered in the ordinary course of post.

Our Company is required to comply with the rules, regulations and requirements of the stock exchange or the rules made under the Companies Act, 2013 or the rules made under the Securities Contracts (Regulation) Act, 1956, as amended ("SCRA"), or any other law or rules applicable, relating to the transfer or transmission of Equity Shares or debentures.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI guidelines issued in connection therewith.

Liquidation Rights

In the event that our Company is wound up, and the assets available for distribution among the shareholders as such are insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the Equity Shares held by them respectively. If in a winding up the assets available for distribution among the shareholders shall be more than sufficient to repay the whole of the paid up capital at the commencement of the winding up the excess shall be distributed amongst the members but this shall be without prejudice to the rights of shareholders registered in respect of Equity Shares issued upon special terms and conditions.

INDEPENDENT AUDITORS

Our Company's unaudited and reviewed financial statements for the nine month period ended December 31, 2014, audited standalone financial statements for the Fiscal Years ended March 31, 2014, 2013, and 2012 and the audited consolidated financial statements and notes thereto as at and for the Financial Years ended March 31, 2012 have been included in this Placement Document. These financial statements are prepared in accordance with Indian GAAP as applicable to us.

M/s. T. R. Chadha & Co., Chartered Accountants and M/s. Rajendra Neeti & Associates, Chartered Accountants, our joint statutory auditors, have reviewed our unaudited reviewed standalone financial statements and notes thereto for the nine month period ended December 31, 2014 (half year Fiscal 2015). M/s. T. R. Chadha & Co., Chartered Accountants and M/s. Rajendra Neeti & Associates, Chartered Accountants, have audited our standalone financial statements as of and for the Fiscal Year ended March 31, 2014. M/s. B.M. Chaturvedi & Co., Chartered Accountants have audited our standalone financial statements for the Fiscal Year ended March 31, 2013 and 2012 and our consolidated financial statements for the Fiscal year ended March 31, 2012.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Dewan Housing Finance Corporation Limited
Warden House, 2nd floor
Sir P.M. Road, Fort,
Mumbai – 400 001

Dear Sirs,

Re: Proposed qualified institutions placement of equity shares of face value of ₹ 10 each (the "**Equity Shares**") of Dewan Housing Finance Corporation Limited (the "**Company**") under Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and section 42 of the Companies Act, 2013 (the "**Issue**").

Sub: Statement of possible special tax benefits available to the Company and its shareholders

Accurate and complete summary: We hereby confirm that the enclosed special tax benefits statement, (**Annexure A** hereto), completely and accurately summarizes the possible special tax benefits available to the Company and its shareholders by virtue of currently applicable statutory and/or regulatory provisions, including, inter alia, applicable provisions of the Income Tax Act, 1961 and the Wealth Tax Act, 1957, as amended.

Statutory conditions: Several of the said possible special tax benefits are dependent on the Company and the shareholders fulfilling certain conditions as prescribed under relevant statutory and/or regulatory provisions. Hence, the ability of the Company and the shareholders to avail of the said special tax benefit/s is dependent upon fulfilling such conditions, which the Company may or may not, at its sole discretion, choose to fulfill from time to time.

Independent tax advice: The benefits discussed in the enclosed statement are exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each shareholder is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the subject Issue.

We do not express any opinion or provide any assurance as to whether the Company or any shareholder will currently or in the future be able to avail of any or all of the said tax benefits.

The contents of the enclosed special tax benefits statement are based on information, explanations and representations as obtained from the Company, and, on the basis of our understanding of the business activities and operations of the Company.

For T R Chadha & Co.
Chartered Accountants
(Firm Registration No.06711N)

(Pramod Tilwani)
Partner
Membership No. 076650

For Rajendra Neeti & Associates
Chartered Accountants
(Firm Registration No. 006543C)

(Rajendra Kumar Gupta)
Partner
Membership No. 070165

Date : February 23, 2015
Place : Mumbai

ANNEXURE A: Statement of possible special tax benefits available to *Dewan Housing Finance Corporation Limited* and its shareholders

To the Company

Under Section 36(1)(viii) of the Income Tax Act, 1961, the Company being a housing finance company is allowed deduction in respect of amount transferred to a special reserve, not exceeding twenty per cent of the profits derived from the eligible business computed under the head "Profits and Gains of business or profession" of providing long-term finance for specified sectors, subject to the ceilings specified therein.

To the shareholders

None

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

In General

The following is a summary of the material U.S. Federal income tax considerations of purchasing, owning and disposing of Equity Shares. It is not a comprehensive description of all of the U.S. Federal income tax considerations that may be relevant to a particular person's decision to acquire Equity Shares. You should consult your own tax advisor concerning the U.S. Federal income tax consequences to you of purchasing, owning and disposing of Equity Shares based on your particular circumstances. This discussion applies to you only if you acquire the Equity Shares in the Issue and you hold the Equity Shares as capital assets for U.S. Federal income tax purposes (generally, for investment). This section does not apply to you if you are subject to special rules under the U.S. Internal Revenue Code of 1986, as amended (the "Code"), including if you are:

- a dealer in securities or foreign currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank or financial institution;
- a retirement plan;
- a tax-exempt organization;
- a regulated investment company, real estate investment trust, S corporation or partnership;
- a life insurance company;
- a holder liable for alternative minimum tax;
- a holder that actually or constructively owns 10% or more of the Company's voting stock;
- a holder that is a U.S. expatriate or former long-term resident of the United States;
- a holder that holds Equity Shares as part of a straddle or a hedging or conversion transaction; or
- a U.S. Holder whose functional currency is not the U.S. Dollar.

This section is based on the Code, its legislative history, existing and proposed U.S. Treasury Regulations, the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed September 12, 1989 (the "India-U.S. Tax Convention"), as amended, and published rulings of the U.S. Internal Revenue Service (the "IRS") and U.S. court decisions, all as in effect on the date of this document. These laws are subject to change or different interpretation, possibly on a retroactive basis. The discussion below also is based on the accuracy of certain factual representations made by the Company and could be materially incorrect if such factual representations prove to be incorrect.
You are a "U.S. Holder" if you are a beneficial owner of Equity Shares and you are:

- a citizen or resident of the United States;
- a U.S. corporation or other entity treated as a U.S. corporation for U.S. Federal income tax purposes;
- an estate whose income is subject to U.S. Federal income tax regardless of its source; or
- a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

If a partnership (including an entity treated as a partnership for U.S. Federal income tax purposes) is a beneficial owner of the Equity Shares, the U.S. Federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the Equity Shares that is a

partnership and partners in such partnership should consult its own tax advisors about the U.S. Federal income tax consequences of purchasing, owning and disposing of Equity Shares.

A "non-U.S. Holder" is a beneficial owner of Equity Shares that is not a U.S. Holder.

Passive Foreign Investment Company Considerations

Based on the Company's current operations and projections, the Company does not believe that it is, or will become in the foreseeable future, a PFIC. However, the matter is not free from doubt due to a lack of legal guidance in the pertinent notices and proposed U.S. Treasury Regulations under the PFIC rules and the fact that the Company's PFIC status will be determined annually based on the type of income we earn and the value of our assets. The Company has based the expectation that it is not a PFIC on, among other things, provisions in proposed U.S. Treasury Regulations under the PFIC rules, its regulatory status, the nature of its business activities, and the composition of its income and assets. Since the manner of the application of the proposed U.S. Treasury Regulations is not entirely clear (and there can be no assurance that the proposed regulations will be finalized in their current form) and the composition of our income and assets will vary over time, there can be no assurance that we will not be considered a PFIC for any fiscal year.

If the Company were a PFIC for any year during a U.S. Holder's holding period, then certain potentially adverse rules will affect the U.S. Federal income tax consequences to a U.S. Holder resulting from the acquisition, ownership and disposition of Equity Shares. In addition, for taxable years beginning after March 18, 2010, in which the Company is classified as a PFIC, such U.S. Holder would be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidelines may require.

The Company generally will be a PFIC under Section 1297 of the Code if, for a tax year, (a) 75% or more of the gross income of the Company for such tax year is passive income (the "income test") or (b) 50% or more of the value of its average quarterly assets held by the Company either produce passive income or are held for the production of passive income, based on the fair market value of such assets (the "asset test"). "Gross income" generally means all sales revenues less the cost of goods sold, and "passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions except for gross income qualifying for an exception provided in the PFIC rules for income derived from an active banking business.

In addition, for purposes of the PFIC income test and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and asset test described above, "passive income" does not include any interest, dividends, rents, or royalties that are received or accrued by the Company from a "related person" (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

If the Company were a PFIC in any tax year and a U.S. Holder held Equity Shares, such U.S. Holder generally would be subject to special rules with respect to "excess distributions" made by the Company on the Equity Shares and with respect to gain from the disposition of Equity Shares. An "excess distribution" generally is defined as the excess of distributions with respect to the Equity Shares received by a U.S Holder in any tax year over 125% of the average annual distributions such U.S. Holder has received from the Company during the shorter of the three preceding tax years, or such U.S. Holder's holding period for the Equity Shares. Generally, a U.S. Holder would be required to allocate any excess distribution or gain from the disposition of the Equity Shares ratably over its holding period for the Equity Shares. Such amounts allocated to the year of the disposition or excess distribution would be taxed as ordinary income, and amounts allocated to prior tax years would be taxed as ordinary income at the highest tax rate in effect for each such year and an interest charge at a rate applicable to underpayments of tax would apply.

While there are U.S. Federal income tax elections that sometimes can be made to mitigate these adverse tax consequences (including, without limitation, the "QEF Election" and the "Mark-to-Market Election"), such elections are available in limited circumstances and must be made in a timely manner. U.S. Holders should be aware that, for each tax year, if any, that the Company is a PFIC, the Company will not satisfy the record keeping requirements or make available to U.S. Holders the information such U.S. Holders require to make a QEF Election under Section 1295 of the Code with respect of the Company. U.S. Holders should consult their own tax advisors regarding the potential application of the PFIC rules to the ownership and disposition of Equity Shares, and the availability of certain U.S. tax elections under the PFIC rules.

Distributions

U.S. Holders. Subject to the discussion above under "Passive Foreign Investment Company Considerations," a U.S. Holder that receives a distribution, including a constructive distribution, with respect to an Equity Share will be required to include the amount of such distribution in gross income as a dividend to the extent of the current or accumulated "earnings and profits" of our Company, as computed for U.S. Federal income tax purposes. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of our Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Equity Shares and thereafter as gain from the sale or exchange of such Equity Shares (see "Sale or Other Taxable Disposition of Equity Shares" below.) However, our Company does not intend to maintain the calculations of earnings and profits in accordance with U.S. Federal income tax principles, and each U.S. Holder should therefore assume that any distribution by our Company with respect to the Equity Shares will constitute ordinary dividend income. Dividends received on Equity Shares generally will not be eligible for the "dividends received deduction."

Subject to potential application of the PFIC rules above, for taxable years beginning before January 1, 2011, a dividend paid by our Company to a U.S. Holder who is an individual, estate or trust generally will be taxed at the preferential tax rates applicable to long-term capital gains if our Company is a "qualified foreign corporation" (a "QFC") and certain holding period requirements for the Equity Shares are met. Our Company generally will be a QFC if it is eligible for the benefits of the income tax treaty between the United States and India.

Dividends received generally will be income from non-U.S. sources for foreign tax credit limitation purposes. Such non-U.S.-source income generally will be "passive income" which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. You should consult your own tax advisors to determine the foreign tax credit implications of owning Equity Shares.

The amount of the dividend distribution that you must include in your income as a U.S. Holder will be the U.S. Dollar value of the Rupee payments made, determined at the spot Rupee to U.S. Dollar exchange rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. Dollars will be treated as ordinary income or loss. Such gain or loss generally will be income or loss from U.S. sources for foreign tax credit limitation purposes.

If the preferential tax rates discussed above do not apply, a dividend paid by our Company to a U.S. Holder generally will be taxed at ordinary income tax rates. The rules applicable to dividends are complex, and each U.S. Holder should consult its own tax advisors regarding the application of such rules.

Non-U.S. Holders. Dividends paid to Non-U.S. Holders generally will not be subject to U.S. Federal income tax unless the dividends are "effectively connected" with such Non-U.S. Holder's conduct of a trade or business within the United States and the dividends are attributable to a permanent establishment maintained in the United States, if required by an applicable income tax treaty as a condition for subjecting you to U.S. Federal income taxation on a net income basis. In such cases, a Non-U.S. Holder generally will be subject to U.S. Federal income tax in the same manner as a U.S. Holder. If you are a corporate Non-U.S. Holder, "effectively connected" dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Sale, Exchange or Other Disposition of Equity Shares

U.S. Holders. Subject to the discussion above under "Passive Foreign Investment Company Considerations," if you are a U.S. Holder and you sell or otherwise dispose of your Equity Shares, you will recognize capital gain or loss for U.S. Federal income tax purposes equal to the difference between the U.S. Dollar value of the amount that you realize and your tax basis, determined in U.S. Dollars, in your Equity Shares. Gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the Equity Shares have been held for more than one year. Preferential rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code. The gain or loss generally will be income or loss from U.S.-sources for foreign tax credit purposes. Capital gains realized by a U.S. Holder upon the sale of Equity Shares may be

subject to certain taxes in India. Due to limitations on foreign tax credits, however, a U.S. Holder may be unable to utilize such taxes as a credit against the U.S. Holder's Federal income tax liability on such capital gains. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisors regarding the availability and application of the foreign tax credit rules to such U.S. Holder.

Non-U.S. Holders. If you are a Non-U.S. Holder, you will not be subject to U.S. Federal income tax on gain recognized on the sale or other disposition of your Equity Shares unless:

- the gain is "effectively connected" with your conduct of a trade or business in the United States and the gain is attributable to a permanent establishment that you maintain in the United States, if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. Federal income taxation on a net income basis; or
- you are an individual present in the United States for 183 or more days in the taxable year of the sale and certain other conditions are met.

In the first case, the Non-U.S. Holder generally will be subject to U.S. Federal income tax in the same manner as a U.S. Holder. In the second case, the Non-U.S. Holder generally will be subject to U.S. Federal income tax at a rate of 30% on the amount by which such Non-U.S. Holder's U.S.-source capital gains exceed such Non-U.S. Holder's U.S.-source capital losses.

If you are a corporate Non-U.S. Holder, "effectively connected" gains that you recognize may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Backup Withholding and Information Reporting

Under U.S. Federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, recently enacted legislation generally imposes new U.S. return disclosure obligations (and related penalties) on U.S. Holders that hold certain specified foreign financial assets in excess of $50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their Equity Shares are held in an account at a U.S. domestic financial institution. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with their own tax advisors regarding the requirements of filing information returns.

If you are a non-corporate U.S. Holder, information reporting requirements generally will apply to:

- dividend payments or other taxable distributions made to you within the United States; and
- the payment of proceeds to you from the sale of Equity Shares effected at a U.S. office of a broker.

  Additionally, backup withholding at a current rate of 28% (and increasing to 31% for payments made after December 31, 2010) may apply to such payments if you are a non-corporate U.S. Holder that:

- fails to provide a valid taxpayer identification number;
- is notified by the IRS that you have failed to report all interest and dividends required to be shown on your U.S. Federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

  If you are a non-U.S. Holder, you are generally exempt from U.S. backup withholding and information reporting requirements with respect to dividend payments made to you outside the United States by the Company or another non-U.S. payor and other dividend payments and the payment of the proceeds from the sale of Equity Shares effected at a U.S. office of a broker, as long as:

- the income associated with such payments is otherwise exempt from U.S. Federal income tax; and

- the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished the payor or broker with:

  - an IRS Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-U.S. person; or

  - other documentation upon which it may rely to treat the payments as made to a non-U.S. person in accordance with U.S. Treasury Regulations; or
- you otherwise establish an exemption.

Payment of the proceeds from the sale of Equity Shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of Equity Shares that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States;
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address; or
- the sale has some other specified connection with the United States as provided in U.S. Treasury Regulations,
- unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of Equity Shares effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a U.S. person;
- a controlled foreign corporation for U.S. Federal income tax purposes;
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period; or
- a foreign partnership, if at any time during its tax year:

  - one or more of its partners are "U.S. persons," as defined in U.S. Treasury Regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership; or

  - such foreign partnership is engaged in the conduct of a U.S. trade or business, unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a U.S. person.

A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed its U.S. Federal income tax liability by filing a refund claim with the IRS.

Recent Legislative Developments

Newly enacted legislation requires certain U.S. Holders who are individuals, estates or trusts to pay up to an additional 3.8% tax on, among other things, dividends and capital gains for taxable years beginning after December 31, 2012. In addition, for taxable years beginning after March 18, 2010, new legislation requires certain U.S. Holders who are individuals that hold certain foreign financial assets (which may include the Equity Shares) to report information relating to such assets, subject to certain exceptions. U.S. Holders should consult their own tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of Equity Shares.

LEGAL PROCEEDINGS

Our Company from time to time is involved in various legal proceedings in the ordinary course of business, which involve matters pertaining to, amongst others, civil matters, consumer disputes, debt-recovery proceedings, proceedings under SARFAESI Act and Income Tax Act. The Company is not involved in any legal proceedings which are above the value of ₹250.00 million which is approximately 5 % of our profit after tax for Fiscal 2014

Litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoters during the last three years

Nil

Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

Sr. No.	Financial Year	Details of Fraud	Action taken by the Company
1.	2014-2013	Fraud amounting to ₹ 4.2 million on our Company by way of misrepresentation by borrower by fabricating the financial and property documents at the time of loan approval in the earlier year.	Internal technical staffs involved in commission of the fraud were removed from service and FIRs were lodged. Further, our Company is exploring the implementation of a policy to compare true copies of the documents from the registrar office with the documents tendered as the title deed to avoid fabrication of title papers.
2.	2013-2012	NIL	NIL
3.	2012-2011	NIL	NIL

***** *During the current fiscal no material fraud on or by our Company has been noticed except four instances of fraud amounting to ₹10.83 million.*

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:

As of date of this Placement Document, there is no outstanding default in payment of statutory dues (except on account of disputes as stated below), repayment of debentures and interest thereon, repayment of deposits and interest thereon and repayment of loan from any bank or financial institution and interest thereon.

For Fiscal 2014, the outstanding statutory dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

(in ₹ million)

Statute Name	Nature of Dues	Amount ₹ in million	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	1.7	Assessment Year 2004-05	Assessing Officer, New Delhi
Income Tax Act, 1961	Income Tax	9.0	Assessment Year2007-08	ITAT, Delhi
Income Tax Act, 1961	Income Tax	39.0	Assessment Year 2008-09	ITAT, Delhi
Grand Total		**49.7**		

Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements

and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remark

NIL

Notices from NHB

Our Company is registered as a housing finance institution and is subject to periodic inspections. Our Company has received notices in the past from NHB with respect to inter-se transfer of Equity Shares between our promoter and promoter group and also in respect of submission of investment committee meeting minutes. We have responded to these notices.

Other Confirmations

There are no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter other than fees paid by our Company in respect of late filing of charge creation forms under section 141 of the Companies Act, 1956.

GENERAL INFORMATION

1. Our Company was incorporated on April 11, 1984 as a public limited company and received the certificate for commencement of business on April 26, 1984. The CIN of our Company is L65910MH1984PLC032639.

2. Details of the Compliance Officer:

   Ms. Niti Arya
   Tel: +91 22 6600 6941;
   Fax: +91 22 6600 6998;
   Email: niti.arya@dhfl.com

3. Our Equity Shares are listed on the BSE and the NSE. The Issue was authorized and approved by the Board of Directors on January 16, 2015. The Shareholders of our Company have authorized the Issue pursuant to a special resolution dated February 23, 2015 passed by way of a postal ballot.

4. We have received in-principle approval to list the Equity Shares to be issued pursuant to the Issue, from both the BSE and the NSE on February 24, 2015.

5. Copies of our Memorandum and Articles of Association are available for inspection between 10:00 a.m. to 5:00 p.m. on any weekday (except Saturdays and public holidays) at our Registered Office.

6. We have obtained all consents, approvals and authorizations required in connection with this Issue.

7. Except as disclosed in this Placement Document, there has been no material change in our financial or trading position since December 31, 2014, the date of the latest financial statements prepared in accordance with Indian GAAP included in this Placement Document.

8. M/s. T. R. Chadha & Co., Chartered Accountants and M/s. Rajendra Neeti & Associates, Chartered Accountants, our joint statutory auditors, have reviewed our unaudited reviewed standalone financial statements and notes thereto for the nine month period ended December 31, 2014. M/s. T. R. Chadha & Co., Chartered Accountants and M/s. Rajendra Neeti & Associates, Chartered Accountants, have audited our standalone financial statements as of and for the Fiscal Year ended March 31, 2014. M/s. B.M. Chaturvedi & Co., Chartered Accountants have audited our standalone financial statements for the Fiscal Year ended March 31, 2013 and 2012 and our consolidated financial statements for the Fiscal year ended March 31, 2012.

9. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For details of litigations, see "Legal Proceedings" on page 204.

10. The Floor Price is ₹ 494.95 per Equity Share, calculated in accordance with the provisions of Chapter VIII of the SEBI ICDR Regulations.

11. We may offer a discount of not more than 5% on the Floor Price in accordance with and in terms of Regulation 85 of the SEBI ICDR Regulations.

12. Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the Equity Listing Agreements.

FINANCIAL INFORMATION

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RAJENDRA NEETI & ASSOCIATES
CHARTERED ACCOUNTANTS
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Independent Auditor's Report on Summary Financial Statements

To
The Board of Directors
Dewan Housing Finance Corporation Limited

1. The accompanying summary financial statements of Dewan Housing Finance Corporation Limited (the "Company") which comprise of the summary standalone Balance Sheet as at March 31, 2014, March 31, 2013 and March 31, 2012 and summary consolidated Balance Sheet as at March 31, 2012, the summary statement of Profit and Loss and the summary statement of Cash Flows for the years ended on that date; together with the related Schedules and explanatory notes, referred to herein as the "Summary Financial Statements" are derived from (i) the audited standalone financial statements of the Company for the year ended March 31st 2014 audited by us and (ii) the audited standalone financial statements of the Company for the years ended March 31, 2013 and March 31, 2012 and the audited consolidated financial statement for the year ended March 31, 2012 audited by another auditor as detailed in paragraph 2(a) to 2(b) below.

2. (a) We expressed our opinion on the standalone financial statements of the Company for the year ended March 31, 2014 vide our report dated April 30, 2014.

   (b) We have solely relied on (i) the audited standalone financial statements of the Company, as at March 31, 2013 March 31, 2012 which comprises of the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows for the years then ended, and a summary of significant accounting policies and other explanatory information and audit report of the M/s B M Chaturvedi & Co., Chartered Accountants dated May 7, 2013 and May 10, 2012 respectively and (ii) the audited consolidated financial statements of the Company as at March 31, 2012 which comprises of the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information and the audit report of M/s B M Chaturvedi &Co., Chartered Accountants dated May 10, 2012. .

3. The figures included in the Summary Financial Statements do not reflect the effect of events that occurred subsequent to the date of our reports on the respective years referred to in paragraph 2 above and have been rounded off to present them in rupees in million.

4. **Management's Responsibility for the Summary Financial Statements**

   Management is responsible for the preparation of (i) the standalone summary financial statements from the Audited standalone financial statements of the respective years ended March 31, 2014, March 31, 2013 and March 31, 2012 and (ii) the consolidated summary financial statements from Audited consolidated financial statements for the year ended March 31, 2012.

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RAJENDRA NEETI & ASSOCIATES
CHARTERED ACCOUNTANTS
144, Jolly Maker Chamber II,
Nariman Point,
Mumbai – 400 021
Tel. : 022- 22854274/75
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Email: ca_rna@rediffmail.com

5. **Auditor's Responsibility**

Our responsibility is to express an opinion on the Summary Financial Statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

6. **Opinion**

In our opinion, the Summary Financial Statements derived from (i) the audited standalone financial statements for the years ended March 31, 2014, 2013 and 2012 and (ii) the audited consolidated financial statements for the year ended March 31, 2012 are consistent, in all material respects, with each of those financial statements.

This report is intended solely for use of the management of the Company for inclusion in the Preliminary Placement Document and the Placement Document in connection with qualified institutions placement ("QIP") of the equity shares of the Company comprising of fresh issue of equity shares by the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For T R Chadha & Co.
Chartered Accountants
(Firm Registration No. 006711N)

(Pramod Tilwani)
Partner
Membership No. 076650

For Rajendra Neeti & Associates
Chartered Accountants
(Firm Registration No. 006543C)

(Rajendra Kumar Gupta)
Partner
Membership No. 070165

, 2015
Mumbai

DEWAN HOUSING FINANCE CORPORATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2014, 31st MARCH 2013 and 31st MARCH 2012.

(₹ in Millions)

	NOTES	As at 31.03.2014	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	3	1,284.2	1,282.2	1,168.4
Reserves and Surplus	4	34,465.4	31,088.7	19,158.8
Total Shareholders' Funds		35,749.6	32,370.9	20,327.2
Non Current Liabilities				
Long Term Borrowings	5	322,954.8	265,647.1	160,186.0
Deferred Tax Liabilities (Net)	7	11.5	-	-
Other Long Term Liabilities	6	15.1	27.7	213.3
Long Term Provisions	8	3,313.5	2,636.0	1,594.0
Total Non-Current Liabilities		326,294.9	268,310.8	161,993.3
Current Liabilities				
Short Term Borrowings	9	15,947.2	8,759.8	9,341.7
Trade Payables	10	2.6	5.8	486.0
Other Current Liabilities	11	59,846.7	48,119.9	22,845.8
Short Term Provisions	8	751.3	462.3	579.2
Total Current Liabilities		76,547.8	57,347.8	33,252.7
TOTAL		**438,592.3**	**358,029.5**	**215,573.2**
ASSETS				
Non-Current Assets				
Fixed Assets				
Tangible Assets	12	1,846.5	1,718.0	602.0
Intangible Assets	12	69.3	74.2	40.2
Capital Work in Progress		7,961.5	2,587.1	1,822.6
		9,877.3	4,379.3	2,464.8
Non-Current Investments	13	3,067.0	1,905.2	3,874.6
Deferred Tax Assets (Net)	7	-	20.1	
Long term Housing and Property Loans	14	387,469.0	323,694.9	182,429.8
Other Long Term Loans and Advances	15	160.8	330.1	126.8
Other Non-Current Assets	20	1,945.1	2,719.2	2,819.1
Total Non-Current Assets		402,519.2	333,048.8	191,715.1
Current Assets				
Current Investments	16	2,692.0	845.0	752.9
Trade Receivables	17	774.5	589.6	543.4
Cash and Bank Balances	18	9,831.8	5,125.6	7,016.4
Short term portion of Housing and Property Loans	14	18,497.3	15,322.3	11,124.0
Other Short Term Loans and Advances	19	4,028.1	2,871.7	4,282.0
Other Current Assets	20	249.4	226.5	139.4
Total Current Assets		36,073.1	24,980.7	23,858.1
TOTAL		**438,592.3**	**358,029.5**	**215,573.2**

Notes forming part of the Financial Statements 1-46

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

For T R CHADHA & Co.
Chartered Accountants
ICAI FRN:06711N

For RAJENDRA NEETI & ASSOCIATES
Chartered Accountants
ICAI FRN:06543C

Pramod Tilwani
Partner
ICAI MN: 076650

Pranav Kumar Shukla
Partner
ICAI MN: 073832

Place: Mumbai
Date : 30th April, 2014

Company Secretary **Chief Financial Officer** **Directors**

DEWAN HOUSING FINANCE CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014, 31st MARCH 2013 and 31st MARCH 2012.

(₹ in Millions)

	Notes	Year Ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2012
INCOME				
Revenue from Operations	21	49,675.9	40,612.2	24,677.6
Other Income	22	21.0	177.2	19.2
TOTAL REVENUE		**49,696.9**	**40,789.4**	**24,696.8**
EXPENSES				
Interest & Finance Cost	23	37,825.8	31,193.6	17,992.3
Employees Remuneration & Benefits	24	1,761.0	1,406.9	878.1
Administrative & Other Expenses	25	1,949.9	1,547.5	1,558.6
Depreciation & Amortisation	12	109.1	84.6	47.2
Provision for Contingencies	8	700.0	450.0	237.0
TOTAL EXPENSES		**42,345.8**	**34,682.6**	**20,713.2**
PROFIT BEFORE TAX		7,351.1	**6,106.8**	**3,983.6**
Less: Tax Expense				
- Current Tax		2,029.5	1,551.8	861.5
- Deferred Tax Charge/ (Credit)		31.6	36.5	58.5
PROFIT FOR THE YEAR		**5,290.0**	**4,518.5**	**3,063.6**
Earnings per Equity share	26			
Basic (₹)		**41.23**	**38.47**	**28.97**
Diluted (₹)		**41.11**	**38.30**	**28.67**

Notes forming part of the Financial Statements 1-46

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

For T R CHADHA & Co.
Chartered Accountants
ICAI FRN:06711N

Pramod Tilwani
Partner
ICAI MN: 076650

For RAJENDRA NEETI & ASSOCIATES
Chartered Accountants
ICAI FRN:06543C

Pranav Kumar Shukla
Partner
ICAI MN: 073832

KAPIL WADHAWAN
Chairman & Managing Director

Place: Mumbai
Date : 30th April, 2014

Company Secretary **Chief Financial Officer** **Directors**

DEWAN HOUSING FINANCE CORPORATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014, 31st MARCH 2013 and 31st MARCH 2012.

(₹ in Millions)

Particulars		Year ended 31.03.2014		Year ended 31.03.2013		Year ended 31.03.2012	
A. CASH FLOW FROM OPERATING ACTIVITIES							
Net Profit Before Tax			7,351.0		6,106.8		3,983.6
Adjustments for:							
Depreciation		109.1		84.6		47.2	
Employees Stock Option Expenses		27.3		51.3		57.6	
(Gain)/Loss on hedged items and hedging derivative		(2.5)		(2.7)		-	
(Profit)/Loss on Fixed Assets sold		19.7		14.2		4.7	
Provision for Contingencies		700.0		450.0		236.9	
Provision for Gratuity & Leave Encashment		-		-		26.2	
ZCB Expenses		77.3		-		-	
(Profit)/Loss on Sale of Real Estate		-		(109.5)		-	
Liabilities Written back		(11.5)		-		-	
Other Operational Treasury Income		(673.0)	246.4	(643.6)	(155.7)	(682.6)	(310.0)
Operating Profit before Working Capital changes			7,597.4		5,951.1		3,673.6
Adjustments for:							
Current Assets		(879.5)		1,277.2		(6.4)	
Current Liabilities		1,832.6		(324.7)		(568.3)	
Working Capital Changes			953.2		952.5		(574.7)
Cash Generated from Operations During the Year			8,550.6		6,903.6		3,098.9
Tax Paid			(1,981.8)		(1,240.5)		(802.0)
Net Cash Flow from Operating Activities	**(A)**		**6,568.8**		**5,663.1**		**2,296.9**
B CASH FLOW FROM INVESTING ACTIVITIES							
Net Income from Treasury Investment - MF		906.6		509.6		371.2	
Net Income from Treasury Investment - Others		(233.6)		134.0		311.4	
Net Addition to Investments		(3,008.8)		(445.6)		3,870.9	
Addition to investments in Subsidiary		-		-		(130.0)	
Sale Proceeds of disinvestments in Subsidiaries		-		-		533.8	
Net Addition to fixed assets		-		-		(294.3)	
Movement In Fixed Deposits		813.9		103.2		-	
Net Addition to Fixed Assets		(5,626.9)		(1,806.6)		-	
Net Cash used in Investing Activities	**(B)**		**(7,148.8)**		**(1,505.3)**		**4,662.9**
C. CASH FLOW FROM FINANCING ACTIVITIES							
Advance to Subsidiary		-		-		(2,000.2)	
Issue of Equity Shares		2.0		4.9		124.1	
Premium on Issue of Equity Shares		19.3		52.5		2,972.4	
Inter Corporate Deposits received - Subsidiary		-		-		530.0	
Inter Corporate Deposits received - Others		-		-		800.0	
Proceeds from Loan Securitised		28,334.3		6,203.0		16,800.1	
Issue of Perpetual Debts		355.0		250.0		1,252.0	
Other Liability		-		290.0		-	
Loans Received from Banks/Institutions		81,132.5		85,301.3		40,450.0	
Refinance Loans Received from NHB		3,500.0		7,870.0		2,280.0	
Proceeds from issue of NCD's and Sub Debts		21,429.0		16,065.0		8,052.0	
Proceeds from issue of CP		53,200.0		42,146.3		14,544.0	
Fixed Deposits received		18,063.0	206,035.0	14,258.5	172,441.4	6,906.6	92,711.1
Housing loan Repayments		58,217.6		33,681.4		19,492.7	
Other Loans Repayments		11,824.7	70,042.3	19,249.5	52,930.9	2,103.0	21,595.7
Loans repaid to Banks / Institution		(35,830.6)		(38,220.3)		(12,401.0)	
Refinance loans repaid/Prepaid to NHB		(5,516.3)		(5,996.2)		(2,750.8)	
Fixed Deposits Repaid		(11,345.6)		(4,994.5)		(3,091.4)	
Cash Credit Repayment		(648.0)		-		-	
Other Short term Liabilities repaid		(316.0)		-		-	
Non-Convertible Debentures Redeemed		(6,764.1)		(5,516.7)		(706.7)	
CP Redeemed		(43,750.0)		(43,160.3)		(11,504.8)	
Inter Corporate Deposits paid - Subsidiary		-		-		(530.0)	
Inter Corporate Deposits paid - Others		-	(104,170.6)	-	(97,888.0)	(980.0)	(31,964.8)
Housing Loan Disbursed		(130,284.3)		(111,960.6)		(72,488.4)	
Other Loans Disbursed		(35,041.4)	(165,325.7)	(21,616.7)	(133,577.3)	(18,166.4)	(90,654.8)
Dividend & Dividend Distribution Tax		(870.5)		(746.9)		(428.9)	
Share Premium Utilised		(424.3)	(1,294.8)	(108.9)	(856.0)	-	(428.9)
Net Cash from Financing Activities	**(C)**		**5,286.3**		**(6,948.9)**		**(8,741.7)**
Net Increase in Cash & Cash Equivalents			**4,706.2**		**(2,791.1)**		**(1,781.9)**
Cash & cash equivalents at the beginning of the year	**(A)+(B)+(C)**		**5,125.6**		7,016.4		11,617.4
Add : on amalgamation			-		900.3		-
Less : Bank Balance in Non Current Bank FD			-		-		2,819.1
Cash & Cash Equivalents at the Close of the Year			**9,831.8**		**5,125.6**		**7,016.4**

Negative Figure (-) represent cash outflow. This Cash Flow Statement referred to in our report of even date.

For T R CHADHA & Co.
Chartered Accountants
ICAI FRN:06711N

For RAJENDRA NEETI & ASSOCIATES
Chartered Accountants
ICAI FRN:06543C

KAPIL WADHAWAN
Chairman & Managing Director

Pramod Tilwani
Partner
ICAI MN: 076650

Pranav Kumar Shukla
Partner
ICAI MN: 073832

Place: Mumbai
Date : 30th April, 2014

Company Secretary **Chief Financial Officer** **Directors**

DEWAN HOUSING FINANCE CORPORATION LIMITED

Notes forming part of the financial statement for the year ended 31st March 2014, 31st March 2013 and 31st March 2012.
CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES:

1 CORPORATE INFORMATION

Dewan Housing Finance Corporation Limited ('DHFL'), 'the Company' was incorporated in India on 11th April, 1984 and has been carrying on, as its main business of providing loans to Retail customers for construction or purchase of residential property and loans against property. The company is registered with National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987.DHFL has its registered office in mumbai and has 162 branches , 92 service centres, 19 camp locations, 20 zonal/regional offices, 2 disbursement hub and two collection centres in India and 2 representative offices in UAE and UK.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation of financial statements :

a) The financial statements have been prepared under the historical cost convention on accrual basis, except pertaining to amalgamation accounting in the previous year, in accordance with the generally accepted accounting principles, provisions of the Companies Act, 1956/2013 as applicable, Housing Finance Companies, (NHB) Directions, 2010, The National Housing Bank Act 1987 and Accounting Standards (AS) notified u/s 211(3C) of the Companies Act, 1956 [which continue to be applicable in respect of sec 133 of Companies Act 2013 in term of general circular 15/2013 dated 13th September, 2013, issued by the ministry of the corporate affiars].

b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

c) The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statement are prudent and reasonable. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

d) Based on the nature of its activities, the Company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liablilies as current and non current.

e) Amounts in the financial statements are presented in ₹ millions, except for per share data and as otherwise stated. All exact amounts are stated with suffix "/-".

2.2 Revenue Recognition

a) Interest on housing loans :

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

Interest on performing assets is recognized on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank. The interest income (payment) is adjusted for gain (loss) on corresponding hedge contracts / interest swap derivatives, wherever executed.

b) Dividend income on investments, processing fees and penal interest income on delayed EMI/PEMI are recognised on receipt basis.

c) Income from services and interest bearing investment is recognised on accrual basis.

2.3 Interest & Other related Financial Charges :

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

2.4 Foreign Exchange Transactions :

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transactions. Transactions remaining unsettled are translated at the exchange rates prevailing on the date of the Balance Sheet. Any gain or losses on account of exchange differences either on settlement or on translation are recognized in the Profit and Loss Account.

In respect of Forward Exchange Contracts the premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on monetary items on reporting dates are recognized in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as an expense in that year.

2.5 Provision for Contingencies :

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

2.6 Investments :

In accordance with Accounting Standard (AS 13) on "Accounting for Investments" and the guidelines issued by the National Housing Bank, Investments are either classified as current or long term based on management's intention at the time of purchase. On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and stamp duty.

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

2.7 Tangible Fixed Assets :

Fixed Assets are stated at cost less accumulated depreciation and impaired losses, if any. All directly attributable costs including borrowing cost, net of cenvat credit, till the asset is put to use is shown as capital work in progress and is capitalised thereafter. Depreciation on fixed assets is provided on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

Assets held under finance leases included in F.Y. 2012-13 & 2013-14 are depreciated over the estimated useful life of the asset or the lease term whichever is lesser .

2.8 Intangible Assets :

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

2.9 Impairment of Assets :

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

2.10 Leases:

F.Y. 2012-13 & 2013-14

Operating Leases

Lease rentals in respect of assets taken on "Operating Leases" are charged to the Statement of Profit and Loss account on straight line basis over the lease term.

Finance Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease and are accordingly disclosed. The capital element of the leasing commitments is shown as Secured liabilities. Lease payments are apportioned between the finance charges and reduction of the corresponding liability based on the implicit rate of return.

2.11 Statutory / Special Reserve :

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

2.12 Prepaid Expenses :

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

2.13 Employees Retirement Benefits :

a) Company's contribution in respect of Employees' Provident Fund is made to Government provident fund and is charged to the Statement of Profit & Loss.

b) Gratuity Fund Scheme is considered as defined benefit plans. The Company's liability is determined on the basis of an actuarial valuation using the projected credit unit method as at Balance Sheet date. Actuarial Gains / Losses are recognized immediately in the Statement of Profit & Loss in the year on which they arise.

c) Leave Encashment for both short term and long term are accounted for on actuarial valuation at the year end using the projected credit unit method. Actuarial Gains / Losses are recognized immediately in the Statement of Profit & Loss in the year on which they arise.

2.14 Earnings per share :

The Basic earning per share and diluted earning per share have been computed in accordance with Accounting Standard (AS-20) on, "Earnings Per Share" and is also shown in the Statement of Profit and Loss.

2.15 Accounting for Taxes :

Income tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS-22) on "Accounting for Taxes on Income". The Deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the Statement of Profit and Loss. The cumulative effect thereof is shown in the Balance Sheet. The Deferred Tax Assets, if any, are recognised only to the extent that there is reasonable certainity that the assets will be realized in future. However if there are carried forword loss / depreciation then the deffered tax if any, are recognised only to the extent that there is virtual certainity that the assets will be realized in future.

2.16 Provisions, Contingent Liability and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2.17 Housing and Other Property Loans :

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

2.18 Securitised Assets :

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

(₹ in millions)

		31.03.2014	31.03.2013
3	**SHARE CAPITAL**		
	Authorised		
	748,000,000 (748,000,000) equity shares of ₹10/- each	7,480.0	7,480.0
	75,000,000 (75,000,000) Redeemable, non convertible preference shares of ₹10/- each	750.0	750.0
	500,000 (500,000) Redeemable, non convertible preference shares of ₹100/- each	50.0	50.0
		8,280.0	**8,280.0**
	Issued, Subscribed and Paid up		
	128,420,240 (128,218,709) equity shares of ₹10/- each fully paid	1,284.2	1,282.2
		1,284.2	**1,282.2**

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

3.2 The reconcilation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period:

Particulars	As at 31.03.2014		As at 31.03.2013	
	No.of shares	Amount (millions)	No.of shares	Amount (millions)
Equity shares at the beginning	128,218,709	1,282.2	116,839,981	1,168.4
Add: Shares issued on Amalgamation	-	-	10,886,375	108.9
Add: Shares issued under ESOS	201,531	2.0	492,353	4.9
Equity shares at the end	128,420,240	1,284.2	128,218,709	1,282.2

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	No.of shares	% holding	No.of shares	% holding
Kapil Wadhawan	900,000	0.70	10,122,836	7.89
Dheeraj Wadhawan	900,000	0.70	9,308,998	7.26
Aruna Wadhawan	1,200,000	0.93	7,980,447	6.22
Wadhawan Housing Private Limited	47,409,822	36.92	-	-
Wadhawan Holdings Private Limited	-	-	10,031,436	7.82
Caledonia Investments PLC	11,421,570	8.89	11,421,570	8.91

3.4 Details of aggregate number of shares issued for consideration other than cash during the period of five years:

Company has alloted 1,08,86,375 No of Equity Shares as fully paid up for consideration other than cash as per the Scheme of Amalgamation during the financial year 2012 - 13.

3.5 Employee Stock Option Plans:

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

During the year, the Company has allotted, from time to time, 81,458 (256,094) number of equity shares of ₹ 10/- each to various eligible employees under 'ESOS 2008' at the price of ₹ 53.65 per equity share (including a premium of ₹ 43.65 per equity share) aggregating to ₹ 0.8 millions (₹ 13.7 millions) as approved in the AGM dated 23rd July, 2007 and allotted at the reconsidered price approved in the EOGM dated 31st March, 2009.

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

During the year, the Company has allotted, from time to time, 120,073 (236,259) number of equity shares of ₹ 10/- each to various eligible employees under 'ESOS 2009' at the price of ₹141/- per equity share (including a premium of ₹ 131/- per equity share) aggregating to ₹ 1.2 millions (₹ 33.3 millions) as approved in the AGM dated 23rd July, 2007.

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

Particulars	ESOS-2008	ESOS-2009 Plan I	ESOS-2009 Plan II
Options granted under the schemes	1,422,590	1,275,000	1,234,670
Options exercised upto 31st March, 2014	1,072,084	797,607	-
Options lapsed upto 31st March, 2014	251,130	237,723	277,520
Options outstanding at the end of the year	99,376	239,670	957,150
Options unvested at the end of the year	-	-	493,868
Options exercisable at the end of the year	99,376	239,670	463,282

(₹ millions)

		31.03.2014		31.03.2013	
4	**RESERVES & SURPLUS**				
	Capital Reserve				
	Balance as per last Balance Sheet	2,093.7		0.7	
	Addition on Amalgamation	-		2,613.6	
		2,093.7		2,614.3	
	Less: utilised during the year (refer Note 28 below)	416.2		520.6	
			1,677.5		2,093.7
	Capital Redemption Reserve				
	Balance as per last Balance Sheet		77.5		77.5
	Securities Premium				
	Balance as per last Balance Sheet	14,983.0		11,488.9	
	Add : Addition during the year	24.6		52.5	
	Addition on Amalgamation	-		3,522.3	
		15,007.6		15,063.7	
	Less : Utilised during the year [net of tax of ₹ 773 millions (₹ 283 millions)] (refer Note 4.2	347.0	14,660.6	80.7	14,983.0
	Employees Share Options Outstanding				
	Balance as per last Balance Sheet	135.5		84.2	
	Add : Transferred from Statement of Profit & Loss	27.3	162.8	51.3	135.5

General Reserve				
Balance as per last Balance Sheet	5,336.3		3,260.4	
Add : Transferred from Statement of Profit & Loss	2,000.0		2,000.0	
Addition on Amalgamation	-	7,336.3	75.9	5,336.3
Statutory Reserve (Special Reserve)				
[In terms of Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987]				
(Refer note 4.3 below)				
Balance as per last Balance Sheet	4,839.9		2,958.6	
Add: Transferred from Statement of Profit & Loss	1,600.0		1,000.0	
Addition on Amalgamation	-	6,439.9	881.3	4,839.9
Surplus in Statement of Profit and Loss:				
As per last Balance Sheet	3,622.8		1,288.5	
Addition on Amalgamation	-		1,536.0	
Add : Profit for the year	5,290.0		4,518.5	
	8,912.8		7,343.0	
Less : Appropriations :			-	
General Reserve	2,000.0		2,000.0	
Statutory Reserve	1,600.0		1,000.0	
Interim Equity Dividend	385.0		234.2	
Proposed Equity Dividend	256.9		384.7	
Proposed 30th Anniversary Special Equity Dividend	385.3		-	
Dividend for earlier year	0.3		0.8	
Dividend Distribution Tax	174.5		100.5	
	4,802.0		3,720.2	
Surplus closing balance		4,110.8		3,622.8
TOTAL RESERVES & SURPLUS		**34,465.4**		**31,088.7**

4.1 During the year, the company has paid an interim dividend on equity shares @ ₹ 3/-(₹ 2/-) per share. The Board of Directors, has further recommended dividend to be paid out of current year profits @ ₹ 2/- (₹ 3/-) per equity share to the equity shareholders as final dividend along with additional special 30th Anniversary celebration dividend @ ₹ 3/- per equity share, aggregating to ₹ 8/- per equity share for the year 2013-14.

4.2 In accordance with Section 78 of the Companies Act, 1956, during the year the company has utilized Securities Premium Account towards amortization of securities issue expenses and premium on redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures amounting to ₹ 347.1 millions (₹ 80.7 millions), net of tax of ₹ 77.3 millions (₹ 28.3 millions).

4.3 Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular.61/2013-14, dated: 7th April, 2014

(₹ millions)

Particulars	31.03.2014	31.03.2013
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1,213.5	965.7
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under, Section 29C of the NHB Act, 1987	3,626.4	2,874.2
c) Total	4,839.9	3,839.9
Addition during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	328.9	247.8
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	1,271.1	752.2
c) Total	1,600.0	1,000.0
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1,542.3	1,213.5
b) Arnount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under, Section 29C of the NHB Act, 1987	4,897.5	3,626.4
c) Total	6,439.9	4,839.9

(₹ millions)

	Non Current Portion		Current Portion	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
5 LONG TERM BORROWINGS				
Secured				
Non-Convertible Debentures	44,365.6	31,046.4	4,723.3	3,593.5
Term Loan from Banks	230,714.3	194,257.4	35,977.4	30,661.7
Loan from Others				
From National Housing Bank	16,000.9	17,580.1	3,795.7	4,232.8
From Financial Institutions	4,195.9	162.5	129.1	139.1
Finance Lease Obligation	-	1.9	-	0.3
Total Secured long term borrowings	295,276.7	243,048.3	44,625.5	38,627.4
Unsecured				
Non-Convertible Debentures (perpetual)	1,857.0	1,502.0	-	-
Non-Convertible Debentures (Subordinated issue)	11,915.0	11,065.0	-	350.0
Deposit				
Fixed Deposit (including Cummulative)	13,822.5	9,988.6	11,015.1	7,006.3
Other Deposits	83.6	43.2	29.8	12.3
Total Unsecured long term borrowings	27,678.1	22,598.8	11,044.9	7,368.6
TOTAL LONG TERM BORROWINGS	322,954.8	265,647.1	55,670.4	45,996.0
Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 11)	-	-	(55,670.4)	(45,996.0)
Net Amount	**322,954.8**	**265,647.1**	**-**	**-**

5.1

Non Convertible Debentures (NCD) (current and non current portion) amounting to ₹ 49,088.9 millions (₹ 34,639.9 millions) are secured by way of first charge read with Note 5.2 herein below and are redeemable at par, in one or more instalments, on various dates, as below.

Secured NCDs also include amount outstanding for Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) aggregating to ₹ 2,986.2 millions (₹ 799.6 millions), which are redeemable at premium on maturity. The accumulated premium payable on outstanding ZCD accrued till 31st March, 2014 amounting to ₹ 266.2 millions (₹ 75.6 millions) is included above and has been provided out of the Securities Premium Account (refer Note 4.2).

(₹ millions)

Particulars	Up to 1 Year	>1-3 Years	>3-5 Years	>5 Years	Grand Total
Secured					
Bank					
Linked with Base Rate of respective banks	35,977.4	88,336.2	63,140.2	79,238.0	266,691.9
%					
Loan from FIIs					
9-11	125.8	6.7	3.3	-	135.8
11-12.60	3.3	763.8	1,520.9	1,901.1	4,189.2
F I I Total	129.1	770.5	1,524.2	1,901.1	4,325.0
Loan from NHB					
7-9	3,312.4	7,319.9	3,740.3	1,918.6	16,291.2
9-11	483.4	1,091.5	727.3	1,203.2	3,505.4
N H B Total	3,795.7	8,411.4	4,467.6	3,121.8	19,796.6
NCD					
5-7	-	2,500.0	-	2,500.0	5,000.0
9-11.60	4,723.3	10,763.7	1,432.7	24,393.0	41,312.7
NCD Total	4,723.3	13,263.7	1,432.7	26,893.0	46,312.7
NCD - ZCB					
9-11	-	2,621.3	154.8	-	2,776.2
NCD - ZCB Total	-	2,621.3	154.8	-	2,776.2
UN-Secured					
C Paper					
9.80-10.85	14,700.0	-	-	-	14,700.0
C Paper Total	14,700.0	-	-	-	14,700.0
Perpetual Debt					
12.00 -12.75	-	-	-	1,857.0	1,857.0
Perpetual Debt Total	-	-	-	1,857.0	1,857.0
Sub - Debt					
9-11.50	-	847.0	2,878.0	8,190.0	11,915.0
Sub - Debt Total	-	847.0	2,878.0	8,190.0	11,915.0

5.2 All Secured loans (Current and Non Current portion), from the National Housing Bank, other Banks, Asian Development Bank, Financial Institutions and Secured Non Convertible Debentures / ZCD are secured by way of first charge to and in favour of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu (read with Note 9.1), inter-se, on the Company's whole of the present and future book debts outstanding, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets, read with Note 5.3 & 5.4 hereinafter. They are further secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.

5.3 During the year Company has availed ECB of USD 70.0 millions from IFC Washington for a period of 8 years. The principal amount has been hedged to protect the foreign currency risk and converted into rupee liability of ₹ 4,182.5 millions and reflected as Loan from Financial Institutions.

5.4 The National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favour of depositors through the mechanism of a trust deed. The Company has accordingly appointed a SEBI approved trustee Company as trustee for the above by executing the trust deed.

5.5 Unsecured Redeemable Non Convertible Subordinated Debentures aggregating to ₹ 11,915.0 millions (₹ 11,415.0 millions), outstanding as at 31st March, 2014, are subordinated to present and future senior indebtedness of the company. It qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity on various dates read with note no 5.1.

5.6 Fixed Deposits and Other Deposits, including short term fixed deposits and short term other deposits, are repayable as per individual contracted maturities ranging from 12 to 84 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.

5.7 Department of Company Affairs with reference to the General Circular no. 4/2003 dated 16.01.2003, has clarified that, Housing Finance Companies registered with National Housing Bank are exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Since the Debenture issues of the Company till date are through private placement, as such no DRR has been created.

(₹ millions)

		31.03.2014		31.03.2013	
6	**OTHER LONG TERM LIABILITIES**				
	Advance from customers		5.3		4.2
	Others		9.8		23.5
	Total Other Long Term Liabilities		**15.1**		**27.7**

(₹ millions)

		31.03.2014		31.03.2013	
7	**DEFERRED TAX LIABILITIES / (ASSETS) NET**				
	Deferred Tax Asset				
	On account of provision for Standard Assets	(672.1)		(491.4)	
			(672.1)		(491.4)
	Deferred Tax Liability				
	On account of depreciation	92.0		75.7	
	On account of others	591.6	683.6	395.6	471.3
	NET DEFERRED TAX LIABILITY / (ASSET)		**11.5**		**(20.1)**

8 PROVISIONS (₹ millions)

	Long Term Provision		Short Term Provision	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Provision for Contigencies				
Against Standard Assets:				
As per last Balance sheet	1,793.1	1,088.5		
Addition on Amalgamation	-	430.7		
Add : Provision during the year	363.9	273.9		
Net provision on standard loan portfolio	2,157.0	1,793.1		
Against NPA:				
As per last Balance sheet	833.6	465.4		
Addition on Amalgamation	-	235.5		
Add : Provision during the year	278.4	182.1		
Less : Utilised During the year	35.5	49.4		
Net provision on NPA loan portfolio	1,076.5	833.6		
Against Investment:				
As per last Balance sheet	13.0	19.0		
Add : Provision (withdrawal) during the	(13.0)	(6.0)		
	-	13.0		
Less : Transfer to Provision for diminution in the value of investment	-	(13.0)		
	-	-		
Against Other Assets:				
Provision during the year	70.7	-		
Transfer from Other Provision/Liability	9.3	-		
Net provision on Other Assets	80.0	-		
	-	-		
Total Provision for Contigencies (A+B+C)	3,313.5	2,626.7	-	-
Provision for Proposed Dividend	-	-	642.2	384.7
Provision for Dividend Distribution Tax	-	-	109.1	62.4
Provision for Income Tax (net of advance tax) (Refer note 29 & 32)	-	-	-	15.2
Other Provisions	-	9.3	-	-
TOTAL PROVISIONS	**3,313.5**	**2,636.0**	**751.3**	**462.3**

8.1 The Company has written off ₹ 35.5 millions (₹ 49.4 millions) as bad debts and by way of one time settlement to recover some of its NPA and Loss Accounts. The Company has withdrawn ₹ 35.5 millions (₹ 49.4 millions) from contingency provisions created out of profits of earlier years.

8.2 Details of Housing and Property Loans and Contingency Provisions

Housing and property loans and provision in respect thereof on account of standard, sub standard, doubtful and loss assets are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank and its circular NHB.HFC. DIR-3/CMD/2011 dated August 5, 2011 in respect of Housing and Non Housing Loans are as follows:

(₹ millions)

	31.03.2014		31.03.2013	
	Portfolio	**Provisions**	**Portfolio**	**Provisions**
Standard Assets				
Housing Loans	331,374.3	1,419.6	293,377.0	1,314.5
Other Property Loans	71,416.8	647.3	43,247.0	376.1
Additional provision on standard assets	-	90.1	-	102.5
	402,791.1	**2,157.0**	**336,624.0**	**1,793.1**
Sub Standard Assets				
Housing Loans	1,166.6	177.4	938.9	140.8
Other Property Loans	307.0	46.1	217.4	32.6
	1,473.6	**223.5**	**1,156.3**	**173.4**
Doubtful Assets				
Housing Loans	1,449.6	757.0	1,052.2	521.1
Other Property Loans	231.9	75.9	161.5	80.8
	1,681.5	**832.9**	**1,213.7**	**601.9**
Loss Assets				
Housing Loans	14.0	14.0	16.2	16.3
Other Property Loans	6.1	6.1	7.0	7.0
	20.1	**20.1**	23.2	23.3
Additional provision on Non Performing Assets		-	-	35.0
Provisions on Other Assets		80.0	-	-
		-	-	-
Total (*)	**405,966.3**	**3,313.5**	**339,017.2**	**2,626.7**
Summary:				
Housing Loans	334,004.5	2,368.0	295,384.3	1,992.7
Other Property Loans	71,961.8	775.4	43,632.9	496.5
Additional provision on Standard Assets	-	90.1	-	102.5
Additional provision on Non Performing Assets	-	-	-	35.0
Provisions on Other Assets	-	80.0	-	-
	-	-	-	-
Total (*)	**405,966.3**	**3,313.5**	**339,017.2**	**2,626.7**

(*) Outstanding Investment of ₹ 1,455.9 millions (₹ 365.6 millions) in Mortgage Backed Class B PTC consists of securitised housing loans held by the company, is included above.

8.3 Provision for Contingencies

The Company has made full provisions for Contingencies for diminution in investment value and on standard as well as on non-performing housing loans and other property loans as per the Prudential Norms prescribed by the National Housing Bank. The Company has maintained additional provision amounting to ₹ 90.1 millions (₹ 137.5 millions).

(₹ millions)

		31.03.2014	31.03.2013
9	**SHORT TERM BORROWINGS**		
	Secured		
	Loans repayable on demand		
	From Banks	-	500.0
	Other short term loans and advances		
	From Banks	540.2	688.2
	Secured short term borrowings (A)	540.2	1,188.2
	Unsecured		
	Deposits		
	Fixed Deposits (Refer Note 5.6)	624.9	1,956.7
	Other Deposits (Refer Note 5.6)	82.1	48.9
	Other short term loans and advances		
	From Banks	-	26.0
	Commercial Papers	14,700.0	5,250.0
	Others	-	290.0
	Unsecured short term borrowings (B)	15,407.0	7,571.6
	TOTAL SHORT TERM BORROWINGS (A+B)	**15,947.2**	**8,759.8**

9.1 Loans repayable on demand and other short term loans comprises of Cash credit facilities from banks and are secured by a first charge by way of hypothecation of book debts of specific loan assets of the company and are further secured by negative lien on the underlying specific properties and / or secured by demand promissory notes. Certain Cash credit facilities are also secured by way of a first pari passu charge along with other secured loans read with Note 5.2. All cash credit facilities are repayable as per the contracted/ roll over term.

(₹ millions)

		31.03.2014	31.03.2013
10	**TRADE PAYABLES:**		
	Creditors for Expenses	2.6	5.8
	TOTAL TRADE PAYABLES	**2.6**	**5.8**

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

(₹ millions)

		31.03.2014	31.03.2013
11	**OTHER CURRENT LIABILITIES**		
	Current maturities of long-term borrowing (Refer Note 5)	55,670.4	45,996.0
	Interest accrued but not due on borrowings	556.0	599.5
	Unclaimed Dividends	8.0	7.0
	Unclaimed matured deposits and interest accrued thereon	296.5	181.2
	Other payables		
	Advance from customers	339.8	286.9
	Amount payable under securitisation/ joint syndication transaction	1,359.6	621.9
	Other current liabilities	1,616.4	427.4
	TOTAL OTHER CURRENT LIABILITIES	**59,846.7**	**48,119.9**

11.1 As required under section 205 (C) of the Companies Act, 1956, the Company has transferred unclaimed dividend of the year 2005-06 ₹ 0.8 millions (₹ 0.6 millions), unclaimed Interim dividend of the year 2006-07 ₹ 0.8 millions (₹ 0.6 millions) and ₹ 1.9 millions (₹ 0.5 millions) towards unclaimed Deposits and interest accrued thereon to Investor Education & Protection Fund (IEPF) during the year. There were no amounts due for transfer to IEPF on the date of balance sheet.

DEWAN HOUSING FINANCE CORPORATION LIMITED

Note 12
FIXED ASSETS

(₹ millions)

Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01.04.2013	Due to Amalgamation	Addition	Deduction / Sale	As on 31.03.2014	As on 01.04.2013	Due to Amalgamation	for the year	Deduction	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
Tangible:												
Building	305.9	-	-	-	305.9	40.9	-	6.1	-	47.0	**258.9**	265.0
Leasehold Premises	999.9	-	-	-	999.9	0.2	-	18.2	-	18.4	**981.6**	999.7
Furniture & Fixture	318.9	-	122.0	30.1	410.8	106.8	-	24.5	18.6	112.7	**298.1**	212.1
Office Equipments	144.5	-	90.7	7.0	228.1	27.2	-	7.3	1.9	32.7	**195.5**	117.3
Vehicles	37.6	-	-	16.8	20.7	13.3	-	1.3	6.9	7.6	**13.1**	24.3
Computer (Hardware	249.1	-	32.1	12.9	268.3	149.5	-	30.5	11.1	168.9	**99.4**	99.6
Sub Total	**2,055.8**	**-**	**244.8**	**66.8**	**2,233.8**	**337.8**	**-**	**87.9**	**38.5**	**387.3**	**1,846.5**	**1,718.0**
Intangible:												
Computer (Software)	91.3	-	16.3	-	107.6	17.1	-	21.2	-	38.3	**69.3**	74.2
Fixed Assets	**2,147.1**	**-**	**261.1**	**66.8**	**2,341.4**	**354.9**	**-**	**109.1**	**38.5**	**425.6**	**1,915.8**	**1,792.2**
Capital Work in Process	2,587.1	-	5,374.3	-	7,961.5	-	-	-	-	-	**7,961.5**	2,587.1
TOTAL	**4,734.2**	**-**	**5,635.4**	**66.8**	**10,302.8**	**354.9**	**-**	**109.1**	**38.5**	**425.6**	**9,877.3**	**4,379.3**
Previous Year	**2,650.4**	**202.5**	**1,982.3**	**101.0**	**4,734.2**	**185.6**	**105.4**	**84.6**	**20.7**	**354.9**	**4,379.3**	**-**

(₹ millions)

13 NON CURRENT INVESTMENTS	31.03.2014 Nos	31.03.2014 Amount	31.03.2013 Nos	31.03.2013 Amount
Trade Investments				
Investment in unquoted equity instruments (Face value of ₹ 10 each)				
Investment in Associates:				
Aadhar Housing Finance Private Limited	14,900,000	149.0	14,900,000	149.0
DHFL Vysya Housing Finance Limited	1,048,989	31.5	1,048,989	31.5
Arthveda Fund Management Private Limited	4,692,500	58.6	4,692,500	58.6
DHFL Venture Trustee Company Private Limited	22,500	0.2	22,500	0.2
Avanse Financial Services Limited	7,927,883	302.4	1,673,821	58.5
Investment in Joint Venture:				
DHFL Pramerica Life Insurance Co Ltd. (refer note no 13.2)	170,187,839	142.3	-	-
Investment in others:				
The Kalyan Janta Sahakari Bank Limited	10,000	0.1	10,000	0.1
(A)		684.1		297.9
Investment in unquoted optionally convertible preference share (Face value of ₹ 10 each)				
Sunborne Energy Services India Private Limited	31,775	127.1	31,775	127.1
(B)		127.1		127.1
Other Investments				
Investment in Mutual Funds/Venture Capital Fund - unquoted				
DHFL Venture Capital Fund (100% Trust Corpus - Settlement Money) (₹ 10,000/- only)	1	-	1	-
DHFL Real Estate Assets Management Fund - Dream Fund I Units Class A	25,834	258.3	35,000	320.1
DHFL Real Estate Assets Management Fund - Dream Fund I Units Class B (₹ 36,370/- only)	36,370	-	36,370	-
Arthveda Star Fund	58,876	60.0		-
(C)		318.3		320.1
Investment in Governement securities / Approved securities (SLR) - quoted				
11.30% HP Infrastructure Development Board	-	-	300	30.0
0.00% Punjab Infrastructure Development Board 2	10	2.5	10	2.5
8.56% Kerala SDL 2020	200,000	20.3	200,000	20.3
8.09% Gujarat SDL 2020	500,000	50.4	500,000	50.4
8.52% Tamilnadu SDL 2020	200,000	20.6	200,000	20.6
8.42% Andhra Pradesh SDL 2020	425,000	43.0	425,000	43.0
8.26% GOI 2027	-	-	600,000	59.6
8.40% Gujarat SDL 2020	250,000	25.2	250,000	25.2
8.08% GS 2022	100,000	9.8	100,000	9.8
8.28% GS 2032	100,000	9.8	100,000	9.8
9.23% Gujarat SDL 2021	250,000	25.7	250,000	25.7
8.33% GOI 07/06/2036	-	-	1,000,000	102.5
9.15% GOI 14/11/2024	-	-	1,000,000	108.1
8.20% GOI 24/09/2025	-	-	1,000,000	101.5
8.30% GOI 31/12/2042	-	-	1,000,000	102.4
9.51% Rajasthan Rajya Vidyut Prasaran Nigam Ltd	10	50.0	10	50.0
9.30% RRVPNL BONDS 2025	150	149.0	150	149.0
8.97% BIHAR SDL 2022	570,000	58.4	570,000	58.4
8.66% WEST BENGAL SDL 2023	500,000	50.2	500,000	50.2
5.87% GOI 2022	3,000	0.3	3,000	0.3
6.05% GOI 2019	14,000	1.4	14,000	1.4
6.13% GOI 2028	5,000	0.5	5,000	0.5
5.69% GOI 2018	41,800	3.9	41,800	3.9
7.99% GOI 2017	30,000	3.0	30,000	3.0
7.16% GOI 20/05/2023	1,000,000	100.4	-	-
8.33% GOI 09/07/2026	2,000,000	210.8	-	-
8.97% GOI 05/12/2030	2,000,000	222.7	-	-
8.71% WSPF Bonds 09/05/2023	1,900	192.0	-	-
9.72% Kerala SDL 28/08/2013	70	72.8	-	-
9.38% MTNL Bonds 05/12/2023	38	38.0	-	-

8.80% FCI BONDS (SERIES -VB) 22/03/2028	19	17.8	-	-
9.85% TIIC Bonds (TIIC Bonds_2014-I) 07/03/2024	83	82.8	-	-
8.24% GOI 15/02/2027	500,000	47.3	-	-
				-
		1,508.7		1,028.1
Investment in Governement/ other securities (Non - SLR) - quoted				
7.15% UBI Bonds 2015	75	75.0	75	75.0
7.22% REC Bonds 19/12/2022	10,000	10.0	10,000	10.0
7.19% NHB Tax Free Bonds 14/12/2022	10	10.0	10	10.0
6.82% NHB Tax Free Bonds 28/05/2023	5,000	50.0	5,000	50.0
8.01% NHB Tax Free Bonds	50	50.0	-	-
8.26% NHB TAX FREE BONDS	3,610	18.1	-	-
8.41% NTPC Tax free Bonds - Series 1A	15,832	15.8	-	-
8.51% HUDCO SECURED NON-CONVERTIBLE TAX FREE BONDS. TRANCHE II. SERIES 1A	50,000	50.0	-	-
8.23% Indian Railway Finance Corporation 18/02/2024 (Tax Free)	50,000	50.0	-	-
8.41% IIFCL Bonds 22/01/2024	100,000	100.0	-	-
(D)		1,937.6		1,173.1
(A+B+C+D)		**3,067.0**		**1,918.2**
Less: Provision for diminution in value of investments		-		13.0
TOTAL NON CURRENT INVESTMENTS		**3,067.0**		**1,905.2**
Aggregate amount of quoted investments		1,937.7		1,173.1
Market value of Quoted investments		1,832.7		1,164.5
Aggregate amount of Unquoted investments		1,129.5		745.1

13.1 Investment in Government and other SLR Securities aggregating to ₹ 1,508.7 millions (₹ 1,028.1 millions) carry a floating charge created

13.2 The Company has acquired 16,29,01,250 number of shares being 50% stake in DLF Pramerica Life Insurance Co Ltd, a registered life insurance company in India regulated by IRDA during the year from DLF Limited at deminimus value of ₹ 1. The Company had capitalised ₹ 69.4 millions being expenses incurred in relation to the above acquisition as a cost of investment. Subsequently Company has subscribed for 72,86,589 number of shares @ ₹ 10 each for ₹ 72.9 millions to maintain its holding at 50% and to augument the resources of the Company. Consequent to this acquisition name of the company has been changed to DHFL Pramerica Life Insurance Co Limited with the approval of IRDA and ROC.

14 HOUSING AND PROPERTY LOANS

(₹ millions)

	Non Current Portion		Current Portion	
Secured, considered good unless stated otherwise	**31.03.2014**	**31.03.2013**	**31.03.2014**	**31.03.2013**
Housing Loans				
Standard loans	357,591.9	302,277.9	14,189.3	11,647.2
Sub-Standard loans	1,194.9	947.2	-	-
Doubtful loans	1,454.0	1,085.2	-	-
Loss assets	14.0	16.2	-	-
	360,254.8	304,326.5	14,189.3	11,647.2
Less : Securitised Housing Loans & Funded by Syndicate	38,734.5	19,784.6	1,705.1	804.7
A Total Housing Loans	321,520.3	284,541.9	12,484.2	10,842.5
Other Property Loans				
Standard loans	67,099.0	40,236.1	6,129.1	4,568.8
Sub-Standard loans	310.5	217.4	-	-
Doubtful loans	231.9	161.5	-	-
Loss assets	6.1	7.0	-	-
	67,647.5	40,622.0	6,129.1	4,568.8
Less : Other Property Securitised Loans	1,698.8	1,469.0	116.0	89.0
B Total Other Property Loans	65,948.7	39,153.0	6,013.1	4,479.8
Total Loan book (A+B) (*)	**387,469.0**	**323,694.9**	**18,497.3**	**15,322.3**
Summary:				
Housing Loans	360,254.8	304,326.5	14,189.3	11,647.2
Other Property Loans	67,647.5	40,622.0	6,129.1	4,568.8
Total Housing & Property Loans under Company's management	**427,902.3**	**344,948.5**	**20,318.4**	**16,216.0**
Less : Securitised and Syndicated portion	40,433.3	21,253.6	1,821.1	893.7
TOTAL HOUSING AND PROPERTY LOANS (*)	**387,469.0**	**323,694.9**	**18,497.3**	**15,322.3**

(*) Outstanding Investment of ₹ 1,455.8 (₹ 365.6 millions) millions in Mortgage Backed Class 'B' PTC consists of securitised housing loans held by the company, is included above.

14.1 Property loans consists of non-housing loans such as mortgage loans, project loans, commercial loans, plot loans, lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of National Housing Bank.

14.2 As certified by the management, loans given by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or assignment of Life Insurance policies and/or personal guarantees and/or undertaking to create a security and/or hypothecation of assets and are considered appropriate and good.

14.3 Composite Loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before 31st March, 2011, in which construction has not started till 31st March, 2014, as per information available with the Company, is excluded from Housing Loans and regrouped under Other Property Loans (Non Housing) in above outstanding as on 31st March, 2014 aggregating to ₹ 220.6 millions (₹ 81.1 millions).

14.4 The Company has entered into Loan Syndication arrangements with certain public and private sector banks to provide Housing loan to borrowers wherein DHFL originates the loan files and gets it processed under common credit norms. The said banks have agreed to participate upto 50% of the disbursed loan portfolio under loan syndication arrangement. Entire/partial processing fees and other charges/ income on these loans, depending upon the syndication arrangements, accrues to DHFL. The Company has derecognised the said loan portion syndicated to others in its books.

14.5 The Company has also entered into Loan Syndication arrangements with DHFL Vysya Housing Finance Limited and Aadhar Housing Finance Limited to provide Housing and Property Loans to borrowers wherein DHFL originates the loan files through its branches and gets it processed under common credit norms at the Central Processing Unit. The loan syndicate participants have agreed to participate in the disbursed loan portfolio under loan syndication arrangement. The Company has derecognised above loan portion syndicated to others in its books.

14.6 The Company has acquired certain assets under SARFAESI which are retained for the purpose of sale under the rules and regulations of SARFAESI involving ₹ 441.9 millions (₹ 166.3 millions) out of 148 (124) cases which are part of NPA portfolio for which necessary provisions have already been made.

14.7 The Company has securitized / assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date aggregates to ₹ 42,254.4 millions (₹ 22,147.3 millions). These assets have been de-recognised in the books of the Company. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of buyers / investors. In terms of the said securitization/assignment agreements, the Company pays to buyer/investor on monthly basis the prorata collection amount as per individual agreement terms.

14.8 Housing and other property loans (current and non-current) includes ₹ 13.9 millions (₹ 4.7 millions) given to the key managerial persons of the company under the normal course of business.

(₹ millions)

15	OTHER LONG TERM LOANS AND ADVANCES	Non Current Portion		Current Portion	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Secured and considered good				
	Loans against Fixed Deposits	-	-	23.5	37.9
	Loans and advances to employees (Refer Note 15.1)	9.4	15.9	0.2	0.3
	Other loans and advances (Refer Note 15.2)	1.3	28.4	-	6.8
	Unsecured, considered good unless stated otherwise				
	Capital advances	17.6	175.2	-	-
	Security deposits	128.5	105.4	2.9	15.4
	Loans and advances to employees	4.0	5.2	0.8	0.8
	TOTAL OTHER LONG TERM LOANS AND ADVANCES	**160.8**	**330.1**	**27.4**	**61.2**
	Current Portion Disclosed under "short term loans and advances" (refer Note 19)	-	-	(27.4)	(61.2)
	Net Amount	**160.8**	**330.1**	-	-

(₹ millions)

15	OTHER LONG TERM LOANS AND ADVANCES	Non Current Portion		Current Portion	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Secured and considered good				
	Loans against Fixed Deposits	-	-	23.5	37.9
	Loans and advances to employees (Refer Note 15.1)	9.4	15.9	0.2	0.3
	Other loans and advances (Refer Note 15.2)	1.3	28.4	-	6.8

Unsecured, considered good unless stated otherwise

Capital advances	17.6	175.2	-	-
Security deposits	128.5	105.4	2.9	15.4
Loans and advances to employees	4.0	5.2	0.8	0.8
TOTAL OTHER LONG TERM LOANS AND ADVANCES	**160.8**	**330.1**	**27.4**	**61.2**
Current Portion Disclosed under "short term loans and advances" (refer Note 19)	-	-	(27.4)	(61.2)
Net Amount	**160.8**	**330.1**	-	-

15.1 Loans to employees are secured by the hypothecation of respective assets against which these loans have been granted

16 CURRENT INVESTMENTS **(₹ millions)**

	31.03.2014		31.03.2013	
	Nos	Amount	Nos	Amount
Trade Investments				
Investment in equity instruments- quoted				
H.D.F.C. Ltd	-	-	5,000	4.1
ICICI Bank Limited	-	-	5,000	5.9
Larsen & Toubro Limited	-	-	3,000	4.8
Tata Motors Limited	-	-	5,000	1.6
				-
(A)		-		16.4
Other Investments				
Investment in Mutual Funds/Venture Capital Fund - unquoted				
Axis Equity Fund - Growth	-	-	5,000,000	50.0
Birla Sun Life Cash Manager - I P - Growth	329,615	60.6	329,615	60.6
Birla Sun Life Dynamic Bond Fund - Ret - Growth	-	-	788,411	15.0
HDFC Short Term Plan - Growth	-	-	918,312	20.0
ICICI Prudential STP - Growth	-	-	652,707	15.0
Kotak Bond Short Term Plan - Growth	-	-	706,884	15.0
L&T Triple Ace Bond Fund - Bonus	80,392,314	1,000.0	-	-
DSP Merilynch - Lqd Fund - Dividend	58,701	0.1	58,701	0.1
IDFC SSIF - MTP - Plan A - Growth	-	-	778,170	15.0
Goldman Sachs Liquid Exchange Traded Scheme	-	-	35,403	35.4
Principal Cash Mgmt Fund - Growth	505,023	562.5	505,023	562.5
Templeton India STIP - Growth	-	-	17,727	40.0
LIC Nomura MF Liquid Fund - Dir - Growth	21,709	50.4	-	-
Templeton India TMA - Dir - Growth	10,871	20.8	-	-
Baroda Pioneer Liquid Fund - Plan B - Dir - Growth	22,950	33.7	-	-
HDFC FMP - 384D - March 2014 (29) - 1 - Reg - Growt	50,000,000	500.0	-	-
Sundaram Money Fund - Dir - Growth	2,389,799	64.6	-	-
SBI Premier Liquid Fund - Dir - Growth	52,166	105.0	-	-
Religare Invesco Liquid Fund - Dir - Growth	45,772	80.7	-	-
JPMorgan India Liquid Fund - Dir - Growth	3,039,858	50.5	-	-
ICICI Prudential Liquid -Dir- Growth	383,022	72.6	-	-
DWS Insta Cash Plus Fund - Dir - Growth	300,396	50.0	-	-
Axis Liquid Fund - Dir - Growth	28,531	40.5	-	-
		-		-
(B)		2,692.0		828.6
		-		-
TOTAL CURRENT INVESTMENTS (A+B)		**2,692.0**		**845.0**
Aggregate amount of quoted investments		-		16.4
Market value of Quoted investments		-		14.8
Aggregate amount of Unquoted investments		2,692.0		828.6

17 TRADE RECEIVABLES **(₹ millions)**

	31.03.2014	31.03.2013
Secured, considered good, less than six months from the due date		
EMI/PEMI, other receivable from customers	774.5	589.6
TOTAL TRADE RECEIVABLES	**774.5**	**589.6**

18 CASH AND BANK BALANCES

(₹ millions)

		31.03.2014	31.03.2013
Cash and Cash Equivalents			
Balances with Banks			
in Current Accounts		257.8	4,590.8
in Deposits accounts with original maturity of less than 3 months		50.0	-
Cheques/ Drafts in hand / Remittances in Transit *		6,100.0	-
Cash on hand		55.1	30.9
Total Cash and Cash Equivalents	**A**	**6,462.9**	**4,621.7**
* Cheques/ Drafts in hand of ₹ 61,000 millions credited by bank on 2nd April, 2014			
Other Bank Balances			
Other Deposits accounts having balance maturity of less than 12 months		3,363.6	496.9
Deposits under lien or having balance maturity of more than 12 months (Refer Note 20)		1,902.0	2,715.9
Balances in unpaid dividend bank accounts		5.3	7.0
Total Other Bank Balances	**B**	**5,270.9**	**3,219.8**
Total Cash and Bank Balances	**C = (A + B)**	**11,733.8**	**7,841.5**
Less : Amounts disclosed under non-current assets (Refer Note 20)	**D**	1,902.0	2,715.9
Total Net Cash and Bank Balances	**E = (C - D)**	**9,831.8**	**5,125.6**
Summary:			
Total Cash and Cash Equivalents		6,462.9	4,621.7
Other Bank Balances		5,270.9	3,219.8
Amounts disclosed under non-current assets		(1,902.0)	(2,715.9)
Total Net Cash and Bank Balances		**9,831.8**	**5,125.6**

18.1 Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 473.0 millions (₹ Nil millions) being earmarked for SLR requirements of NHB. ₹ 78.0 millions (₹ Nil millions) being margin money for bank guarantees, ₹ 2,405.1 millions (₹ 370.5 millions) being securitization comforts provided to various Trustees/ buyer, ₹ 257.5 millions (Nil) towarda sinking fund requirement of debenture provided to Trustee of debentures and ₹ 130.0 millions (₹ Nil) under lien against Interest rate swaps.

19 SHORT TERM LOANS & ADVANCES

(₹ millions)

	31.03.2014	31.03.2013
Secured and considered good		
Current maturities of other long term loans and advances (Refer Note 15)	23.7	45.0
Unsecured, considered good		
Current maturities of other long term loans and advances (Refer Note 15)	3.7	16.2
Loans and advances to related parties	155.9	125.5
Advances recoverable in cash or in kind	3,507.2	2,685.0
Advance Income Tax (Net of Provisions) (Refer note 30 & 33)	337.6	-
TOTAL SHORT TERM LOANS AND ADVANCES	**4,028.1**	**2,871.7**

20 OTHER NON CURRENT & CURRENT ASSETS

(₹ millions)

Unsecured, considered good	Non Current Portion		Current Portion	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Non current portion of balances with banks in deposit accounts (Refer Note 18)	1,902.0	2,715.9	-	-
Interest accrued but not due	43.1	3.3	249.4	226.5
	1,945.1	**2,719.2**	**249.4**	**226.5**

20.1 Non Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 708.8 millions (₹ 1,472.5 millions) being securitization comforts provided to various Trustees/ buyer, ₹ 1,115.3 millions (₹ 1,063.4 millions) being earmarked for SLR requirements of NHB, ₹ Nil millions (₹ 50.0 millions) being margin money for bank guarantees, and ₹ Nil millions (₹ 130.0) under lien against Interest rate swaps.

21 REVENUE FROM OPERATIONS

(₹ millions)

	31.03.2014	31.03.2013
Interest on Housing and Property Loans	46,136.8	37,482.0
Interest on Bank Deposits	382.6	339.3
Interest on Long Term Investments	139.5	63.6
Other Interest	46.0	91.8
Revenue from other services (Refer note 21.1)	2,300.3	1,991.9
Operational treasury income (Refer note 21.2)	670.7	643.6
Total Revenue from operations	**49,675.9**	**40,612.2**

21.1 Revenue from other services includes

Loan related Services	1,455.6	1,142.4
Advisory Services	844.7	849.5
Total Revenue from other services	**2,300.3**	**1,991.9**

Revenue from other services is net of the amount paid / payable towards Business Sourcing and related expenses ₹ 941.9 millions (₹ 614.2 millions)

21.2 Operational treasury income includes:

Net Income from mutual fund & financial / commodity derivatives *	635.2	527.5
Profit on sale of investments	26.3	103.1
Dividend Income	9.2	13.0
Total Operational treasury income	**670.7**	**643.6**

* Amount receivable ₹ 247.6 millions (₹ Nil) against the financial / commodity derivatives, written-off from the treasury income pending recoveries from NSEL

22 OTHER INCOME

Rent Income	9.5	10.0
Liabilties no longer required written back	-	28.3
Profit on sale of real estate	-	123.7
Miscellanous Income	11.5	15.2
Total Other Income	**21.0**	**177.2**

23 INTEREST AND FINANCE COST

Interest expenses		37,385.7		30,811.5
Premium on redemption of Debentures	284.1		108.9	
Less: Securities premium utilized (Refer note 4.2)	(284.1)	-	(108.9)	-
Other Borrowing Costs		440.1		382.1
Total Interest and Finance charges		**37,825.8**		**31,193.6**

24 EMPLOYEES REMUNERATION AND BENEFITS

Salaries and Bonus	1,621.3	1,285.1
Contribution to Provident Fund & Other Funds	103.1	78.3
Staff Welfare Expenses	36.6	43.5
Total Employees Remuneration and benefits	**1,761.0**	**1,406.9**

25 ADMINISTRATIVE AND OTHER EXPENSES

Rent, Rates & Taxes	243.5	224.2
Training & Conference Expenses	9.7	24.2
Travelling & Conveyance	153.7	138.5
Printing & Stationery	55.2	39.2
Advertisement and Business Promotion expenses	451.4	274.3
Insurance	41.2	24.8
Legal & Professional Charges	579.5	417.1
Communication Expenses	106.1	94.9
General Repairs & Maintenance	88.1	64.9
Electricity	52.1	45.7
Directors Sitting Fees	1.5	1.7
Loss on sale of Fixed Assets (net)	19.7	14.2
Managerial remuneration (Refer Note 37)	20.1	20.5
Office Maintenance	57.1	100.8
Auditors' Remuneration (Refer Note 39)	16.4	14.9

Bad Debts [Net of Provisions ₹ 35.5 millions (₹ 49.4 millio	35.5		49.4	
Less provision for Non Performing Assets utilized	35.5	-	49.4	-
Miscellaneous Expenses		54.6		47.6
Total Administrative and Other expenses		**1,949.9**		**1,547.5**

26 EARNING PER SHARE

Net Profit Attributable to Equity Shareholders		
Profit after tax	5,290.0	4,518.5
Net Profit attributable to equity shareholders	**5,290.0**	**4,518.5**
No. of Equity shares (Number)	128,420,240	128,218,709
Weighted Average No. of Equity Shares	128,317,737	117,470,264
Nominal value of Equity Shares (₹)	10	10
Earning Per Share (₹) :		
Basic	**41.23**	**38.47**
Diluted	**41.11**	**38.30**

26.1 The reconciliation between the Basic and the Diluted Earning per Share is as follows:

For Amount **(₹)**

Particulars	Current Year	Previous Year
Basic Earning per share	41.23	38.47
Effect of outstanding Stock options	(0.12)	(0.17)
Diluted Earning per share	41.11	38.30

For number of share

Particulars	Current Year	Previous Year
Weighted average number of shares for Basic Earning per share	128,317,737	117,470,264
Dilutive effect of outstanding Stock options	360,207	516,011
Weighted average number of shares for Diluted Earning per share	128,677,944	117,986,275

27 LEASES

Operating Lease

The company has taken certain premises for office and residential use for its employees under cancellable and non cancellable operating lease agreements. Terms of the lease include terms for renewal, increase in rents in future periods and terms of cancellation. The total lease rent recognized as an expense during the year under the lease agreements amounts to ₹ 205.1 millions (Previous Year ₹ 203.2 millions).

Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows:

	31.03.2014	31.03.2013
Within one year	24.8	5.3
Later than one year but not later than five years	26.4	7.8
Later than five years	2.2	-

28 Two subsidiaries of the Company were amalgamated into the company during the year 2012-13 pursuant to the Scheme of amalgamation (Scheme) under Section 391 to 394 of the Companies Act, 1956 approved by the Board of directors of all the three companies and sanctioned by the Hon'ble High Court of judicature at Bombay vide its order dated 27th July, 2012 and by the Hon'ble High Court of judicature at Delhi vide its order dated 4th January,2013 which were filed with the Registrar of Companies on 31st January, 2013 being the effective date for the amalgamation scheme. In terms of the above scheme the Assets and Liabilities of the subsidiary companies were amalgamated with DHFL at their respective fair value in the previous year. Proportionate Fair value appreciation surplus amounting to ₹ 416.2 millions (₹ 520.6 millions) has been amortized out of the capital reserve in terms of the valuation report of the scheme, based on the documented repayment schedule.

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

30 The Company's Income Tax Assessment has been completed upto assessment year 2011-12. In respect of amalgamating company, additional demands have been raised by the department which are pending in appeal at various forums. Company has partially deposited the additional tax so demanded under protest. No provision has been made in the books against such demands as the company believes that the cases will be decided in its favour based on legal advice and similar precedent case laws available.(Refer Note 33)

31 Interest rate swaps:

In compliance with Asset Liability Management Policy, the company had in past entered into interest rate swaps of notional value aggregating to ₹ 950.0 millions to hedge its interest rate risk which were designated as fair value hedges, in accordance with the generally accepted accounting principles.

The changes in the fair value of these derivatives are recorded in the income statement, together with any changes in the fair value of the underlying asset or liability that are attributable to the hedged risk. The Mark to Market (MTM) losses on these swaps recognized in past, is amortized over the period of the hedges. Accordingly, net gain in current year on hedging of interest rate swaps and write back of MTM losses amounting to ₹ 2.7 millions (₹ Nil) has been adjusted in "Interest and Finance charges".

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

(₹ millions)

33 Contingent liability :	31.03.2014	31.03.2013
Guarantees provided by the Company	1,000.3	999.6
Claims against the Company not acknowledged as debts	10.5	8.3
Income Tax Demand (Net of amount deposited under protest ₹ 6.7 millions)	43.0	43.0

34 Contingent Liability in respect of undertaking provided by the Company for meeting the shortfall in collection, if any, at the time of securitisation of receivables outstanding as at 31st March, 2014 amounting to ₹ 2,925.9 millions (₹ 1,892.9 millions) . The outflows would arise in the event of short collection, in the Cash inflows of the pool of securtised receivable.

35 Capital Work in Progress includes ₹ 7,961.5 millions (₹ 2,587.1 millions) paid as part consideration for acquiring office premises under construction.

36 The Company has paid dividend ₹ 0.3 millions (₹ 0.8 millions) and ₹ 0.1 million (₹ 0.1 millions) as tax on distribution of dividend thereon to new shareholders on account of Final Dividend for the year 2012-13 as required under the Listing Agreement as those shares were allotted prior to record date for the dividend payment and after the date of earlier year balance sheet.

37 The managerial remuneration including perquisites, ₹ 17.1 millions (₹ 17.5 millions) paid to Chairman and Manging Director and ₹ 3.0 millions (₹ 3.0 millions) as comission to other non executive directors.

38 NHB, vide its letter dated 31st March, 2014, in terms of provisions of paragraph 29(5) of the Housing Finance Companies (NHB) direction 2010 had levied a penalty of ₹ 5,000/- (Rupees five thousand), which has been paid by the Company, under protest, in relation to section 29C of the National Housing Bank Act, 1987 on the Company for the year 2012-13.

(₹ millions)

39 **AUDITORS REMUNERATION**	31.03.2014	31.03.2013
Audit Fees	11.0	10.5
Audit Fees of Branch Auditors	4.8	4.0
Reimbursement of expenses	0.6	0.4
	16.4	**14.9**

(₹ millions)

40 a) **VALUE OF IMPORTS :**	31.03.2014	31.03.2013
Capital Goods	38.7	-

b) **EXPENDITURE IN FOREIGN CURRRENCY:**	31.03.2014	31.03.2013
Foreign Travelling	4.9	2.8
Membership and subscription	19.5	3.9
Foreign Liaison Office Expenses	39.7	31.7
Others	60.9	6.2

c) **FOREIGN CURRRENCY BORROWING:**	31.03.2014	31.03.2013
ECB from IFC, Washington (Refer Note 5.3)	4,182.5	-

41 **REMITTANCE IN FOREIGN CURRENCIES ON ACCOUNT OF DIVIDEND**

The particulars of dividends payable to non-resident shareholders (including Foreign Institutional Investors) is as under, however, the Company does not have information as to the extent to which remittances, if any, has been made in foreign currencies on account of such dividend during the year on behalf of non-resident share holders.

	31.03.2014	31.03.2013
No. of Non-Resident Shareholders / FIIs	1,389	270
No. of equity Shares held	90,857,024	39,619,103
Amount of Dividend Paid (₹ millions)	272.6	220.3
Year to which dividend relates	FY 2012-13 Final & FY 2013-14 interim Dividend	FY 2011-12 Final & FY 2012-13 interim Dividend

42 RELATED PARTY TRANSACTIONS

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

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

1) COMPANIES

(i) Associate Companies

a. DHFL Vysya Housing Finance Ltd.
b. DHFL Property Services Ltd.
c. Aadhar Housing Finance Pvt. Ltd.
d. DHFL Insurance Services Ltd.
e. Arthveda Fund Management Pvt.Ltd.
f. Dish Hospitality Pvt. Ltd.
g. Wadhawan Holdings Pvt. Ltd.
h. Wadhawan Food Retail Pvt. Ltd.
i. Avanse Financial Services Limited
j. DHFL Sales and Services Ltd
k. DHFL Venture Trustee Co. Pvt Ltd

(ii) Joint Venture Company

a. DHFL Pramerica Life Insurance Company Ltd.

(iii) Others

a. Shri Rajesh Kumar Wadhawan Education Trust

2) KEY MANAGEMENT PERSONNEL

a. Shri Kapil Wadhawan	Chairman & Managing Director
b. Shri Anil Sachidanand	President (till 16th September, 2013)
c. Shri Anoop Pabby	President (till 9th February, 2014)
d. Shri Rakesh Makker	President
e. Shri Deo Shanker Tripathy	President (w.e.f 6th May, 2013)

B) Details of transactions :

(₹ millions)

Nature of Transactions	Joint Ventures		Associate Companies / Others		Key Management Personnel
	2013-14	2012-13	2013-14	2012-13	
1) Investments					
Opening Balance	-	-	617.9	912.6	-
Investment Made	142.3	-	303.9	58.5	-
Investment Redeemed	-	-	61.7	353.2	-
Closing Balance	142.3	-	860.0	617.9	-
2) Advances Recoverable in cash or in kind					
Opening Balance	-	-	127.5	38.5	-
Advance given during the year	1.0	-	155.0	453.4	-
Recovered during the year	-	-	121.6	364.4	-
Closing Balance	1.0	-	160.9	127.5	-
2) Amount Payable					
Opening Balance	-	-	4.3	2.9	
Addition during the year	-	-	7.1	1.4	
Payment during the year	-	-	5.3	-	
Closing Balance	-	-	6.1	4.3	
3) Income					
Dividend	-	-	8.7	9.7	-
Interest	-	-	0.7	1.9	-
Rent	-	-	9.5	10.0	-
Arthveda -Dream Fund and Star Fund	-	-	31.2	84.5	
Other income	-	-	5.8	5.7	-
4) Expenditure					
Remuneration	-		-	-	143.1 (48.2)
Rent, Rates & Taxes	-	-	1.2	1.2	-
Retainers Charges	-	-	454.4	154.1	
Insurance Charges	3.6	-	-	-	
Other Expenditures	-	-	6.0	4.7	-
Donation	-	-	2.0	-	-

(₹ millions)

Details of Transactions	Joint Ventures		Associate Companies / Others		Key Management Personnel
	2013-14	2012-13	2013-14	2012-13	
INCOME received from					
1) Dividend					-
DHFL Vysya Housing Finance Limited	-	-	7.9	1.0	-
Arthveda Fund (Dream Fund and Star Fund)	-	-	0.8	8.7	-
2) Interest					
DHFL Vysya Housing Finance Limited	-	-	-	1.1	-
Aadhar Housing Finance Private Limited	-	-	0.7	0.8	-
3) Rent					
DHFL Property Services Ltd	-	-	0.1	0.1	-
Arthveda Fund Management Private Limited	-	-	0.1	-	
Aadhar Housing Finance Private Limited	-	-	6.9	6.8	-
DHFL Insurance Services Limited	-	-	-	0.0	-
Avanse Financial Services Pvt Ltd	-	-	2.4	-	-
Dish Hospitality Private Limited			-	3.0	-
4) Income from Dream Fund					
Arthveda Dream Fund	-	-	29.9	84.5	
Arthveda Star Fund	-	-	1.2	-	
5) Other Income					
Aadhar Housing Finance Private Limited	-	-	3.3	3.3	-
DHFL Vysya Housing Finance Limited	-	-	2.4	2.4	-
Avanse Financial Services Pvt Ltd	-	-	0.1	-	
EXPENDITURE: 1) Rent, Rates &Taxes					
Wadhawan Holdings Private Limited	-	-	1.2	1.2	-
2) Remuneration					-
Shri Kapil Wadhawan	-	-	-	-	17.1 (17.5)
Shri Anil Sachidanand	-	-	-	-	22.5 (17.2)
Shri Anoop Pabby	-	-	-	-	88.8 (13.5)
Shri Rakesh Markkar	-	-	-	-	8.4 (Nil)
Shri Deo Shankar Tripathy	-	-	-	-	6.3 (Nil)
2) Retainers Charges (Direct Sales Team)					
DHFL Sales and Services Limited	-	-	454.4	154.1	-
3) Insurance Charges					
DHFL Pramerica Life Insurance Co Ltd	3.6	-	-	-	-
4) Other Expenditures					
Dish Hospitality Private Limited	-	-	5.4	4.7	-
Avanse Financial Services Pvt Ltd	-	-	0.6	-	
5) Donation					
Shri Rajesh Kumar Wadhawan Education Trust	-	-	2.0	-	-
ASSETS : 1) Investments in					
Avanse Financial Services Pvt Ltd	-	-	243.9	58.5	-
Arthveda Star Fund	-	-	60.0	-	-
DHFL Pramerica Life Insurance Co Ltd	142.3	-	-	-	-
2) Advances Recoverable from					
DHFL Property Services Limited	-	-	23.2	27.8	-
Aadhar Housing Finance Private Limited	-	-	0.0	2.0	-
DHFL Venture Capital Dream Fund	-	-	108.5	88.6	-
Arthveda Star Fund	-	-	1.2	-	
Wadhawan Retail Private Limited	-	-	8.0	8.0	-
Avanse Financial Services Pvt Ltd	-	-	-	0.0	-
DHFL Sales and Services Limited	-	-	20.0	1.1	-
DHFL Pramerica Life Insurance Co Ltd	1.0	-	-	-	-
Dish Hospitality Private Limited	-	-	-	0.0	-

3) Amount Payable to					
Aadhar Housing Finance Private Limited	-	-	1.0	0.9	-
Dish Hospitality Private Limited	-	-	0.3	0.0	-
Wadhawan Holding Private Limited	-	-	4.7	3.4	-

Notes

1) Advances includes amounts debited towards reimbursement of expenses and income receivable

2) Above Income and Expenses are net of Service Tax.

During the year the Company has originated and processed housing / project loans, as a lead syndicator, wherein its two Associate Companies have participated for ₹ 180.1 millions (₹ 570.7 millions)

43 Retirement Benefit Plans

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

(₹ millions)

	2013-14	2012-13
Employer's Contribution to Provident Fund	48.1	44.3
Employer's Contribution to Pension Fund	12.2	10.4

As required under Accounting Standard 15 [AS-15 Revised, 2005] the Company has made full provision for future gratuity liability & leave encashment liability payable at the time of retirement as on 31st March, 2014 based on the Actuarial valuation done by independent actuary. The Company has made necessary full contribution against the same.

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

(₹ millions)

	Gratuity (Funded)		Leave Encashment (Funded)	
	2013-14	2012-13	2013-14	2012-13
A. Change in the Defined Benefit Obligations:				
Liability at the beginning of the year	64.5	40.1	55.0	55.1
Acquisition Adjustmenst	-	11.2	-	-
Current Service Cost	32.1	12.1	26.8	1.2
Interest Cost	4.4	3.1	2.3	4.4
Benefits Paid	(42.3)	(6.2)	(77.9)	(24.8)
Actuarial Loss/ (Gain)	33.9	4.2	80.1	19.1
Liability at the end of the year	**92.6**	**64.5**	**86.2**	**55.0**
B. Fair Value of Plan Assets :				
Fair Value of Plan Assets at the beginning of the yea	74.9	51.6	62.6	59.0
Amalgamation Adjustments	-	8.1	-	-
Expected Return on Plan Assets	6.7	4.5	5.6	4.3
Contributions	16.0	22.5	91.6	24.1
Benefits Paid	(31.5)	(6.2)	(59.3)	(24.8)
Actuarial Loss/ (Gain)	26.7	(5.6)	-	-
	92.8	**74.9**	**100.6**	**62.6**
C. Actual Return on Plan Assets: :	**6.7**	**4.5**	**5.6**	**4.3**
D. Amount Recognised in the Balance Sheet:				
Liability at the end of the year	92.6	64.5	86.2	55.0
Fair Value of Plan Assets at the end of the year	92.8	74.9	100.6	62.6
Net Asset recognized in the Balance Sheet	**0.2**	**10.4**	**14.4**	**7.7**
E. Expense Recognised in the Statement of Profit and Loss:				
Current Service Cost	32.1	12.1	26.8	1.2
Interest Cost	4.4	3.1	2.3	4.4
Expected Return on Plan Assets	(6.7)	(4.5)	(5.6)	(4.3)
Net Actuarial Loss/(Gain) to be Recognised	7.2	9.8	80.1	19.1
Expense recognised in the Statement of Profit & Loss under staff expenses	**37.0**	**20.5**	**103.6**	**20.3**
F.Reconciliation of the Liability Recognised in the Balance Sheet:				
Opening Net Liability	(10.4)	(11.5)	(7.7)	(4.0)
Expenses Recognised	37.0	20.5	103.6	20.3
Contribution/Benefits Paid	26.8	19.4	110.2	24.1
Liability at the end of the year	(0.2)	(10.4)	(14.4)	(7.8)
G. Actuarial Assumptions	2006-08	1994-96	2006-08	1994-96
Mortality Table (LIC)	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount Rate (P. A.)	9%	8%	9%	8%
Rate of Escalation in Salary (P.A.)	5%	6%	5%	5%

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

	2013-14	2012-13
Amount Recognised in the Balance Sheet:		
Liability at te end of the year	92.6	64.5
Fair Value of Plan Assets at the end of the year	92.8	74.9
Amount recognised in the Balance Sheet	(0.2)	(10.3)
Experience Adjustment:		
On Plan Liabilities	48.7	NA
On Plan Assets	26.3	NA

44 In respect of jointly controlled entity, the Company's share of Assets, Liabilities, Income & Expenses are as follows:

Name of the Entity	DHFL Pramerica Life Insurance Co Ltd.
Interest in the above entity	50%

(₹ millions)

Particulars	**As at 31st December 2014**	**As at 31st March 2013**
I) Assets	5,792.4	NA
II) Liabilities	1,679.5	NA
III) Income	1,447.9	NA
IV) Expenses	1,835.9	NA

The above information is compiled on the basis of available information with the Company as on 31st March, 2014

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

I Capital to Risk Assets Ratio (CRAR):

Items	As at 31.03.2014	As at 31.03.2013
i) CRAR (%)	17.16%	16.52%
ii) CRAR - Tier I Capital	11.94%	11.32%
iii) CRAR - Tier II Capital	5.22%	5.20%

II Exposure to Real Estate Sector:

(₹ millions)

Category		As at 31.03.2014	As at 31.03.2013
a)	Direct Exposure		
	Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	133,084.8	138,800.3
	Individual Housing loans upto ₹ 15 lakh	199,463.8	156,047.6
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	71,961.8	43,632.9
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	1,455.9	365.6
	b. Commercial Real Estate	Nil	Nil
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

III Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

For the year ended 31st March, 2014 **(₹ millions)** **(₹ millions)**

	Liabilities		Assets		
	Borrowings from Banks	Market Borrowings	Housing & Property Loan *	Investments	Liquid Current Assets
1 day to 14 days	148.6	983.3	1,026.7	2,692.0	6,418.2
14 days to 30-31 days (one month)	908.1	2,678.7	430.0	-	-
Over one month to 2 months	2,189.0	4,596.2	1,470.8	-	-
Over 2 months upto 3 months	3,930.3	5,467.0	1,489.6	-	50.0
Over 3 months to 6 months	9,395.8	6,027.3	4,558.2	-	-
Over 6 months to 1 year	23,201.4	12,316.1	9,522.0	-	3,363.6
Over 1 year to 3 years	96,747.6	28,601.7	42,133.9	75.0	1,902.0
Over 3 to 5 years	67,607.8	7,771.8	46,346.0	-	-
Over 5 to 7 years	48,640.9	17,985.9	40,389.1	-	-
Over 7 to 10 years	32,964.1	19,335.3	64,931.7	1,862.6	-
Over 10 years	754.9	2,077.0	193,440.7	1,129.5	-
Unpaid EMI/PEMI on Housing Loan	-	-	227.6	-	-
Total	**286,488.5**	**106,857.1**	**405,966.3**	**5,759.0**	**11,733.8**

* without considering prepayment of Loans given

For the year ended 31st March, 2013 (₹ lacs) **(₹ millions)**

	Liabilities		Assets		
	Borrowings from Banks	Market Borrowings	Housing & Property Loan *	Investments	Liquid Current Assets
1 day to 14 days	836.8	816.0	970.9	845.0	4,628.7
14 days to 30-31 days (one month)	1,238.5	4,205.8	223.2	-	-
Over one month to 2 months	1,636.3	61.2	1,220.4	-	-
Over 2 months upto 3 months	3,254.2	2,674.1	1,230.7	-	-
Over 3 months to 6 months	8,235.1	4,650.8	3,759.2	-	-
Over 6 months to 1 year	20,881.8	5,865.6	7,917.9	-	496.9
Over 1 year to 3 years	82,324.9	16,581.2	33,720.4	75.0	2,715.9
Over 3 to 5 years	67,545.9	5,487.1	36,276.9	-	-
Over 5 to 7 years	37,168.9	7,875.7	30,184.3	-	-
Over 7 to 10 years	23,832.1	22,208.7	49,933.5	60.0	-
Over 10 years	965.6	1,655.0	173,408.9	1,783.2	-
Unpaid EMI/PEMI on Housing Loan	-	-	170.8	-	-
Total	**247,920.2**	**71,265.2**	**339,017.2**	**2,763.2**	**7,841.5**

* without considering prepayment of Loans given

46 Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Figures in brackets represent previous year's figures.

For T R CHADHA & Co.
Chartered Accountants
ICAI FRN:06711N

For RAJENDRA
Chartered
ICAI FRN:06543C

KAPIL WADHAWAN
Chairman & Managing Director

Pramod Tilwani
Partner
ICAI MN: 076650

Pranav Kumar Shukla
Partner
ICAI MN: 073832

(₹ millions)

		31.03.2013	31.03.2012
3	**SHARE CAPITAL**		
	Authorised		
	748,000,000 (175,000,000) equity shares of ₹10/- each	7,480.0	1,750.0
	75,000,000 (75,000,000) Redeemable, non convertible preference shares of ₹10/- each	750.0	750.0
	500,000 (Nil) Redeemable, non convertible preference shares of ₹100/- each	50.0	-
		8,280.0	**2,500.0**
	Issued, Subscribed and Paid up		
	128,218,709 (116,839,981) equity shares of ₹10/- each fully paid	1,282.2	1,168.4
		1,282.2	**1,168.4**

3.1 Authorised capital of the company is increased on account of amalgamation as approved by the Hon'ble High Court's of Judicature at Bombay and Delhi, read with Note 27.

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

3.2 The reconcilation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No.of shares	Amount (millions)	No.of shares	Amount (millions)
Equity shares at the beginning	116,839,981	1,168.4	104,426,402	1,044.3
Add: Shares issued during the year	-	-	11,909,873	119.1
Add: Shares issued on Amalgamation (Refer Note 27)	10,886,375	108.9	-	-
Add: Shares issued under ESOS	492,353	4.9	503,706	5.0
Equity shares at the end	128,218,709	1,282.2	116,839,981	1,168.4

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

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No.of shares	% holding	No.of shares	% holding
Kapil Wadhawan	10,122,836	7.89	9,978,472	8.54
Dheeraj Wadhawan	9,308,998	7.26	9,308,998	7.97
Aruna Wadhawan	7,980,447	6.22	7,980,447	6.83
Wadhawan Holdings Private Limited	10,031,436	7.82	8,736,536	7.48
Caledonia Investments PLC	11,421,570	8.91	10,017,923	8.57

3.4 Details of aggregate number of shares issued for consideration other than cash during the period of five years:
Company has alloted 1,08,86,375 No of Equity Shares as fully paid up for consideration other than cash as per the Scheme of Amalgamation during the year (Refer Note 27).

3.5 Employee Stock option plans:

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

During the year, the Company has allotted, from time to time, 256,094 (301,264) number of equity shares of ₹ 10/- each to various eligible employees under 'ESOS 2008' at the price of ₹ 53.65 per equity share (including a premium of ₹ 43.65 per equity share) aggregating to ₹ 13.7 millions (₹ 16.2 millions) as approved in the AGM dated 23rd July, 2007 and allotted at the reconsidered price approved in the EOGM dated 31st March, 2009.

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

During the year, the Company has allotted, from time to time, 236,259 (202,442) number of equity shares of ₹ 10/- each to various eligible employees under 'ESOS 2009' at the price of ₹141/- per equity share (including a premium of ₹ 131/- per equity share) aggregating to ₹ 33.3 millions (₹ 28.5 millions) as approved in the AGM dated 23rd July, 2007.

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

Particulars	ESOS-2008	ESOS-2009 Plan I	ESOS-2009 Plan II
Options granted under the schemes	1,422,590	1,275,000	1,234,670
Options exercised upto 31st March, 2013	990,626	677,534	-
Options lapsed upto 31st March, 2013	250,430	211,605	169,810
Options outstanding at the end of the year	181,534	385,861	1,064,860
Options unvested at the end of the year	153,376	-	864,269
Options exercisable at the end of the year	28,158	385,861	200,591

3.6 During the year, the company has paid an interim dividend on equity shares @ ₹ 2/-(Nil) per share. The Board of Directors, has further recommended final dividend to be paid out of current year profits @ ₹ 3/- (₹ 3.50) per equity share to the equity shareholders.

(₹ millions)

		31.03.2013		31.03.2012	
4	**RESERVES & SURPLUS**				
	Capital Reserve				
	Balance as per last Balance Sheet	0.7		0.7	
	Addition on Amalgamation*	2,613.6		-	
		2,614.3		0.7	
	Less: utilised*	520.6	2,093.7	-	0.7
	Capital Redemption Reserve				
	Balance as per last Balance Sheet		77.5		77.5
	Securities Premium				
	Balance as per last Balance Sheet	11,488.9		8,516.5	
	Add : Addition during the year	52.5		2,972.4	
	Addition on Amalgamation*	3,522.3		-	
		15,063.7		11,488.9	
	Less : Utilised during the year [net of tax of ₹ 283 millions (₹ Nil)] (refer Note 4.1 below)	80.7	14,983.0	-	11,488.9
		-			
	Employees Stock Option Outstanding				
	Balance as per last Balance Sheet	84.2		26.6	
	Add : Transferred from Statement of Profit & Loss	51.3	135.5	57.6	84.2
	General Reserve				
	Balance as per last Balance Sheet	3,260.4		2,810.4	
	Add : Transferred from Statement of Profit & Loss	2,000.0		1,000.0	
	Addition on Amalgamation*	75.9		-	
		5,336.3		3,810.4	
	Less: Transfer to Provision for Contingency on Standard Assets	-	5,336.3	550.0	3,260.4
	Special Reserve [In terms of Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987]				
	Balance as per last Balance Sheet	2,958.6		1,958.6	
	Add: Transferred from Statement of Profit & Loss	1,000.0		1,000.0	
	Addition on Amalgamation*	881.3	4,839.9	-	2,958.6
	Contingency Reserve				
	Balance as per last Balance Sheet	-		350.0	
	Less : Transferred to Provision for Contingency	-	-	350.0	-
	Surplus in Statement of Profit and Loss:				
	As per last Balance Sheet	1,288.5		699.7	
	Addition on Amalgamation*	1,536.0		-	
	Add : Profit for the year	4,518.5		3,063.6	
		7,343.0		3,763.3	
	Less : Appropriations :				
	General Reserve	2,000.0		1,000.0	
	Special Reserve 1	1,000.0		1,000.0	
	Interim Equity Dividend	234.2		-	
	Proposed Final Equity Dividend **	384.7		408.9	
	Dividend for earlier year	0.8		0.8	
	Tax on dividend	100.5		65.1	
		3,720.2		2,474.8	
	Surplus closing balance		3,622.8		1,288.5
	Total		**31,088.7**		**19,158.8**

* As per the Scheme of Amalgamation, erstwhile First Blue Home Finance Limited and DHFL Holdings Private Limited has amalgamated with the Company as approved by the Hon'ble High Court's of Judicature at Bombay and Delhi read with Note 27.

** The Board of Directors in its meeting held on 7th May, 2013 has recommended dividend of ₹ 3/- per equity share (refer Note 3.6).

4.1 In accordance with Section 78 of the Companies Act, 1956, during the year the company has utilized Securities Premium Account towards amortization of premium on redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures amounting to ₹ 80.7 millions (after netting of tax of ₹ 28.3 millions).

(₹ millions)

	Non Current Portion		Current Portion	
	31.03.2013	**31.03.2012**	**31.03.2013**	**31.03.2012**
5 LONG TERM LIABILITIES				
Secured				
Non-Convertible Debentures	31,046.4	15,235.3	3,593.5	3,266.7
Term Loan from Banks	194,257.4	121,848.7	30,661.7	16,705.2
Loan from Others				
From National Housing Bank	17,580.1	10,939.5	4,232.8	1,845.9
From Financial Institutions	162.5	301.7	139.1	139.1
Finance Lease Obligation	1.9	-	0.3	-
Total Secured long term liabilities	243,048.3	148,325.2	38,627.4	21,956.9
Unsecured				
Non-Convertible Debentures (perpetual)	1,502.0	1,252.0	-	-
Non-Convertible Debentures (Subordinated issue)	11,065.0	6,100.0	350.0	450.0
Deposit				
Fixed Deposit (including Cummulative)	9,988.6	4,495.6	7,006.3	4,806.1
Other Deposits	43.2	13.2	12.3	27.2
Total Unsecured long term liabilities	22,598.8	11,860.8	7,368.6	5,283.3
TOTAL LONG TERM LIABILITIES	**265,647.1**	**160,186.0**	**45,996.0**	**27,240.2**
Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 11)	-	-	(45,996.0)	(27,240.2)
Net Amount	**265,647.1**	**160,186.0**	**-**	**-**

5.1 Non Convertible Debentures (NCD) (current and non current portion) amounting to ₹ 34,639.9 millions (₹ 18,502.0 millions) are secured by way of first charge read with Note 5.2 herein below and are redeemable at par, in one or more instalments, on various dates, between June, 2013 and December, 2022.

Secured NCDs also include amount outstanding for Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) aggregating to ₹ 799.6 millions (₹ Nil), including ₹ 5,86.9 millions (₹ Nil) of the amalgamating company read with note 5.3, which are redeemable at premium on maturity. The accumulated premium payable on outstanding ZCD accrued till 31st March, 2013 amounting to ₹ 75.6 millions is included above and has been provided out of the securities premium account (refer Note 4.1).

5.2 All Secured loans (Current and Non Current portion), from the National Housing Bank, other Banks, Asian Development Bank, Financial Institutions and Secured Non Convertible Debentures / ZCD are secured by way of first charge to and in favour of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu (read with Note 9.1), inter-se, on the Company's whole of the present and future book debts outstanding, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets, read with Note 5.3 & 5.4 hereinafter. They are further secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.

5.3 The secured loans (current and non current portion) read with Note 9.1 availed by amalgamating company from various lenders/ institutions are secured for the time being as under. However, the company is in discussions with its various lenders for re-alignment of security clauses in terms of its existing debts.

a. Secured NCDs and ZCDs aggregating to ₹ 6,691.9 millions are secured by a first charge by way of hypothecation of book debts of specific loan assets and by way of mortgage of certain land of the company.

b. The term loans from National Housing Bank amounting to ₹ 4,472.1 millions are secured by mortgage of certain immovable properties and a first exclusive charge by way of hypothecation of all movable properties, excluding specific housing and property loans & investments, of amalgamating company. These loans are further secured by a first exclusive mortgage/ charge by way of hypothecation of specific book debts in respect of housing loans against which refinance has been availed.

c. The term loans from Banks aggregating to ₹ 40,313.6 millions are secured by a first charge by way of hypothecation of book debts of specific loan assets of the amalgamating company and some of them are further secured by negative lien on the underlying specific properties and / or secured by demand promissory notes.

5.4 The National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favour of depositors through the mechanism of a trust deed. The Company has accordingly appointed a SEBI approved trustee Company as trustee for the above by executing the trust deed.

5.5 Unsecured Redeemable Non Convertible Subordinated Debentures aggregating to ₹ 11,415.0 millions (₹ 6,550.0 millions), outstanding as at 31st March, 2013, are subordinated to present and future senior indebtedness of the company. It qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity between August 2013 and October 2023.

5.6 Fixed Deposits and Other Deposits, including short term fixed deposits and short term other deposits, are repayable as per individual contracted maturities ranging from 12 to 84 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.

5.7 Department of Company affairs vide their general circular no. 4/2003 dated 16.01.2003, which has not been modified, has clarified that Housing Finance Companies registered with National Housing Bank are exempt from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Since the Debenture issues of the Company till day are through private placement, no DRR has been created.

(₹ millions)

		31.03.2013	31.03.2012
6	**OTHER LONG TERM LIABILITIES**		
	Advance from customers	4.2	-
	Others	23.5	-
	Total Other Long Term Liabilities	**27.7**	**-**

7 DEFERRED TAX LIABILITIES / (ASSETS) **(₹ millions)**

	31.03.2013		31.03.2012	
Deferred Tax Asset				
On account of provision for contigency	(491.4)		(155.6)	
On account of others	-	(491.4)	(18.5)	(174.1)
Deferred Tax Liability				
On account of depreciation	75.7		71.1	
On account of others	395.6	471.3	316.3	387.4
				-
Net Deferred Tax Liability / (Asset)		**(20.1)**		**213.3**

Current year balance includes earlier years brought forward balances of the amalgamating company.

(₹ millions)

8 PROVISIONS

	Long Term Provision		Short Term Provision	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Provision for Contigencies				
Against Standard Assets:				
As per last Balance sheet	1,088.5	188.5		
Addition on Amalgamation	430.7	-		
Add : Provision during the year	273.9	-		
Add : Transfer from Contingency Reserv	-	350.0		
Add : Transfer from General Reserve	-	550.0		
Less : Utilised During the year	-	-		
Total	1,793.1	1,088.5	-	-
Short Term Provision	-	-	-	-
Net provision on standard loan portfolio	1,793.1	1,088.5	-	-
Against NPA:				
As per last Balance sheet	465.4	265.1		
Addition on Amalgamation	235.5	-		
Add : Provision during the year	182.1	223.9		
Less : Utilised During the year	49.4	23.6		
Total	833.6	465.4	-	-
Short Term Provision	-	-	-	-
Net provision on NPA loan portfolio	833.6	465.4	-	-
Against Investment:				
As per last Balance sheet	19.0	5.9		
Add : Provision (withdrawal) during the	(6.0)	13.1		
Less : Utilised During the year	-	-		
	13.0	19.0		
Less : Transfer to Provision for diminutio	-	-		
the value of investment	(13.0)	(19.0)		
	-	-		
	-	-		
Provision for Contigencies on loan portfolio	2,626.7	1,553.9	-	-
Provision for employee benefits				
Gratuity	-	40.1	-	11.5
Leave encashment	-	-	-	8.5
Provision for proposed dividend	-	-	384.7	408.9
Provision for dividend distribution tax	-	-	62.4	66.3
Provision for Income Tax (net of advance tax)	-	-	15.2	(188.9)
(Refer note 29 & 32)	-	-	-	-
Other Provisions	9.3	-	-	84.0
	-	-	-	-
Total Provisions	**2,636.0**	**1,594.0**	**462.3**	**390.3**

8.1 The Company has written off ₹ 49.4 millions (₹ 23.6 millions) as bad debts and by way of one time settlement to recover some of its NPA and Loss Accounts. The Company has withdrawn ₹ 49.4 millions (₹ 23.6 millions) from contingency provisions created out of profits of earlier years.

8.2 Details of Housing and Property Loans and Contingency Provisions

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

(₹ millions)

	31.03.2013		31.03.2012	
	Portfolio	**Provisions**	**Portfolio**	**Provisions**
Standard Assets				
Housing Loans	293,377.0	1,314.5	167,863.5	821.9
Other Property Loans	43,247.0	376.1	24,225.4	241.5
Additional provision on standard assets	-	102.5	-	25.1
	336,624.0	**1,793.1**	**192,088.9**	**1,088.5**
Sub Standard Assets				
Housing Loans	938.9	140.8	670.4	108.5
Other Property Loans	217.4	32.6	180.3	27.3
	1,156.3	**173.4**	**850.7**	**135.8**
Doubtful Assets				
Housing Loans	1,052.2	521.1	416.7	184.7
Other Property Loans	161.5	80.8	197.5	64.9
	1,213.7	**601.9**	**614.2**	**249.6**
Loss Assets				
Housing Loans	16.2	16.3	-	-
Other Property Loans	7.0	7.0	-	-
	23.2	**23.3**	-	-
Additional provision on Non Performing Assets		35.0		80.0
Total (*)	**339,017.2**	**2,626.7**	**193,553.8**	**1,553.9**
Summary:				
Housing Loans	295,384.3	1,992.7	168,950.6	1,115.1
Other Property Loans	43,632.9	496.5	24,603.2	333.7
Additional provision on Standard Assets	-	102.5	-	25.1
Additional provision on Non Performing Assets	-	35.0	-	80.0
	-	-	-	-
Total (*)	**339,017.2**	**2,626.7**	**193,553.8**	**1,553.9**

(*)Outstanding Investment of ₹ 365.6 (Nil) millions in Mortgage Backed Class B PTC consists of securitised housing loans held by the company, is included above.

8.3 Provision for Contingencies

The Company has made full provisions for Contingencies for diminution in investment value and on standard as well as on non-performing housing loans and other property loans as per the Prudential Norms prescribed by the National Housing Bank. The Company has maintained additional provision amounting to ₹ 137.5 millions.

(₹ millions)

	31.03.2013	**31.03.2012**
9 SHORT TERM BORROWINGS		
Secured		
Loans repayable on demand		
From Banks	500.0	-
Other short term loans and advances		
From Banks	688.2	44.4
Secured short term borrowings (A)	1,188.2	44.4

Unsecured

Deposits		
Fixed Deposits (Refer Note 5.6)	1,956.7	4,806.1
Other Deposits (Refer Note 5.6)	48.9	27.2
Other short term loans and advances		
From Banks	26.0	-
Commercial Papers	5,250.0	4,014.0
Others	290.0	450.0
Unsecured short term borrowings (B)	7,571.6	9,297.3
TOTAL SHORT TERM BORROWINGS (A+B)	**8,759.8**	**9,341.7**

9.1 Loans repayable on demand and other short term loans comprising of Cash credit facilities from banks includes borrowings of amalgamating company and are secured by a first charge by way of hypothecation of book debts of specific loan assets of the company and are further secured by negative lien on the underlying specific properties and / or secured by demand promissory notes. Certain Cash credit facilities are also secured by way of a first pari passu charge along with other secured loans read with Note 5.2. All cash credit facilities are repayable as per the contracted/ roll over term.

10 TRADE PAYABLES:

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

(₹ millions)

	31.03.2013	31.03.2012
11 OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowing (Refer Note 5)	45,995.7	21,956.9
Current maturities of Finance Lease Obligation	0.3	-
Interest accrued but not due on borrowings	599.5	402.3
Unclaimed Dividends	7.0	6.7
Unclaimed matured deposits and interest accrued thereon	181.2	51.1
Other payables		
Advance from customers	286.9	218.1
Amount payable under securitisation/ joint syndication transaction	621.9	158.4
Other current liabilities	428.3	52.3
TOTAL OTHER CURRENT LIABILITIES	**48,120.8**	**22,845.8**

11.1 As required under section 205 (C) of the Companies Act, 1956, the Company has transferred unclaimed dividend of the year 2004-05 (2003-04) ₹ 0.6 millions (₹ 0.5 millions), unclaimed Interim dividend of the year 2005-06 (Nil) ₹ 0.6 millions (₹ Nil) and ₹ 0.5 millions (₹ Nil) towards unclaimed Deposits and interest accrued thereon to Investor Education & Protection Fund (IEPF) during the year. There were no amounts due for transfer to IEPF on the date of balance sheet.

Note 12
FIXED ASSETS

(₹ in millions)

Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01.04.2012	Due to Amalgamation	Addition	Deduction / Sale	As on 31.03.2013	As on 01.04.2012	Due to Amalgamation	for the year	Deduction / Adjust.	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
Tangible:												
Building	305.6	0.3	-	-	305.9	35.9	-	5.0	-	40.9	**265.0**	269.7
Leasehold Premi	-	-	999.9	-	999.9	-	-	0.2	-	0.2	**999.7**	-
Furniture & Fixtu	179.0	101.8	52.3	14.2	318.9	34.6	52.5	25.6	6.0	106.8	**212.1**	144.4
Office Equipment	104.5	21.3	24.9	6.2	144.5	15.8	7.1	6.3	2.0	27.2	**117.3**	88.7
Vehicles	29.6	12.6	3.9	8.6	37.6	8.2	2.6	4.9	2.4	13.3	**24.3**	21.5
Computer (Hardv	164.4	66.6	29.4	11.3	249.1	86.7	43.1	30.0	10.3	149.5	**99.6**	77.8
Sub Total	**783.2**	**202.5**	**1,110.4**	**40.2**	**2,055.8**	**181.1**	**105.4**	**72.0**	**20.7**	**337.8**	**1,718.0**	**602.0**
Intangible:												
Computer (Softw	44.7	-	46.6	-	91.3	4.5	-	12.6	-	17.1	**74.2**	40.2
Fixed Assets	**827.8**	**202.5**	**1,157.0**	**40.2**	**2,147.1**	**185.6**	**105.4**	**84.6**	**20.7**	**354.9**	**1,792.2**	**642.2**
Capital Work in Process	1,822.6	-	825.3	60.8	2,587.1	-	-	-	-	-	**2,587.1**	1,822.6
												-
TOTAL	**2,650.4**	**202.5**	**1,982.3**	**101.0**	**4,734.2**	**185.6**	**105.4**	**84.6**	**20.7**	**354.9**	**4,379.3**	**2,464.8**
Previous Year	2,367.3	-	296.6	13.4	2,650.4	144.9	-	47.2	6.5	185.6	**2,464.8**	-

(₹ millions)

13 NON CURRENT INVESTMENTS	31.03.2013 Nos	31.03.2013 Amount	31.03.2012 Nos	31.03.2012 Amount
Trade Investments				
Investment in unquoted equity instruments				
Investment in erstwhile subsidiary:				
DHFL Holdings Private Limited	-	-	229,010,000	2,290.1
Investment in associates:				
Aadhar Housing Finance Private Limited	14,900,000	149.0	50,000,000	500.0
DHFL Vysya Housing Finance Limited	1,048,989	31.5	1,048,989	31.5
Arthveda Fund Management Private Limited	4,692,500	58.6	4,692,500	58.6
DHFL Venture Trustee Company Private Limited	22,500	0.2	22,500	0.2
Avanse Financial Services Pvt. Ltd	1,673,821	58.5	-	-
Investment in others:				
The Kalyan Janta Sahakari Bank Limited	10,000	0.1	10,000	0.1
(A)		297.9		2,880.5
Investment in unquoted optionally convertible preference share				
Sunborne Energy Services India Private Limited	31,775	127.1	31,775	127.1
(B)		127.1		127.1
Other Investments				
Investment in Mutual Funds/Venture Capital Fund - unquoted				
DHFL Venture Capital Fund (100% Trust Corpus - Settlement Money) (₹ 10,000/- only)		-		-
DHFL Real Estate Assets Management Fund - Dream Fund I Units Class A	35,000	320.1	35,000	322.3
DHFL Real Estate Assets Management Fund - Dream Fund I Units Class B (₹ 36,370/- only)	36,370	-	36,370	-
(C)		320.1		322.3
Investment in Governement securities (SLR) - quoted				
11.30% HP Infrastructure Development Board	300	30.0	300	30.0
0.00% Punjab Infrastructure Development Board 2	10	2.5	10	2.5
8.56% Kerala SDL 2020	200,000	20.3	200,000	20.3
8.09% Gujarat SDL 2020	500,000	50.4	500,000	50.4
8.52% Tamilnadu SDL 2020	200,000	20.6	200,000	20.6
8.42% Andhra Pradesh SDL 2020	425,000	43.0	425,000	43.0
8.39% Rajasthan SDL 2020	-	-	500,000	50.3
8.26% GOI 2027	600,000	59.6	600,000	59.6
8.40% Gujarat SDL 2020	250,000	25.2	250,000	25.2
8.08% GS 2022	100,000	9.8	100,000	9.8
8.60 % Andhra Pradesh SDL 2021	-	-	155,000	15.6
8.28% GS 2032	100,000	9.8	100,000	9.8
8.60 % Maharashtra SDL 2021	-	-	250,000	25.0
8.81% West Bengal 2021	-	-	100,000	10.0
9.25 % Uttar Pradesh SDL 2021	-	-	150,000	15.5
9.23% Gujarat SDL 2021	250,000	25.7	250,000	25.7
8.99% Madhya Pradesh SDL 2022	-	-	500,000	50.3
8.99% Bihar SDL 2022	-	-	250,000	25.1
8.33% GOI 07/06/2036	1,000,000	102.5	-	-
9.15% GOI 14/11/2024	1,000,000	108.1	-	-
8.20% GOI 24/09/2025	1,000,000	101.5	-	-
8.30% GOI 31/12/2042	1,000,000	102.4	-	-
9.51% Rajasthan Rajya Vidyut Prasaran Nigam Ltd	10	50.0	-	-
9.30% RRVPNL BONDS 2025	50	49.6	-	-

9.30% RRVPNL BONDS 2025	100	99.4	-	-
8.97% BIHAR SDL 2022	570,000	58.4	-	-
8.66% WEST BENGAL SDL 2023	500,000	50.2	-	-
7.22% REC Bonds 19/12/2022	10,000	10.0	-	-
5.87% GOI 2022	3,000	0.3	-	-
6.05% GOI 2019	14,000	1.4	-	-
GOI 6.13% 2028	5,000	0.5	-	-
GOI 5.69% 2018	41,800	3.9	-	-
7.99% GOI 2017	30,000	3.0	-	-
		1,038.1		488.7
Investment in Governement securities (Non - SLR) - quoted				
7.00% UBI Bonds 2015	75	75.0	75	75.0
NHB Tax Free BONDS	10	10.0	-	-
NHB Tax Free BONDS	5,000	50.0	-	-
(D)		1,173.1		563.7
(A+B+C+D)		**1,918.2**		**3,893.6**
Less: Provision for diminution in value of investments		13.0		19.0
TOTAL NON CURRENT INVESTMENTS		**1,905.2**		**3,874.6**
Aggregate amount of quoted investments		1,173.1		563.7
Market value of Quoted investments		1,164.5		544.8
Aggregate amount of Unquoted investments		745.1		3,329.9

13.1 Investment in Government and other SLR Securities aggregating to ₹ 1,038.1 millions (₹ 488.7 millions) carry a floating charge created in favour of depositors in the Fixed Deposit schemes of the Company (read with Note 5.2 and Note 5.4 above).

13.2 As required by NHB, the Company has divested its shareholding in Aadhar Housing Finance Private Limited from 50.00% to 14.90% during the year. A profit of ₹ 24.6 millions was earned from the dis-investment.

14 HOUSING AND PROPERTY LOANS

(₹ millions)

	Non Current Portion		Current Portion	
Secured, considered good unless stated otherwise	**31.03.2013**	**31.03.2012**	**31.03.2013**	**31.03.2012**
Housing Loans				
Standard loans	302,277.9	175,733.5	11,647.2	8,873.3
Sub-Standard loans	947.2	611.1	-	61.1
Doubtful loans	1,085.2	397.1	-	20.5
Loss assets	16.2	-	-	-
	304,326.5	176,741.7	11,647.2	8,954.9
Less : Securitised Housing Loans & Funded by Syndicate	19,784.6	16,015.4	804.7	730.6
A Total Housing Loans	284,541.9	160,726.3	10,842.5	8,224.3
Other Property Loans				
Standard loans	40,236.1	21,986.3	4,568.8	2,885.8
Sub-Standard loans	217.4	146.7	-	33.6
Doubtful loans	161.5	171.4	-	26.1
Loss assets	7.0	-	-	-
	40,622.0	22,304.4	4,568.8	2,945.5
Less : Other Property Securitised Loans	1,469.0	600.9	89.0	45.8
B Total Other Property Loans	39,153.0	21,703.5	4,479.8	2,899.7
Total Loan book (A+B) (*)	**323,694.9**	**182,429.8**	**15,322.3**	**11,124.0**
Summary:				
Housing Loans	304,326.5	176,741.7	11,647.2	8,954.9
Other Property Loans	40,622.0	22,304.4	4,568.8	2,945.5
Total Housing & Property Loans under Company's management	**344,948.5**	**199,046.1**	**16,216.0**	**11,900.4**
Less : Securitised and Syndicated portion	21,253.6	16,616.3	893.8	776.4
TOTAL HOUSING AND PROPERTY LOANS (*)	**323,694.9**	**182,429.8**	**15,322.3**	**11,124.0**

(* Outstanding Investment of ₹ 365.6 (Nil) millions in Mortgage Backed Class B PTC consists of securitised housing loans held by the company, is included above.

14.1 Property loans consists of non-housing loans such as mortgage loans, project loans, commercial loans, plot loans, lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of National Housing Bank.

14.2 As certified by the management, loans given by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or assignment of Life Insurance policies and/or personal guarantees and/or undertaking to create a security and/or hypothecation of assets and are considered appropriate and good.

14.3 Composite Loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before 31st March, 2010, in which construction has not started till 31st March, 2013, as per information available with the Company, is excluded from Housing Loans and regrouped under Other Property Loans (Non Housing) in above outstanding as on 31st March, 2013 aggregating to ₹ 81.1 millions (₹ 125.6 millions).

14.4 The Company has entered into Loan Syndication arrangements with certain public and private sector banks to provide Housing loan to borrowers wherein DHFL originates the loan files and gets it processed under common credit norms. The said banks have agreed to participate upto 50% of the disbursed loan portfolio under loan syndication arrangement. Entire/partial processing fees and other charges/ income on these loans, depending upon the syndication arrangements, accrues to DHFL. The Company has derecognised the said loan portion syndicated to others in its books.

14.5

The Company has also entered into Loan Syndication arrangements with DHFL Vysya Housing Finance Limited and Aadhar Housing Finance Limited to provide Housing and Property Loans to borrowers wherein DHFL originates the loan files through its branches and gets it processed under common credit norms at the Central Processing Unit. The loan syndicate participants have agreed to participate in the disbursed loan portfolio under loan syndication arrangement. The Company has derecognised above loan portion syndicated to others in its books.

14.6 The Company has acquired certain assets under SARFAESI which are retained for the purpose of sale under the rules and regulations of SARFAESI involving ₹ 166.3 millions (₹ 140.3 millions) out of 124 (163) cases which are part of NPA portfolio for which necessary provisions have already been made.

14.7 The Company has securitized / assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date aggregates to ₹ 22,147.3 millions (₹ 17,392.7 millions). These assets have been de-recognised in the books of the Company. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of buyers / investors. In terms of the said securitization/assignment agreements, the Company pays to buyer/investor on monthly basis the prorata collection amount as per individual agreement terms.

14.8 Housing and other property loans (current and non-current) includes ₹ 4.7 millions (₹ 4.2 millions) given to the key managerial persons of the company under the normal course of business.

15 OTHER LONG TERM LOANS AND ADVANCES

(₹ millions)

	Non Current Portion		Current Portion	
	31.03.2013	**31.03.2012**	**31.03.2013**	**31.03.2012**
Secured and considered good				
Loans against Fixed Deposits	-	-	37.9	4.1
Loans and advances to employees (Refer Note 15.1)	15.9	9.1	0.3	5.9
Other loans and advances (Refer Note 15.2)	28.4	-	6.8	-
Unsecured, considered good unless stated otherwise				
Capital advances	175.1	6.6	-	-
Security deposits	105.4	114.0	15.4	23.1
Loans and advances to employees	5.2	3.7	0.8	1.0
TOTAL OTHER LONG TERM LOANS AND ADVANCES	**330.0**	**133.4**	**61.2**	**34.1**
Current Portion Disclosed under "short term loans and advances" (refer Note 19)	-	-	(61.2)	(34.1)
Net Amount	**330.0**	**133.4**	-	-

15.1 Loans to employees are secured by the hypothecation of respective assets against which these loans have been granted

15.2 Other loans and advances include servicing asset for securitization of ₹ 34.0 millions (₹ Nil) secured by underlying mortgages of the specific loan assets in the securitized pool of assets and is subordinated to the rights of the senior Class PTCs. The company shall realize these assets upon settlement of dues to the senior class PTCs as per the contracted terms and conditions for the respective securitization deals.

16 CURRENT INVESTMENTS

(₹ millions)

	31.03.2013		31.03.2012	
	Nos	Amount	Nos	Amount
Trade Investments				
Investment in equity instruments- quoted				
H.D.F.C. Ltd	5,000	4.1	-	-
ICICI Bank Limited	5,000	5.9	5,000	4.5
Larsen & Toubro Limited	3,000	4.8	5,825	8.0
Tata Motors Limited	5,000	1.6	-	-
BHEL		-	12,500	4.1
Cummins India Limited		-	4,000	2.3
Development Credit Bank		-	10,000	0.5
Essar Oil Limited		-	10,000	1.4
Infosys Technologies Limited		-	5,000	15.3
NTPC Limited		-	15,000	3.5
Reliance Industries Limited		-	2,200	3.1
		-		-
(A)		16.4		42.7
Other Investments				
Investment in Mutual Funds/Venture Capital Fund - unquoted				
Axis Equity Fund - Growth	5,000,000	50.0	5,000,000	50.0
Birla Sun Life Cash Manager - IP - Growth	329,615	60.6	656,619	117.8
DSP Meril Lynch - Liquid Fund - Dividend	58,701	0.1	58,701	0.1
Birla Sun Life Dynamic Bond Fund - Ret - Growth	788,411	15.0	-	-
HDFC Short Term Plan - Growth	918,312	20.0	-	-
ICICI Prudential STP - Growth	652,707	15.0	-	-
Kotak Bond Short Term Plan - Growth	706,884	15.0	-	-
IDFC SSIF - MTP - Plan A - Growth	778,170	15.0	-	-
Principal Cash Mgmt Fund - Growth	505,023	562.5	-	-
Goldman Sachs Liquid Exchange Traded Scheme	35,403	35.4	-	-
Templeton India STIP - Growth	17,727	40.0	-	-
Tata Treasury Manager Fund - SHIP - Growth	-	-	82,605	100.9
(B)		828.6		268.8

Investment in unquoted Commercial Papers			
Alok Industries Limited		-	441.4
	(C)	-	441.4
TOTAL CURRENT INVESTMENTS (A+B+C)		**845.0**	**752.9**
Aggregate amount of quoted investments		16.4	42.7
Market value of Quoted investments		14.8	307.3
Aggregate amount of Unquoted investments		828.6	268.8

17 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

(₹ millions)

	31.03.2013	31.03.2012
17.1 TRADE RECEIVABLES		
Secured, considered good		
EMI/PEMI, other receivable from customers	589.6	543.4
TOTAL TRADE RECEIVABLES	**589.6**	**543.4**

(₹ millions)

	Non Current Portion		Current Portion	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
17.2 OTHER CURRENT ASSETS				
Unsecured, considered good				
Non current portion of balances with banks in deposit accounts (Refer Note 17.3 & 18)	2,715.9	2,819.1	-	-
Interest accrued but not due	3.3	-	226.5	139.5
	2,719.2	**2,819.1**	**226.5**	**139.5**

17.3 Non Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 1,472.5 millions (₹ Nil) being securitisation comforts provided to various Trustees/ buyer, ₹ 1,063.4 millions (₹ 200.0 millions) being earmarked for SLR requirements of NHB, ₹ 50.0 millions (₹ 2,245.9 millions) being margin money for bank guarantees provided for Securitisation, and ₹ 130.0 millions (₹ Nil) under lien against Interest rate swaps.

18 CASH AND CASH EQUIVALENTS

(₹ millions)

		31.03.2013	31.03.2012
Balances with Banks			
in Current Accounts		4,590.8	6,233.2
in Deposits accounts with original maturity of less than 3 months		-	254.0
Cash on hand		30.9	11.4
Total Cash and Cash Equivalents	**A**	**4,621.7**	**6,498.6**
Other Bank Balances			
Other Deposits accounts having balance maturity of less than 12 months		496.9	511.0
Deposits under lien or having balance maturity of more than 12 months (Refer Note 17.2)		2,715.9	2,819.1
Balances in unpaid dividend bank accounts		7.0	6.8
Total Other Bank Balances	**B**	**3,219.8**	**3,336.9**
Total Cash and Bank Balances	**C = (A + B)**	**7,841.5**	**9,835.5**

	Less : Amounts disclosed under non-current assets (Refer Note 17.2)	D	2,715.9	2,819.1
	Total Net Cash and Bank Balances	**E = (C - D)**	**5,125.6**	**7,016.4**
	Summary:			
	Total Cash and Cash Equivalents		4,621.7	6,498.6
	Other Bank Balances		3,219.8	3,336.9
	Amounts disclosed under non-current assets		(2,715.9)	(2,819.1)
	Total Net Cash and Bank Balances		**5,125.6**	**7,016.4**

18.1 Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ Nil (₹ 271.8 millions), being earmarked for SLR requirements of NHB, ₹ 370.5 millions (₹ Nil) being securitisation comfort provided to various Trustees / buyer.

19 SHORT TERM LOANS & ADVANCES

Secured and considered good		
Current maturities of other long term loans and advances (Refer Note 15)	45.1	10.0
Unsecured, considered good		
Current maturities of other long term loans and advances (Refer Note 15)	16.2	24.1
Loans and advances to related parties	18.3	2,021.3
Advances recoverable in cash or in kind	2,793.0	2,031.1
TOTAL SHORT TERM LOANS AND ADVANCES	**2,872.6**	**4,086.5**

20 REVENUE FROM OPERATIONS

(₹ millions)

	31.03.2013	31.03.2012
Interest on Housing and Property Loans	37,482.0	21,655.7
Interest on Bank Deposits	339.3	139.4
Interest on Long Term Investments	63.6	37.3
Other Interest	91.8	149.1
Revenue from other services (Refer note 20.1)	2,606.1	1,993.9
Operational treasury income (Refer note 20.2)	643.6	702.2
Total Revenue from operations	**41,226.4**	**24,677.6**

20.1 Revenue from other services includes

Loan related Services	1,756.6	1,318.2
Advisory Services	849.5	675.7
Total Revenue from other services	**2,606.1**	**1,993.9**

20.2 Operational treasury income includes:

Income from mutual fund / financial derivatives	509.6	182.0
Income from commodity derivatives	17.9	-
Profit on sale of investments	103.1	311.4
Dividend Income	13.0	208.8
Total Operational treasury income	**643.6**	**702.2**

21 OTHER INCOME

Rent Income	10.0	10.4
Liabilties no longer required written back	28.3	-
Profit on sale of real estate	123.7	-
Miscellanous Income	15.2	8.8
Total Other Income	**177.2**	**19.2**

22	**INTEREST AND FINANCE CHARGES**			
	Interest expenses		30,811.5	17,802.7
	Premium on redemption of Debentures	**108.9**		
	Less: Securities premium utilized (Refer note 4.1)	**(108.9)**	-	-
	Other Borrowing Costs		382.1	189.6
	Total Interest and Finance charges		**31,193.6**	**17,992.3**
23	**EMPLOYEES REMUNERATION AND BENEFITS**			
	Salaries and Bonus		1,285.1	758.6
	Contribution to Provident Fund & Other Funds		78.3	26.3
	Staff Welfare Expenses		43.5	92.7
	Total Employees Remuneration and benefits		**1,406.9**	**877.6**
24	**ADMINISTRATIVE AND OTHER EXPENSES**			
	Rent		211.1	105.7
	Rates & Taxes		13.1	8.6
	Training & Conference Expenses		24.2	8.9
	Travelling & Conveyance		138.5	104.2
	Printing & Stationery		39.2	26.7
	Advertisement and Business Promotion expenses		274.3	385.8
	Insurance		24.8	59.9
	Legal & Professional Charges		417.1	316.0
	Communication Expenses		94.9	70.8
	General Repairs & Maintenance		64.9	36.9
	Electricity		45.7	26.5
	Directors Sitting Fees		1.7	1.3
	Business Sourcing expenses		614.2	326.2
	Loss on sale of Fixed Assets (net)		14.2	4.7
	Managerial remuneration (Refer Note 36)		20.5	20.5
	Office Maintenance		100.8	26.9
	Auditors' Remuneration (Refer Note 37)		14.9	10.2
	Bad Debts [Net of Provisions ₹ 49.4 millions (₹ 23.6 millions)]		-	-
	Miscellaneous Expenses		47.6	19.3
	Total Administrative and Other expenses		**2,161.7**	**1,559.1**

25 EARNING PER SHARE

Net Profit Attributable to Equity Shareholders		
Profit after tax	4,518.5	3,063.6
Net Profit attributable to equity shareholders	**4,518.5**	**3,063.6**
No. of Equity shares (Number)	128,218,709	116,839,981
Weighted Average No. of Equity Shares	117,470,264	105,783,756
Nominal value of Equity Shares (₹)	10.0	10.0
Earning Per Share (₹) :		
Basic	**38.5**	**29.0**
Diluted	**38.3**	**28.7**

26 LEASES

26.1 Operating Lease

The company has taken certain premises for office and residential use for its employees under cancellable and non cancellable operating lease agreements. Terms of the lease include terms for renewal, increase in rents in future periods and terms of cancellation. The total lease rent recognized as an expense during the year under the lease agreements amounts to ₹ 203.2 millions (Previous Year ₹ 105.8 millions).

Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows:

(₹ millions)

	31.03.2013	31.03.2012
Within one year	5.3	-
Later than one year but not later than five years	7.8	-

26.2 Finance Lease

The Company has acquired certain assets under finance lease arrangements. The lease is for different period. The details of finance lease obligations as at balance sheet date are as follows:

(₹ millions)

	Not later than one year	Later than one year but not later than five years	Total
Minimum Lease Payment			
31.03.2013	0.6	2.4	3.0
31.03.2012	-	-	-
Finance Charges			
31.03.2013	0.3	0.5	0.8
31.03.2012	-	-	-
Principal			
31.03.2013	0.3	1.9	2.2
31.03.2012	-	-	-

27 **a.** DHFL Led consortium including Caledonia Investments PLC, UK and its subsidiary have acquired 100% shareholding of Deutche Post Bank Home Finance Ltd, a NHB registered Housing finance company, with effect from 25th March, 2011, with the ultimate object to amalgamate with DHFL, and whose name was subsequently changed to First Blue Home Finance Ltd. (FBHFL) for an aggregate amount of ₹ 10,790 millions.

b. With effect from 1st April, 2011 being appointed date for amalgamation, First Blue Home Finance Ltd. and DHFL Holding Private Limited (both subsidiaries of the company) were amalgamated into the company pursuant to the Scheme of amalgamation (Scheme) under Section 391 to 394 of the Companies Act, 1956 approved by the Board of directors of all the three companies and sanctioned by the Hon'ble High Court of judicature at Bombay vide its order dated 27th July, 2012 and by the Hon'ble High Court of judicature at Delhi vide its order dated 4th January,2013 which were filed with the Registrar of Companies on 31st January, 2013 being the effective date for the amalgamation scheme.

c. The company has carried out the accounting treatment by adopting 'purchase method' as prescribed in the Amalgamation Scheme approved by the Hon'ble High Courts. The required disclosures as per paragraph 23 & 42 of Accounting Standard 14 (AS 14) 'Accounting for Amalgamations' as prescribed under the companies (Accounting Standards) Rules, 2006 have also been provided. Company has also been legally advised that the accounting treatment for the amalgamation is in line with the scheme approved by the Hon'ble Courts. Accordingly the Assets and Liabilities of the subsidiary companies were amalgamated with DHFL at their respective fair value.

d. In consideration for the amalgamation, company has allotted to all shareholders other than specified shareholders of FBHFL whose name was registered on record date for such allotment, a total of 108,86,375 equity shares of ₹ 10/- each credited as fully paid at share premium of ₹ 311.50 per share, being fair value as per paragraph 14 of AS 14, based on the cost of shares of FBHFL on acquisition and swap ratio recommended by ERNST & YOUNG, for the purpose of amalgamation of First Blue Home Finance Ltd into DHFL, of 10 Equity shares of DHFL for every 97 equity Shares of FBHFL and fairness opinion on the above swap ratio in relation to fairness of consideration (Exchange Ratio) for the proposed transfer, issued by Standard Chartered Bank.

e. FBHFL has valued its all assets and liabilities in its books of accounts at their fair value and for this purpose, to follow the paragraph 11.1 of the scheme of merger, has appointed SEBI approved category one Merchant Banker, Antique Capital Marketing Pvt. Ltd. as independent valuer for the valuation of its Housing Loan Portfolio as on appointed date for the amalgamation and also for the subsequent period up to effective date of the amalgamation to give uniform treatment on matching principle of accounting to its all assets. As company and its both subsidiaries has already adopted the financial accounts for the year ended 31st March, 2012 in their respective AGMs, effective date has been considered as the date of amalgamation for the purpose of AS 14. As per above valuation report Fair value appreciation surplus of FBHFL Housing loan book as on 1st April, 2011 was ₹ 7,410 millions and ₹ 10,300 millions on effective date for amalgamation. FBHFL has also appointed another SEBI approved Category-I Merchant Banker The Trust Capital for providing fairness opinion on the above valuation report on loan portfolio. The Trust Capital has issued the fairness opinion on above valuation report of FBHFL saying that the valuation so arrived is fair in their opinion.

f. In terms of Clause 11 of the High Court approved Amalgamation Scheme, read with the Accounting Standard AS-14 issued by the Institute of Chartered Accountants of India, the difference between fair value of assets and liabilities as recorded by FBHFL in its books reduced by the issued capital and premium thereon issued by the DHFL by way of amalgamation consideration, as mentioned above and also as reduced by other statutory reserves, free reserves and balance in Profit & Loss Account of transferor companies as stipulated in clause 11.2 and clause 11.3 of the Amalgamation Scheme, are amalgamated with DHFL, amounting to ₹ 2,613.6 millions, net of expenses related to amalgamation is credited to Capital Reserve account.

g. Subsequent to the date of amalgamation , proportionate Fair value appreciation surplus amounting to ₹ 520.6 millions has been amortized out of the above capital reserve on account of repayment / prepayment received of the housing loans portfolio amalgamated on amalgamation as fair value appreciation surplus was directly taken into capital reserves of the company.

h. Had the court approved amalgamation scheme not prescribed the above accounting treatments for transferring of other free reserves and balance of profit and loss account aggregating to ₹ 1,743.0 millions, the balance added in P&L account on account of amalgamation and other free reserves would have been lower and Capital Reserve account would have been higher by such amount.

i. Since the figures of previous year does not include the financials of the amalgamating companies, the figures are not comparable with those of the current year.

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

29 The Company's income tax assessment has been completed upto assessment year 2010-11. In respect of amalgamating company, additional demands have been raised by the department which are pending in appeal at various forums. Company has partially deposited the additional tax so demanded under protest. No provision has been made in the books against such demands as the company believes that the cases will be decided in its favour based on legal advice and similar precedent case laws available (Refer Note 32).

30 Interest rate swaps:

In compliance with Asset Liability Management Policy, the company had in past entered into interest rate swaps of notional value aggregating to ₹ 950.0 millions to hedge its interest rate risk which were designated as fair value hedges, in accordance with the generally accepted accounting principles.

The changes in the fair value of these derivatives are recorded in the income statement, together with any changes in the fair value of the underlying asset or liability that are attributable to the hedged risk. The Mark to Market (MTM) losses on these swaps recognized in past, is amortized over the period of the hedges. Accordingly, net gain in current year on hedging of interest rate swaps and write back of MTM losses amounting to ₹ 2.7 millions (₹ Nil) has been adjusted in "Interest and Finance charges".

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

(₹ millions)

32 Contingent liability :	31.03.2013	31.03.2012
Guarantees provided by the Company	999.6	2,247.3
Claims against the Company not acknowledged as debts	8.3	5.4
Income Tax Demand in respect of amalgamating company (Net of amount deposited under protest ₹ 67 millions)	43.0	-

33 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 4910.0 millions (₹ 16.0 millions).

34 Capital Work in Progress includes ₹ 2,587.1 millions (₹ 1,761.8 millions) paid as advance consideration for acquiring office premises under construction.

35 The Company has paid dividend ₹ 0.8 millions (₹ 0.8 millions) and ₹ 0.1 million (₹ 0.1 millions) as tax on distribution of dividend thereon to new shareholders on account of Final Dividend for the year 2011-12 as required under the Listing Agreement as those shares were allotted prior to record date for the dividend payment and after the date of earlier year balance sheet.

36 The managerial remuneration including perquisites, ₹ 17.5 millions (₹ 17.5 millions) paid to Chairman and Manging Director and ₹ 3.0 millions (₹ 3.0 millions) as comission to other non executive directors.

(₹ millions)

37 AUDITORS REMUNERATION (₹ In millions)(*)	31.03.2013	31.03.2012
Audit Fees	6.1	5.5
Tax Audit Fees	1.0	1.0
Audit Fees of Branch Auditors	4.0	3.7
Audit Fees of amalgamating company	3.4	-
Reimbursement of expenses	0.4	-
	14.9	**10.2**

(₹ millions)

38 EXPENDITURE IN FOREIGN CURRRENCY	31.03.2013	31.03.2012
Foreign Travelling	2.8	6.4
Membership and subscription	3.9	0.5
Foreign Liaison Office Expenses	31.7	22.8
Professional Fees	5.1	6.5
Others	1.1	-

39 REMITTANCE IN FOREIGN CURRENCIES ON ACCOUNT OF DIVIDEND

The particulars of dividends payable to non-resident shareholders (including Foreign Institutional Investors) is as under, however, the Company does not have information as to the extent to which remittances, if any, has been made in foreign currencies on account of such dividend during the year on behalf of non-resident share holders.

	31.03.2013	31.03.2012
No. of Non-Resident Shareholders / FIIs	270	154
No. of equity Shares held	39,619,103	36,374,043
Amount of Dividend Paid (₹ millions)	220.3	127.3
Year to which dividend relates	FY 2011-12 Final & FY 2012-13 interim Dividend	FY 2010-11 Final Dividend

40 RELATED PARTY TRANSACTIONS

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

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

1) COMPANIES

(i) Subsidiary Companies

a. DHFL Holdings Pvt. Ltd.*
b. First Blue Home Finance Ltd.*
(formerly known as Deutsche Postbank Home Finance Ltd.)

***** As per the Scheme of Amalgamation, erstwhile First Blue Home Finance Limited and DHFL Holdings Private Limited as approved by the respective Hon'ble High Court's of Judicature at Bombay and Delhi read with Note 27 was amalgamated with the Company

(ii) Associate Companies

a. DHFL Vysya Housing Finance Ltd.
b. DHFL Property Services Ltd.
c. Aadhar Housing Finance Pvt. Ltd.
d. DHFL Insurance Services Ltd.
e. Arthveda Fund Management Pvt.Ltd.
f. Dish Hospitality Pvt. Ltd.
g. Wadhawan Holdings Pvt. Ltd.
h. Wadhawan Retail Pvt. Ltd.
i. Avanse Financial Services Pvt Ltd.
j. DHFL Sales and Services Ltd

2) KEY MANAGEMENT PERSONNEL

a. Shri Kapil Wadhawan	Chairman & Managing Director
b. Shri Anil Sachidanand	President
c. Shri Anoop Pabby	President
d. Shri Rajeev Sathe	Chief Operating Officer

B) Details of transactions :

(₹ millions)

Nature of Transactions	Subsidiary Companies	Associate Companies		Key Management Personnel
	2011-12	2012-13	2011-12	
1) Investments				
Opening Balance	2,160.1	912.6	1,300.7	-
Investment Made	130.0	48.5	11.7	-
Investment Redeemed	-	353.2	399.8	-
Closing Balance	2,290.1	607.9	912.6	-
2) Advances Recoverable in cash or in kind *				
Opening Balance	969.7	38.5	43.7	-
Advance given during the year	16,958.7	453.4	548.8	-
Recovered during the year	14,953.5	364.4	554.0	-
Closing Balance	2,974.9	127.5	38.5	-
3) Securitisation of loan portfolio				
Securitised during the year	1,871.1	45.0	64.0	-
4) Income				
Dividend	-	9.7	16.1	-
Interest	-	1.9	10.7	-
Rent	-	10.0	10.3	-
Arthveda -Dream Fund		84.5	-	
Other income	-	5.7	30.0	-
5) Expenditure				
Remuneration	-	-	-	54.7 (39.4)
Rent, Rates & Taxes	-	1.2	1.3	-
Retainers Charges	-	154.1	-	
Other Expenditures	2.1	4.7	3.9	-

(₹ millions)

Details of Transactions		Associate Companies		Key Management Personnel
	2011-12	2012-13	2011-12	
ASSETS : 1) Investments in				
DHFL Holdings Pvt Limited	130.0	-	-	-
Avanse Financial Services Pvt Ltd	-	48.5	-	-
Arthveda Fund Management Pvt.Ltd.	-	-	11.7	-
2) Advances Recoverable from	-	-	-	-
DHFL Holdings Pvt Limited	2,005.2	-	-	-
DHFL Property Services Limited	-	27.8	(12.9)	-
Aadhar Housing Finance Private Limited	-	2.0	4.0	-
DHFL Insurance Services Limited	-	-	3.7	-
Arthveda Fund Management Pvt.Ltd.(Dream Fund	-	88.6	-	-
Wadhawan Retail Private Limited	-	8.0	-	-
Avanse Financial Services Pvt Ltd	-	0.0	-	-
DHFL Sales and Services Limited	-	1.1	-	-
Dish Hospitality Private Limited	-	0.0	-	-
INCOME received from	-	-	-	-
1) Dividend	-	-	-	-
DHFL Vysya Housing Finance Limited	-	1.0	16.1	-
Arthveda Fund (Dream Fund)	-	8.7	-	-
2) Interest	-	-	-	-
DHFL Vysya Housing Finance Limited	-	1.1	10.7	-
Aadhar Housing Finance Private Limited	-	0.8	-	-
3) Rent	-	-	-	-
DHFL Property Services Ltd	-	0.1	-	-
Aadhar Housing Finance Private Limited	-	6.8	6.7	-
DHFL Insurance Services Limited	-	-	-	-
Avanse Financial Services Pvt Ltd	-	-	-	-
Dish Hospitality Private Limited	-	3.0	3.6	-
4) Income from Dream Fund	-	-	-	-
Arthveda Fund (Dream Fund)	-	84.5	-	-
5) Other Income	-	-	-	-
DHFL Property Services Limited	-	-	30.0	-
Aadhar Housing Finance Private Limited	-	3.3	-	-
DHFL Vysya Housing Finance Limited	-	2.4	-	-
EXPENDITURE: 1) Rent, Rates &Taxes				
Wadhawan Holdings Private Limited	-	1.2	1.3	-
2) Remuneration				-
Shri Kapil Wadhawan	-	-	-	16.8 (15.7)
Shri Anil Sachidanand	-	-	-	17.2 (11.7)
Shri Anoop Pabby				12.8 (4.8)
Shri Rajeev Sathe	-	-	-	8.0 (6.2)
2) Retainers Charges (Direct Sales Team)				
DHFL Sales and Services Limited	-	154.1	-	-
3) Other Expenditures				
First Blue Home Finance Limited	2.1	-	-	-
DHFL Vysya Housing Finance Limited	-	-	6.5	-
Dish Hospitality Private Limited	-	4.7	3.9	-

Notes

1) Advances includes amounts debited towards reimbursement of expenses and income receivable

2) The Subsidiary Companies viz. DHFL Holdings Pvt Ltd and First Blue Home Finance Limited have since been merged with the Company. Hence, only figures of the previous years are given.

41 Retirement Benefit Plans

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

(₹ millions)

	2012-13	2011-12
Employer's Contribution to Provident Fund	44.3	15.7
Employer's Contribution to Pension Fund	10.4	7.4

As required under Accounting Standard 15 [AS-15 Revised, 2005] the Company has made full provision for future gratuity liability & leave encashment liability payable at the time of retirement as on 31st March, 2013. On the basis of Gratuity and GLES report under Accounting Standard 15 [AS-15 Revised, 2005] provided by Certified Actuary and LIC of India, the Company has made necessary full contribution to LIC of India of its own liabilities.

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

(₹ millions)

	Gratuity Funded)		Leave Encashment (Funded)	
	2012-13	2011-12	2012-13	2011-12
A. Change in the Defined Benefit Obligations:				
Liability at the beginning of the year	40.1	21.7	55.1	35.5
Acquisition Adjustmenst	11.2	-	-	-
Current Service Cost	12.1	5.3	1.2	0.6
Interest Cost	3.1	1.7	4.4	2.8
Benefits Paid	(6.2)	(1.1)	(24.8)	(12.5)
Actuarial Loss/ (Gain)	4.2	12.5	19.1	28.7
Liability at the end of the year	**64.5**	**40.1**	**54.9**	**55.1**
B. Fair Value of Plan Assets :				
Fair Value of Plan Assets at the beginning of the yea	51.6	29.1	59.0	37.9
Amalgamation Adjustments	8.1	-	-	-
Expected Return on Plan Assets	4.5	2.7	4.3	2.9
Contributions	22.5	20.9	24.1	30.8
Benefits Paid	(6.2)	(1.1)	(24.8)	(12.5)
Actuarial Loss/ (Gain)	(5.6)	-	-	-
Fair Value of Plan Assets at the end of the year	**74.9**	**51.6**	**62.7**	**59.0**
C. Actual Return on Plan Assets: :	**4.5**	**2.6**	**4.3**	**2.9**
D. Amount Recognised in the Balance Sheet:				
Liability at the end of the year	64.5	40.1	54.9	55.1
Fair Value of Plan Assets at the end of the year	74.9	51.6	62.7	59.0
Net Asset recognized in the Balance Sheet	**10.3**	**11.5**	**7.8**	**3.9**
E. Expense Recognised in the Statement of Profit and Loss:				
Current Service Cost	12.1	5.3	1.2	0.6
Interest Cost	3.1	1.7	4.4	2.8
Expected Return on Plan Assets	(4.5)	(2.6)	(4.3)	(2.9)
Net Actuarial Loss/(Gain) to be Recognised	9.8	12.5	19.1	28.7
Expense recognised in the Statement of Profit & Loss under staff expenses	**20.5**	**16.9**	**20.3**	**29.2**
F.Reconciliation of the Liability Recognised in the Balance Sheet:				
Opening Net Liability	40.1	21.7	55.1	35.5
Acquisition Adjustmenst	5.6	-	-	-
Expense Recognised	20.5	16.9	20.3	29.2
Benefits Paid	(6.2)	(1.1)	(24.8)	(12.5)
Expected Return on Plan Assets	4.5	2.6	4.3	2.9
Amount Recognised in the Balance Sheet under Provision for Employee Benefits	**64.5**	**40.1**	**54.9**	**55.1**
G. Actuarial Assumptions				
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount Rate (P. A.)	8%	8%	8%	8%
Rate of Escalation in Salary (P.A.)	6%	6%	5%	5%

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

42 NHB, vide its letter dated 9th October, 2012 has levied under section 52A of the National Housing Bank Act, 1987 a penalty of ₹ 5,000/- (Rupees five thousand), which has been paid by the Company, in relation to section 29C of the National Housing Bank Act, 1987 on the Company for the years 2007-08 & 2010-11.

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

I Capital to Risk Assets Ratio (CRAR):

Items	As on 31.03.2013	As on 31.03.2012
i) CRAR (%)	16.52%	18.24%
ii) CRAR - Tier I Capital	11.32%	12.25%
iii) CRAR - Tier II Capital	5.20%	5.99%

II Exposure to Real Estate Sector:

(₹ millions)

	Category	As on 31.03.2013	As on 31.03.2012
a)	Direct Exposure		
	Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	138,800.3	53,421.4
	Individual Housing loans upto ₹ 15 lakh	156,047.6	115,346.4
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	43,632.9	24,603.2
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	365.6	Nil
	b. Commercial Real Estate	Nil	Nil
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

III Asset Liability Management:

Maturity pattern of certain items of assets and liabilities **(₹ millions)** **(₹ millions)**

	Liabilities		Assets		
	Borrowings from Banks	**Market Borrowings**	**Housing & Property Loan ***	**Investments**	**Liquid Current Assets**
1 day to 14 days	836.8	816.0	971.0	845.0	4,628.7
14 days to 30-31 days (one month)	1,238.5	4,205.8	223.2	-	-
Over one month to 2 months	1,636.3	61.2	1,220.4	-	-
Over 2 months upto 3 months	3,254.2	2,674.1	1,230.7	-	-
Over 3 months to 6 months	8,235.1	4,650.8	3,759.2	-	-
Over 6 months to 1 year	20,881.8	5,865.6	7,917.9	-	496.9
Over 1 year to 3 years	82,324.9	16,581.2	33,720.4	75.0	2,715.9
Over 3 to 5 years	67,545.9	5,487.1	36,276.9	-	-
Over 5 to 7 years	37,168.9	7,875.7	30,184.3	-	-
Over 7 to 10 years	23,832.1	22,208.7	49,933.5	60.0	-
Over 10 years	965.7	1,655.0	173,408.9	1,783.2	-
Unpaid EMI/PEMI on Housing Loan	-	-	170.8	-	-
Total	**247,920.2**	**72,081.2**	**339,017.2**	**2,763.2**	**7,841.5**

* without considering prepayments.

44 Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Since the figures of previous year do not include the financials of the amalgamating companies, the figures are not comparable with those of the current year. Figures in brackets represent previous year's figures. Further, the income and expense, fixed assets movements for the year of the amalgamating companies have been added line by line in the statement of profit and loss account, fixed assets (Refer note 12) and cash flow statement.

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

Sd/-

RAJENDRA K GUPTA
Partner
ICAI MN: 70165

Place : Mumbai
Date : 7th May, 2013

Sd/-

KAPIL WADHAWAN
Chairman &
Managing Director

Sd/- Sd/-

S.Y.SANKHE
Company Secretary DIRECTORS

(₹ Millions)

		31.03.2012	31.03.2011
3	**SHARE CAPITAL**		
	Authorised		
	17,50,00,000 equity shares of ₹ 10/- each	1,750.0	1,750.0
	7,50,00,000 Redeemable, non-convertible preference shares of ₹ 10/- each	750.0	750.0
		2,500.0	**2,500.0**
	Issued, Subcribed and Paid up		
	11,68,39,981 (10,44,26,402) equity shares of ₹ 10/- each fully paid up	1,168.4	1,044.3
		1,168.4	**1,044.3**

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

a) On the 29th February, 2012, the Company has issued and allotted to QIBs 1,19,09,873 (1,68,69,095) equity shares of ₹ 10/- each, at a price of ₹ 255.50 per equity share (including a premium of ₹ 245.50 per equity share), aggregating to ₹ 3042.9 Millions and has issued and allotted on preferential basis NIL (50,00,000) equity shares of ₹ 10/- each to promoter and other investor.

b) During the year, the Company has allotted, from time to time, 301,264 (291,930) number of equity shares of ₹ 10/- each to various eligible employees under (ESOS 2008) at the price of ₹ 53.65 per equity share (including a premium of ₹ 43.65 per equity share) aggregating to ₹ 16.2 Millions as approved in the AGM dated 23rd July, 2007 and allotted at the reconsidered price approved in the EOGM dated 31st March, 2009.

c) During the year, the Company has allotted, from time to time, 202,442 (238,833) number of equity shares of ₹ 10/- each to various eligible employees under (ESOS 2009) at the price of ₹ 141/- per equity share (including a premium of ₹ 131/- per equity share) aggregating to ₹ 28.5 Millions as approved in the AGM dated 23rd July, 2007.

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

3.3 The Board of Directors, has proposed a dividend to be paid out of current year profits @ ₹ 3.50 (₹ 3.50) per equity share to the equity shareholders.

3.4 The reconcilation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No.of shares	Amount (Millions)	No.of shares	Amount (Millions)
Equity shares at the beginning	104,426,402	1,044.3	82,026,544	820.3
Add: Shares issued during the year	11,909,873	119.1	21,869,095	218.7
Add: Shares issued under ESOS	503,706	5.0	530,763	5.3
Equity shares at the end	116,839,981	1,168.4	104,426,402	1,044.3

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

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No.of shares	% holding	No.of shares	% holding
Kapil Wadhawan	9,978,472	8.54	9,936,087	9.51
Dheeraj Wadhawan	9,308,998	7.97	9,308,998	8.91
Aruna Wadhawan	7,980,447	6.83	7,980,447	7.64
Wadhawan Holdings Private Limited	8,736,536	7.48	8,736,536	8.37
Caledonia Investments PLC	10,017,923	8.57	10,017,923	9.59

3.6 Stock option plans:

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

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

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

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

(₹ Millions)

	31.03.2012		31.03.2011	
4 RESERVES & SURPLUS				
Capital Reserve				
Balance as per last Balance Sheet		0.7		0.7
Capital Redemption Reserve				
Balance as per last Balance Sheet		77.5		77.5
Securities Premium				
Balance as per last Balance Sheet	8,516.5		4,114.2	
Add : Received during the year	2,972.4		4,697.3	
	11,488.9		8,811.5	
Less : Utilised during the year	-	11,488.9	295.0	8,516.5
General Reserve				
Balance as per last Balance Sheet	2,810.4		1,810.4	
Add : Transferred from Profit & Loss account	1,000.0		1,000.0	
	3,810.4		2,810.4	
Less:Provision for contingency for standard assets	550.0	3,260.4	-	2,810.4
Special Reserve under section 36(i)(viii) of the the Income Tax Act,1961				
Balance as per last Balance Sheet	1,958.6		1,558.6	
Add : Transferred from Profit & Loss account	1,000.0	2,958.6	400.0	1,958.6
Contingency Reserve				
Balance as per last Balance Sheet	350.0		-	
Add : Transferred from Profit & Loss A/c	-		350.0	
Less : Transferred to Provision for Contingency	350.0	-	-	350.0

Employees Stock Option Outstanding				
Balance as per last Balance Sheet	26.6		19.1	
Add : Transferred from Profit & Loss account	57.6		7.5	
Net Charges for the year		84.2		26.6
Surplus in Statement of Profit and Loss:				
As per last Balance Sheet	699.7		303.6	
Add : Profit available for appropriations	3,063.6		2,651.3	
Less : Appropriations :	-		-	
Special Reserve under Section 36(1)(viii)	1,000.0		400.0	
of the IT Act, 1961	-		-	
General Reserve	1,000.0		1,000.0	
Contingency Reserve	-		350.0	
Proposed Equity Dividend *	408.9		365.7	
Preference Dividend	-		0.2	
Dividend for earlier year	0.8		65.9	
Tax on dividend	65.1		73.4	
Surplus closing balance		1,288.5		699.7
Total		**19,158.8**		**14,440.0**

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

4.1 The Company has utilised contingency reserve created in the earlier year of ₹ 350.0 Millions and has further utilised ₹ 550.0 Millions out of General Reserve to create provision for non performing and standard assets as required under the revised guidelines of NHB.

(₹ Millions)

		Non Current Portion		Current Portion	
		31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**
5	**LONG TERM LIABILITIES**				
	Secured				
	Term Loan from Banks				
	From National Housing Bank	10,939.5	10,575.8	1,845.9	2,680.3
	From Other Banks	121,848.7	98,622.9	16,705.2	11,706.4
	Loan from Others				
	From Financial Institutions	301.7	440.8	139.1	220.0
	Non-Convertible Debentures	15,235.3	11,200.0	3,266.7	706.7
	Total Secured long term liabilities	148,325.2	120,839.5	21,956.9	15,313.4
	Unsecured				
	Non-Convertible Debentures (Subordinated issue)	6,100.0	5,800.0	450.0	-
	Non-Convertible Debentures (Perpetual Deb	1,252.0	-	-	-
	Deposit				
	Fixed Deposit (including Cummulative)	4,495.6	3,088.6	4,806.1	2,423.3
	Other Deposits	13.2	10.1	27.2	17.5
	Total Unsecured long term liabilities	11,860.8	8,898.7	5,283.3	2,440.8
	TOTAL LONG TERM LIABILITIES	160,186.0	129,738.2	27,240.2	17,754.2
	Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 9 and 11)	-	-	(27,240.2)	(17,754.2)
	Net Amount	**160,186.0**	**129,738.2**	**-**	**-**

5.1 Non Convertible Debentures (NCD) (current and non current portion) amounting to ₹ 18,502.0 Millions (₹ 11,906.7 Millions) are secured /to be secured by way of first charge as per note 5.2 herein below and are redeemable at par, in one or more instalments, on various dates, with the earliest redemption being 17th May, 2012 and the last being 22nd September, 2021.

5.2 All Secured term loans (Current and Non Current portion) from the National Housing Bank, other Banks, Asian Development Bank, Financial Institutions and Secured Non Convertible Debentures are secured/to be secured by way of first charge to and in favour of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu (read with Note no. 9.1), inter-se, on the Company's whole of the present and future book debts outstanding, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets (under process of exclusion in favour of trustees for the deposit holders) read with Note no. 5.3 hereinafter. They are further secured / to be secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.

5.3 The National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favour of depositors through the mechanism of a trust deed. The Company has accordingly appointed in earlier year a SEBI approved trustee Company i.e. GDA Trustee and Consultancy Ltd. as trustee for the above by executing the trust deed and is creating necessary required charge on SLR assets.

5.4 The Company has raised ₹ 750.0 Millions during the year through issue of long term Unsecured, Redeemable, Non Convertible Debentures. These Debentures are redeemable at par on 26th March, 2022. These Debentures are Sub-ordinate to present and future senior debt holders of the Company and qualifies as Tier II Capital under the NHB Guidelines.

5.5 All Fixed Deposits, including short term fixed deposits, are repayable as per individual contracted maturities ranging upto 12 months and 84 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.

5.6 Department of Company affairs has exempted Housing Finance Companies registered with National Housing Bank from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Since the Debenture issues of the Company till day are through private placement no DRR has been created.

(₹ Millions)

		31.03.2012		31.03.2011	
6	**OTHER LONG TERM LIABILITIES**				
	Advance from customers		-		1.5
	Total Other Long Term Liabilities		**-**		**1.50**
7	**DEFERRED TAX LIABILITIES / (ASSETS)**				
	Deferred Tax Asset				
	On account of provision for contigency	(155.6)		(94.6)	
	On account of provision for gratuity	(18.5)	(174.1)	(7.7)	(102.3)
	Deferred Tax Liability				
	On account of depreciation	71.1		51.8	
	On account of others	316.3	387.4	209.0	260.8
	Net Deferred Tax Liability / (Asset)		**213.3**		**158.5**

8 PROVISIONS

	Long Term Provision		Short Term Provision	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Provision for Contigencies				
Against Standard Assets:				
As per last Balance sheet	188.5	-		
Add : Provision during the year	-	188.5		
Add : Transfer from Contingency	350.0	-		
Add : Additional provision from General Reserve	550.0	-		
Less : Utilised During the year	-	-		
Net provision against standard loan portfolio	1,088.5	188.5	-	-
Against NPA:				
As per last Balance sheet	265.1	182.8		
Add : Provision during the year	223.9	90.0		
Less : Utilised During the year	23.6	7.7		
Net provision against NPA loan pc	465.4	265.1	-	-
Against Investment:				
As per last Balance sheet	5.9	12.6		
Add : Provision during the year	13.1	-		
Less : Utilised During the year	-	6.7		
Less : Provision for diminution in investment	5.9	-		
Provision for Contigencies on loan portfolio	1,553.9	453.6	-	-
Provision for employee benefits				
Gratuity	40.1	21.7	11.5	7.4
Leave encashment	-	-	8.5	4.7
Provision for proposed dividend	-	-	408.9	365.9
Provision for dividend distribution tax	-	-	66.3	62.2
Other Provisions	-	-	84.0	213.1
Total Provisions	**1,594.0**	**475.3**	**579.2**	**653.3**

8.1 The Company has written off ₹ 23.6 Millions (₹ 7.7 Millions) as bad debts and by way of one time settlement to recover some of its NPA and Loss Accounts. The Company has withdrawn ₹ 23.6 Millions (₹ 7.7 Millions) from contingency provisions created out of profits of earlier years.

8.2 Details of Housing and Property Loans and Contingency Provisions

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

	31.03.2012		31.03.2011	
	Portfolio	Provisions	Portfolio	Provisions
Standard Assets				
Housing Loans	167,863.5	821.9	133,592.4	163.7
Other Property Loans	24,225.4	241.5	6,783.7	24.8
Additional provision on standard assets	-	25.1	-	-
	192,088.9	**1,088.5**	**140,376.1**	**188.5**
Sub Standard Assets				
Housing Loans	670.4	108.5	507.8	70.7
Other Property Loans	180.3	27.3	62.1	6.5
	850.7	**135.8**	**569.9**	**77.2**
Doubtful Assets				
Housing Loans	416.7	184.7	269.5	96.3
Other Property Loans	197.5	64.9	4.3	1.6
	614.2	**249.6**	**273.8**	**97.9**

Loss Assets				
Housing Loans	-	-	-	-
Other Property Loans	-	-	-	-
	-	-	-	-
Additional provision on Non Performing Assets	-	80.0	-	90.0
Total	**193,553.8**	**1,553.9**	**141,219.8**	**453.6**
Housing Loans	168,950.6	1,115.1	**134,369.7**	**330.7**
Other Property Loans	24,603.2	333.7	**6,850.1**	**32.9**
Additional provision on Standard Assets	-	25.1	**-**	**-**
Additional provision on Non Performing Assets		80.0	**-**	**90.0**
Total	**193,553.8**	**1,553.9**	**141,219.8**	**453.6**

8.3 Provision for Contingencies

The National Housing Bank (NHB) vide its circular dated 5th August, 2011 read with circular dated 19th January, 2012 has introduced additional contingency provisioning requirements. The Company has met the above requirement by utilizing excess reserve created in earlier year and by making further provision during the year. As a matter of prudent risk management and based on experience, the Company has created on its own in the past, additional reserve on its standard assets towards contingencies beyond the NHB requirements. The Company has fully utilized these additional contingency reserves for meeting the above requirements of the NHB and has also provided balance during the year. The Company has made during the year additional provision beyond NHB requirement of ₹ 105.1 Millions.

	31.03.2012	31.03.2011
9 SHORT TERM BORROWINGS		
Secured		
Other short term loans and advances		
From Banks	44.4	9.9
Secured short term borrowings (A)	44.4	9.9
Unsecured		
Fixed Deposits (Refer Note no.5)	4,833.3	2,440.8
Other short term loans and advances		
Commercial Papers	4,014.0	974.9
Others	450.0	-
Unsecured short term borrowings (B)	9,297.3	3,415.7
TOTAL SHORT TERM BORROWINGS (A+B)	**9,341.7**	**3,425.6**

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

10 TRADE PAYABLES:

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

(₹ Millions)

		31.03.2012	31.03.2011
11	**OTHER CURRENT LIABILITIES**		
	Current maturities of long-term borrowing (Refer Note No.5)	21,956.9	15,313.4
	Interest accrued but not due on borrowings	402.3	45.8
	Unclaimed matured deposits and interest accrued thereon	51.1	36.7
	Other payables		
	Advance from customers	218.1	141.8
	Amount payable under securitisation transaction	158.4	-
	Unclaimed Dividend	6.7	6.3
	Tax deducted at source	-	-
	Other current liabilities	52.3	932.8
	TOTAL OTHER CURRENT LIABILITIES	**22,845.8**	**16,476.8**

11.1 As required under section 205 (C) of the Companies Act, 1956, the Company has transferred unclaimed dividend of the year 2003-04 (2002-03) ` 0.5 Millions (` 0.4 Millions) to Investor Education & Protection Fund (IEPF) during the year. There were no amounts due for transfer to IEPF on the date of balance sheet.

Note : 12
FIXED ASSETS

(₹ Millions)

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2011	Addition	Deduction / Sale	As on 31.03.2012	As on 01.04.2011	for the year	Deduction	Upto 31.03.2102	As on 31.03.2012	As on 31.03.2011
Tangible:										
Building	305.6	-	-	305.6	30.9	5.0	-	35.9	**269.7**	274.7
Furniture & Fixture	136.0	47.8	4.9	179.0	26.6	9.6	1.6	34.6	**144.4**	109.4
Office Equipments	75.5	30.2	1.3	104.5	11.7	4.5	0.4	15.8	**88.7**	63.8
Vehicles	28.4	5.3	4.0	29.6	5.4	4.4	1.7	8.2	**21.5**	23.0
Computer (Hardware)	150.5	17.3	3.3	164.4	68.5	21.0	2.9	86.7	**77.8**	82.0
Sub Total	**696.0**	**100.6**	**13.4**	**783.2**	**143.1**	**44.5**	**6.5**	**181.1**	**602.0**	**552.9**
Intangible:										
Computer (Software)	10.5	34.2	-	44.7	1.7	2.8	-	4.5	**40.2**	8.8
Fixed Assets	**706.5**	**134.8**	**13.4**	**827.8**	**144.9**	**47.2**	**6.5**	**185.6**	**642.2**	**561.6**
Capital Work in Process	1,660.8	161.8	-	1,822.6	-	-	-	-	**1,822.6**	1,660.8
TOTAL	**2,367.3**	**296.6**	**13.4**	**2,650.4**	**144.9**	**47.2**	**6.5**	**185.6**	**2,464.8**	**2,222.4**
Previous Year	2,280.8	127.5	41.1	2,367.2	115.9	37.3	8.5	144.7	**2,222.5**	

(₹ Millions)

13 NON CURRENT INVESTMENTS	31.03.2012 Nos	31.03.2012 Amount	31.03.2011 Nos	31.03.2011 Amount
Trade Investments				
Investment in unquoted equity instruments				
Investment in subsidiary:				
DHFL Holdings Private Limited	22,901,000	2,290.1	21,601,000	2,160.1
Investment in associates:				
Aadhar Housing Finance Private Limited	5,000,000	500.0	5,000,000	500.0
DHFL Property Services Limited	-	-	100,000	10.0
DHFL Vysya Housing Finance Limited	1,048,989	31.5	6,448,989	236.6
Arthveda Fund Management Private Limit	4,701,500	58.6	4,467,500	46.9
DHFL Venture Trustee Company Private Li	22,500	0.2	22,500	0.2
Wadhawan Retail Private Limited	-	-	18,467,500	184.7
Investment in others:				
The Kalyan Janta Sahakari Bank Limited	10,000	0.1	10,000	0.1
(A)		2,880.5		3,138.6
Investment in unquoted optionally convertible preference share				
Sunborne Energy Services India Private Li	31,775	127.1	-	-
(B)		127.1		-
Other Investments				
Investment in Mutual Funds/Venture Capital Fund - unquoted				
DHFL Venture Capital Fund (100% Trust Corpus - Settlement Money) (₹ 10,000/- only)		-		-
DHFL Real Estate Assets Management Fun Dream Fund I Units Class A	35,000	322.3	35,000	322.3
DHFL Real Estate Assets Management Fun Dream Fund I Units Class B (₹ 36,000/- only)	36,370	-	36,370	-
(C)		322.3		322.3
Investment in Governement securities (SLR) - quoted				
11.30% HP Infrastructure Development Bo	300	30.0	300	30.0
0.00% Punjab Infrastructure Development	10	2.5	10	2.5
8.56% Kerala SDL 2020	200,000	20.3	200,000	20.3
8.09% Gujarat SDL 2020	500,000	50.4	500,000	50.4
8.52% Tamilnadu SDL 2020	200,000	20.6	200,000	20.6
8.42% Andhra Pradesh SDL 2020	425,000	43.0	425,000	43.0
8.39% Rajasthan SDL 2020	500,000	50.3	500,000	50.3
8.26% GOI 2027	600,000	59.6	600,000	59.6
8.40% Gujarat SDL 2020	250,000	25.2	250,000	25.2
8.08% GS 2022	100,000	9.8	-	-
8.60 % Andhra Pradesh SDL 2021	155,000	15.6	-	-
8.28% GS 2032	100,000	9.8	-	-
8.60 % Maharashtra SDL 2021	250,000	25.0	-	-
8.81% West Bengal 2021	100,000	10.0	-	-
9.25 % Uttar Pradesh SDL 2021	150,000	15.5	-	-
9.23% Gujarat SDL 2021	250,000	25.7	-	-
8.99% Madhya Pradesh SDL 2022	500,000	50.3	-	-
8.99% Bihar SDL 2022	250,000	25.1	-	-
		488.7		301.9
Investment in Governement securities (Non - SLR) - quoted				
7.00% UBI Bonds 2015	75	75.0	75	75.0
(D)		563.7		376.9
(A+B+C+D)		**3,893.6**		**3,837.8**

Less: Provision for diminution in value of investments	19.0	5.9
TOTAL NON CURRENT INVESTMENTS	**3,874.6**	**3,831.9**
Aggregate amount of quoted investments	563.7	376.9
Market value of Quoted investments	544.8	371.1
Aggregate amount of Unquoted investments	3,329.9	3,460.9

13.1 Investment in Government Securities aggregating to ₹ 488.7 Millions (₹ 301.9 Millions) carry a floating charge created/to be created in favour of depositors in the Fixed Deposit schemes of the Company (read with Note no. 5.2 and Note no.5.3 above).

13.2 As required by NHB, the Company has divested its holding in DHFL Vysya Housing Finance Limited from 58.20% to 9.47% during the year. The Company with a view to focus on its core business, has also completely divested its holding in DHFL Property Services Limited during the year. Accordingly, DHFL Vysya Housing Finance Limited, Aadhar Housing Finance Private Limited and DHFL Property Services Limited are no longer subsidiaries of the Company. The Company has earned profit of ₹ 318.7 Millions on sale of shares of DHFL Vysya Housing Finance Limited.

14 HOUSING AND PROPERTY LOANS

(₹ Millions)

	Non Current Portion		Current Portion	
Secured, considered good unless otherwise stat	**31.03.2012**	**31.03.2011**	**31.03.2012**	**31.03.2011**
Housing Loans				
Standard loans	175,733.5	122,526.8	8,873.3	11,443.2
Sub-Standard loans	611.1	507.8	61.1	-
Doubtful loans	397.1	269.5	20.5	-
Loss assets		-	-	-
	176,741.7	123,304.1	8,954.9	11,443.2
Less : Housing Loans (Securitised & Funded by Syndicate)	16,015.4	343.1	730.6	34.5
Total Housing Loans	160,726.3	122,961.0	8,224.3	11,408.7
Other Property Loans				
Standard loans	21,986.3	6,069.3	2,885.8	714.4
Sub-Standard loans	146.7	62.1	33.6	-
Doubtful loans	171.4	4.3	26.1	-
Loss assets	-	-	-	-
	22,304.4	6,135.7	2,945.5	714.4
Less : Other Property Loans (Securitised)	600.9	-	45.8	-
Total Other Property Loans	21,703.5	6,135.7	2,899.7	714.4
Housing Loans	176,741.7	123,304.1	8,954.9	11,443.2
Other Property Loans	22,304.4	6,135.7	2,945.5	714.4
Total Housing & Property Loans under Company	**199,046.1**	**129,439.8**	**11,900.4**	**12,157.6**
Less : Securitised and Syndicated portion	16,616.3	343.1	776.4	34.5
TOTAL HOUSING AND PROPERTY LOANS	**182,429.8**	**129,096.7**	**11,124.0**	**12,123.1**

14.1 Property loans consists of non-housing loans such as mortgage loans, project loans, commercial loans, plot loans, lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of National Housing Bank.

14.2 As certified by the management, loans given by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or assignment of Life Insurance policies and/or personal guarantees and/or undertaking to create a security and are considered appropriate and good.

14.3 Composite Loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before 31st March, 2009, in which construction has not started till 31st March, 2012, as per information available with the Company, is excluded from Housing Loans and regrouped under Other Property Loans (Non Housing) in above outstanding as on 31st March, 2012 aggregating to ₹ 125.6 Millions (₹ 109.7 Millions).

14.4 The Company has entered into Loan Syndication arrangements with certain public sector banks to provide Housing loan to borrowers wherein DHFL originates the loan files from branches and surrounding areas of such banks and also from open market and gets it processed under common credit norms at the Central Processing Unit set up in the premises of such banks. The said banks have agreed to participate upto 50% of the disbursed loan portfolio under loan syndication arrangement. Entire processing fees and other charges / income on above accrued to the Company (DHFL). The Company has derecognised above loan portion syndicated to others in its books.

14.5 The Company has also entered into Loan Syndication arrangements with First Blue Housing Finance Limited, DHFL Vysya Housing Finance Limited and Aadhar Housing Finance Limited to provide Housing and Property Loans to borrowers wherein DHFL originates the loan files through its branches and gets it processed under common credit norms at the Central Processing Unit. The loan syndicate participants have agreed to participate in the disbursed loan portfolio under loan syndication arrangement. The Company has derecognised above loan portion syndicated to others in its books.

14.6 The Company has acquired certain assets under SARFAESI which are retained for the purpose of sale under the rules and regulations of SARFAESI involving ₹ 140.3 Millions (₹ 67.3 Millions) out of 163 (141) cases which are part of NPA portfolio for which necessary provisions have already been made.

14.7 During the year the Company has securitized pool of housing and property loans and managed the joint syndicated loans where banks and others have participated aggregating to ₹ 17392.7 Millions (₹ 377.7 Million). These assets have been de-recognised in the books of the Company as stated above. The Company is responsible for collection and getting servicing of the securitized portfolio on behalf of the buyer investor. In terms of the securitization agreement, the Company pays to buyer/investor/participant on monthly basis the collection amount, subject to retention of agreed extra interest spread for the Company.

15 OTHER LONG TERM LOANS AND ADVANCES

(₹ Millions)

	Non Current Portion		Current Portion	
	31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**
Unsecured, considered good unless stated otherwise				
Loans and advances to employees	12.8	14.5	6.9	5.2
Capital advances	-	-	6.6	11.5
Electricity and other deposits	83.0	69.6	-	-
Rental deposits	31.0	10.3	23.1	5.2
Other loans and advances				
Prepaid expenses	-	-	27.4	23.3
Total Unsecured other long term loans and adva	126.8	94.4	64.0	45.2
TOTAL OTHER LONG TERM LOANS AND ADVANCE	**126.8**	**94.4**	**64.0**	**45.2**
Current Portion Disclosed under "short term loans and advances" (refer Note No.19)	-	-	(64.0)	(45.2)
Net Amount	**126.8**	**94.4**	-	-

16 CURRENT INVESTMENTS

(₹ Millions)

	31.03.2012		31.03.2011	
	Nos	Amount	Nos	Amount
Trade Investments				
Investment in equity instruments- quoted				
Aditya Birla Nuvo Limited	-	-	500	0.4
Aurobindo Pharma Limited	-	-	20,000	5.1
BHEL	12,500	4.1	-	-
Century Textiles India Limited	-	-	25,000	12.8
Cummins India Limited	4,000	2.3	10,000	8.1
Development Credit Bank	10,000	0.5	-	-
Essar Oil Limited	10,000	1.4	10,000	1.4
HDFC Limited	-	-	2,500	1.8
HDFC Bank Limited	-	-	2,000	4.7
Havells India Limited	-	-	15,000	6.5
Hindalco Limited	-	-	1,000	0.2
Housing Development and Infrastructure Lim	-	-	1,999,918	6.5
IDFC	-	-	25,000	3.8
Infosys Technologies Limited	5,000	15.3	-	-
ICICI Bank Limited	5,000	4.5	-	-
JP Associates Limited	-	-	750	0.2
JSW Steels Limited	-	-	500	0.5
Larsen & Toubro Limited	5,825	8.0	5,000	8.4
NTPC Limited	15,000	3.5	15,000	3.5
Ranbaxy Laboratories Limited	-	-	500	0.2
Reliance Industries Limited	2,200	3.1	2,200	3.1
Tata Motors Limited	-	-	5,500	1.4
TVS Motors Limited	-	-	26,374	1.0
(A)		42.7		69.6
Other Investments				
Investment in Mutual Funds/Venture Capital Fund - unquoted				
Axis Equity Fund - Growth	5,000,000	50.0	5,000,000	50.0
BNP Paribas Overnight Fund - IP - Daily Divid	-	-	10,064,485	100.7
Birla Sun Life Cash Manager - IP - Growth	656,619	117.8		-
DSP Meril Lynch - Liquid Fund - Dividend	58,701	0.1	58,701	0.1
DWS Insta Cash Plus Fund - Super IP - Daily D	-	-	12,482,551	1,252.1
Sundaram Money Fund - Super IP - Daily Divi	-	-	9,957,331	100.5
Tata Treasury Manager Fund - SHIP - Growth	82,605	100.9	-	-
Taurus Liquid Fund - Super IP - Daily Dividen	-	-	101,558	101.6
UTI Treasury Advantage Fund - IP - Daily Divi	-	-	3,199,555	3,200.2
(B)		268.8		4,805.2
Investment in unquoted Commercial Papers				
Alok Industries Limited		441.4		-
(C)		441.4		-
TOTAL CURRENT INVESTMENTS (A+B+C)		**752.9**		**4,874.8**
Aggregate amount of quoted investments		42.7		69.6
Market value of Quoted investments		307.3		5,218.4
Aggregate amount of Unquoted investments		268.8		4,805.2

17 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

(₹ Millions)

	31.03.2012	31.03.2011
17.1 TRADE RECEIVABLES		
Secured, considered good		
EMI/PEMI receivable from customers	231.7	133.3
Others	311.7	188.1
TOTAL TRADE RECEIVABLES	**543.4**	**321.4**

	Non Current Portion		Current Portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
17.2 OTHER CURRENT ASSETS				
Unsecured, considered good				
Non current portion of balances with banks in c (Refer Note no. 18 below)	2,819.1	1,184.6	-	-
Interest accrued but not due	-	-	139.4	48.8
	2,819.1	**1,184.6**	**139.4**	**48.8**

Non-Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 200.0 Millions (NIL), being earmarked for SLR requirements of NHB.

18 CASH AND CASH EQUIVALENTS

	31.03.2012	31.03.2011
Balances with Banks		
in Current Accounts	6,240.0	10,371.7
in Deposits accounts with original maturity of less than 3 months	254.0	-
Cash on hand	11.4	11.0
Total Cash and Cash Equivalents	**6,505.4**	**10,382.7**
Other Bank Balances		
Other Deposits accounts having balance maturity of	-	-
less than 12 months	511.0	60.0
Deposits under lien or having balance maturity of more than 12 months (Refer Note no.17.2)	2,819.1	1,184.6
Total Other Bank Balances	**3,330.1**	**1,244.6**
Total Cash and Bank Balances	**9,835.5**	**11,627.3**
Less : Amounts disclosed under non-current assets (Refer Note no.17.2)	2,819.1	1,184.6
Total Net Cash and Bank Balances	**7,016.4**	**10,442.7**
Total Cash and Cash Equivalents	6,505.4	10,382.7
Other Bank Balances	511.0	60.0
Amounts disclosed under non-current assets	2,819.1	1,184.6
Total Net Cash and Bank Balances	**9,835.5**	**11,627.3**

18.1 Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 271.8 Millions (₹ 384.3 Millions), being earmarked for SLR requirements of NHB.

19	**SHORT TERM LOANS & ADVANCES**		
	Unsecured, considered good		
	Current maturities of other long term loans and advances (Refer Note No.15)	64.0	45.2
	Advances recoverable in cash or in kind	4,029.3	2,461.4
	Advance Income Tax (Net of Provisions)	188.7	68.4
		-	-
	Total Unsecured short term loans and advances	4,282.0	2,575.0
	TOTAL SHORT TERM LOANS AND ADVANCES	**4,282.0**	**2,575.0**
20	**REVENUE FROM OPERATIONS**		
		31.03.2012	**31.03.2011**
	Interest on Housing and Property Loans	21,655.7	12,679.1
	Interest on Bank Deposits	135.6	78.1
	Interest on Long Term Investments	37.3	22.8
	Other Interest	152.9	20.4
	Revenue from other services	1,993.9	1,325.8
	Operational treasury income	702.2	367.3
	Total Revenue from operations	**24,677.6**	**14,493.5**
20.1	Revenue from other services includes		
	Loan related Services	1,318.2	861.5
	Advisory Services	675.7	464.3
	Total Revenue from other services	**1,993.9**	**1,325.8**
20.2	Operational treasury income includes:		
	Income from mutual fund operation	182.0	15.1
	Profit/(Loss) on sale of investments	311.4	6.3
	Dividend Income	208.8	321.8
	Income from Venture Capital Fund	-	24.1
	Total Operational treasury income	**702.2**	**367.3**
21	**OTHER INCOME**		
	Rent Income	10.4	14.2
	Miscellaneous Income	8.8	4.7
	Total Other Income	**19.2**	**18.9**
22	**INTEREST AND FINANCE CHARGES**		
	Interest expenses	17,890.1	9,645.5
	Other Borrowing Costs	102.2	85.8
	Total Interest and Finance charges	**17,992.3**	**9,731.3**
23	**EMPLOYEES REMUNERATION AND BENEFITS**		
	Salaries and Bonus	758.6	538.3
	Contribution to Provident Fund & Other Funds	26.8	21.9
	Staff Welfare Expenses	92.7	38.4
	Total Employees Remuneration and benefits	**878.1**	**598.6**

24 ADMINISTRATIVE AND OTHER EXPENSES

Rent	93.1	68.2
Rates & Taxes	8.3	9.9
Conveyance & Motor Car Expenses	30.5	20.3
Travelling Expenses	53.0	31.8
Printing & Stationery	26.7	23.8
Advertisement & Business Promotion	394.7	214.0
Insurance	59.9	36.5
Legal & Professional Charges	316.0	220.1
Postage, Telephone & Telegram	70.8	57.5
General Repairs & Maintenance	49.5	25.6
Electricity Charges	26.5	19.1
Directors Sitting Fees	1.3	1.3
Business Sourcing expenses	326.2	195.7
Loss On Sale of Impaired Assets	4.7	2.7
Managerial Remuneration (Refer Note.)	19.8	23.7
Auditor's Remuneration (Refer Note no.37)	10.2	7.9
Expenses under Miscellaneous Heads	67.4	36.6
Total Administrative and Other expenses	**1,558.6**	**994.7**

25 EARNING PER SHARE

Net Profit Attributable to Equity Shareholders		
Profit after tax	3,063.6	2,651.3
Less : Preference Share dividend	-	0.2
Tax on above	-	0
Net Profit attributable to equity shareholders	3,063.6	**2,651.1**
No. of Equity shares (Number)	116,839,981	104,426,402
Weighted Average No. of Equity Shares	105,783,756	100,301,621
Nominal value of Equity Shares (Rs.)	10	10
Earning Per Share (Rs.) :		
Basic	**28.97**	**26.43**
Diluted	**28.97**	**26.12**

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

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

28 The Company's Income tax assessment has been completed up to assessment year 2009-10 as per the return of income filed by the Company.

29 The Company has derecognized Interest income on Non-Performing Assets as on 31st March, 2012 of ₹ 105.4 Millions (₹ 43.9 Millions).

30 Dividend includes ₹ 16.1 Millions (₹ 16.1 Millions) and Interest income includes ₹ 10.7 Millions (₹ 5.8 Millions) received from then Subsidiary Company.

31 The main business of the Company is to provide loans for the purchase or construction of residential houses and all other activities of the Company revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS 17) on "Segment Reporting", and under paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, which needs to be reported.

32 Contingent liability :

	31.03.2012	31.03.2011
Guarantees provided by the Company	2,247.3	0.7
Claims against the Company not acknowledged as debts	5.4	2.8

32.1 The Company has given corporate guarantee in favour of intitutional subscriber of secured, redeemable, non convertible debentures issued by its subsidiary First Blue Home Finance Limited for ₹ 2500.0 Millions and interest thereon.

33 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 16.0 Millions (₹ 576.8 Millions).

34 Capital Work in Progress includes ₹ 1761.8 Millions (₹ 1600.0 Millions) paid as advance consideration for acquiring office premises under construction, and ₹ 45.0 Millions paid in lieu of part consideration towards sale of leasehold land in earlier years.

35 The Company has paid dividend of ₹ 0.8 Millions (` 65.9 Millions) and ₹ 0.1 Millions (` 11.2 Millions) as tax on distribution of dividend to new shareholders on account of Final Dividend for the year 2010-11 as required under the Listing Agreement as those shares were allotted prior to record date for the dividend payment and after the date of earlier year balance sheet.

36 The managerial remuneration including perquisites, ₹ 16.8 Millions (₹ 15.7 Millions) paid to Chairman and Manging Director and ₹ 0.3 Millions (₹ 0.3 Millions) as comission to other directors.

37 Auditors Remuneration (₹ In Millions)(*)

	31.03.2012	31.03.2011
Audit Fees	9.2	7.4
Tax Audit Fees	1.0	0.5
	10.2	**7.9**

(*) Includes payments to Branch Auditors of ₹ 3.7 Millions (₹ 2.8 Millions) and reimbursement of actual out of pocket expenses

38 Expenditure in foreign currency

	31.03.2012	31.03.2011
Foreign Travelling	6.4	3.3
Membership and subscription	0.5	0.1
Foreign Liaison Office Expenses	22.8	22.7
Professional Fees	6.5	2.4

39 RELATED PARTY TRANSACTIONS

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

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

1) COMPANIES

(i) Subsidiary Companies

a. DHFL Holdings Private Limited
b. First Blue Home Finance Limited (formerly known as Deutsche Postbank Home Finance
c. First Blue Financial Consultants Limited (formerly known as DPB Financial Consultants

(ii) Associate Companies

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

2) KEY MANAGEMENT PERSONNEL

a. Shri Kapil Wadahwan	Chairman & Managing
b. Shri Anil Sachidanand	Chief Executive Officer
c. Shri Rajeev Sathe	Chief Operating Officer
d. Shri Anoop Pabby	Head Corporate Strategy

Note no 39:
Related Party Transactions

(₹ Millions)

Nature of Transactions (excluding reimbursements)	Subsidiary Companies		Associate Companies		Key Management Personnel
	2011-12	2010-11	2011-12	2010-11	
1) Investments					
Opening Balance	2,160.1	-	1,300.8	774.0	-
Investment Made	130.0	2,160.1	11.7	554.5	-
Investment Redeemed	-	-	399.8	27.7	-
Closing Balance	2,290.1	2,160.1	912.7	1,300.8	-
2) Advances Recoverable in cash or in kind	-	-	-	-	-
Opening Balance	969.7	-	43.7	9.1	-
Advance given during the year	16,958.7	3,427.1	548.8	35.0	-
Recovered during the year	14,953.5	2,457.4	554.0	0.4	-
Closing Balance	2,974.9	969.7	38.5	34.6	-
3) Securitisation of loan portfolio	-	-	-	-	-
Securitised during the year	1,871.1	-	64.0	-	-
4) Income	-	-	-	-	-
Dividend	-	-	16.1	16.1	-
Interest	-	-	10.7	5.8	-
Rent	-	-	10.3	14.1	-
Other income	-	-	30.0	460.0	-
5) Expenditure	-	-	-	-	-
Remuneration	-	-	-	-	39.4 (31.0)
Rent, Rates & Taxes	-	-	1.3	1.3	-
Other Expenditures	8.6	-	3.9	1.8	-

Details of Transactions (excluding reimbursements)	Subsidiary Companies		Associate Companies		Key Management Personnel
	2011-12	2010-11	2011-12	2010-11	
ASSETS : 1) Investments in					
DHFL Holdings Pvt. Limited	130.0	2,160.1	-	-	-
Arthveda Fund Management Pvt.Ltd.	-	-	11.7	-	-
2) Advances Recoverable from	-	-	-	-	
DHFL Property Services Limited	-	-	(12.9)	13.3	-
DHFL Holdings Private Limited	2,005.2	969.7	-	-	-
Aadhar Housing Finance Private Limited	-	-	4.0	1.7	-
DHFL Insurance Services Limited	-	-	3.7	2.1	-
Wadhawan Housing Private Limited	-	-	-	17.9	-
Wadhawan Retail Private Limited	-	-	-	(0.4)	-
INCOME received from	-	-	-	-	
1) Dividend	-	-	-	-	-
DHFL Vysya Housing Finance Limited	-	-	16.1	16.1	-
2) Interest	-	-	-	-	-
DHFL Vysya Housing Finance Limited	-	-	10.7	5.8	-
3) Rent	-	-	-	-	
Aadhar Housing Finance Private Limited	-	-	6.7	2.2	-
Wadhawan Retail Private Limited	-	-	-	8.6	-
Dish Hospitality Private Limited	-	-	3.6	3.3	-
4) Other Income	-	-	-	-	
DHFL Property Services Limited	-	-	30.0	10.0	-
DHFL Insurance Services Limited	-	-	-	450.0	-
EXPENDITURE: 1) Rent, Rates &Taxes	-	-	-	-	
Wadhawan Holdings Private Limited	-	-	1.3	1.3	-
2) Remuneration	-	-	-	-	-
Shri Kapil Wadhawan	-	-	-	-	16.8 (15.7)
Shri Anil Sachidanand	-	-	-	-	11.7 (11.1)
Shri Rajeev Sathe	-	-	-	-	6.1 (4.2)
Shri Anoop Pabby (from 7th November,2011)	-	-	-	-	4.8 (-)
3) Other Expenditures	-	-	-	-	
DHFL Vysya Housing Finance Limited	6.5	-	-	-	-
Dish Hospitality Private Limited	-	-	3.9	1.8	-
First Blue Home Finance Limited	8.6	-	-	-	-

40 : Retirement Benefit Plans

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

(₹ Millions)

	2011-12	2010-11
Employer's Contribution to Provident Fund	15.7	12.3
Employer's Contribution to Pension Fund	7.4	6.7

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

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

	Gratuity Funded)		Leave Encashment (Funded)	
	2011-12	2010-11	2011-12	2010-11
A. Change in the Defined Benefit Obligations:				
Liability at the beginning of the year	21.7	18.7	35.5	12.7
Current Service Cost	5.3	4.5	0.6	1.3
Interest Cost	1.7	1.5	2.8	1.0
Benefits Paid	(1.1)	(1.3)	(12.5)	(4.0)
Actuarial Loss/ (Gain)	12.5	(1.7)	28.7	24.5
Liability at the end of the year	40.1	21.7	55.1	35.5
B. Fair Value of Plan Assets :	51.6	29.1	59.0	37.9
C. Actual Return on Plan Assets: :	2.6	2.1	2.9	1.8
D. Amount Recognised in the Balance Sheet:				
Liability at the end of the year	40.1	21.7	55.1	35.5
Fair Value of Plan Assets at the end of the year	51.6	29.1	59.0	37.9
Amount Recognised in the Balance Sheet under " Provision for Employee Benefits"	11.5	7.4	4.0	2.4
E. Expense Recognised in the Profit and Loss Account:				
Current Service Cost	5.3	4.5	0.6	1.3
Interest Cost	1.7	1.5	2.8	1.0
Expected Return on Plan Assets	(2.6)	(2.1)	(2.9)	(1.8)
Net Actuarial Loss/(Gain) to be Recognised	12.5	(1.7)	28.7	24.5
Expense recognised in the Profit & Loss Account under staff expenses	16.9	2.2	29.2	25.0
F.Reconciliation of the Liability Recognised in the Balance Sheet				
Opening Net Liability	21.7	18.7	35.5	12.7
Expense Recognised	16.9	2.2	29.2	25.0
Benefits Paid	(1.1)	(1.3)	(12.5)	(4.0)
Expected Return on Plan Assets	2.6	2.1	2.9	1.8
Amount Recognised in the Balance Sheet under " Provision for Employee Benefits"	40.1	21.7	55.1	35.5
G. Actuarial Assumptions	1994-96	1994-96	1994-96	1994-96
Mortality Table (LIC)	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount Rate (P. A.)	8%	8%	8%	8%
Rate of Escalation in Salary (P.A.)	6%	5%	5%	5%

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

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

I Capital to Risk Assets Ratio (CRAR):

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

II Exposure to Real Estate Sector:

(₹ Millions)

	Category	As on 31.03.2012	As on 31.03.2011
a)	Direct Exposure		
	Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	53,421.7	36,779.3
	Individual Housing loans upto ₹ 15 lakh	115,346.4	99,015.8
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	24,603.0	5,317.0
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	Nil	Nil
	b. Commercial Real Estate	Nil	Nil
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

III Asset Liability Management:

Maturity pattern of certain items of assets and liabilities (₹ Millions)

	Liabilities		Assets		
	Borrowings from Banks	Market Borrowings	Housing & Property Loan *	Investments	Liquid Current Assets
1 day to 14 days	-	-	758.2	292.7	6,261.4
14 days to 30-31 days (one month)	1,073.1	277.4	-	-	-
Over one month to 2 months	588.3	1,646.7	785.8	-	23.6
Over 2 months upto 3 months	2,593.3	3,587.9	771.1	-	220.4
Over 3 months to 6 months	4,888.1	2,046.3	2,370.1	441.4	461.7
Over 6 months to 1 year	10,644.4	5,144.8	4,951.6	-	49.3
Over 1 year to 3 years	46,663.6	10,731.1	22,352.6	-	2,819.1
Over 3 to 5 years	41,208.1	570.1	25,875.4	-	-
Over 5 to 7 years	26,819.3	1,990.5	17,972.3	-	-
Over 7 to 10 years	16,736.2	12,900.0	29,785.5	488.8	-
Over 10 years	125.0	1,252.0	87,748.5	3,404.9	-
Unpaid EMI/PEMI on Housing Loan	-	-	182.7	-	-
Total	151,339.4	40,146.8	193,553.8	4,627.8	9,835.5

* without considering prepayment of Loans given

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

43 Figures in brackets represent previous year's

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

Sd/-

RAJENDRA K GUPTA
Partner
ICAI MN: 70165

Sd/-

KAPIL WADHAWAN
Chairman &
Managing Director

Sd/-
S.Y.SANKHE
Company Secretary

Sd/-
DIRECTORS

Place : Mumbai
Date : 10th May, 2012

DEWAN HOUSING FINANCE CORPORATION LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. millions)

	Notes	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,168.4	1,044.3
Reserves and Surplus	4	19,046.4	14,511.7
Total Shareholders' Funds		20,214.8	15,556.0
Minority's Interest		1,927.4	2,525.0
Non Current Liabilities			
Long Term Liabilities	5	201,802.6	165,608.9
Other Long Term Liabilities		24.5	73.5
Long Term Provisions	8	2,281.6	941.4
Total Non-Current Liabilities		204,108.7	166,623.8
Current Liabilities			
Short Term Borrowings	9	15,788.8	12,959.9
Trade Payables	9	515.2	46.0
Other Current Liabilities		34,144.8	30,904.3
Short Term Provisions	8	867.0	469.1
Total Current Liabilities		51,315.8	44,379.3
TOTAL		**277,566.7**	**229,084.1**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	699.2	683.3
Intangible Assets	10	40.2	8.8
Capital work-in-progress	10	1,822.6	1,661.0
		2,562.0	2,353.1
Non-Current Investments	11	1,720.7	1,146.8
Deferred Tax Assests(Net)		60.3	39.8
Long term Housing and property Loans	13	241,453.3	184,673.7
Other Long Term Loans and Advances		323.4	259.7
Other Non-Current Assets		3,506.4	583.2
Goodwill		3,495.3	3,451.6
Total Non-Current Assets		253,121.4	192,507.9
Current Assets			
Current investments	14	752.9	5,864.9
Trade Receivables	15	573.8	473.7
Cash and Bank Balances		7,251.2	13,787.3
Short term portion of Housing and property Loans	13	13,228.9	14,479.2
Other Short Term Loans and Advances		2,450.2	1,803.0
Other Current Assets		188.2	168.1
Total Current Assets		24,445.2	36,576.2
TOTAL		**277,566.7**	**229,084.1**

Notes forming part of the Financial Statements

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

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

KAPIL WADHAWAN
Chairman &
Managing Director

B.M.Chaturvedi
Partner
ICAI MN: 17607

S Y SANKHE
Company Secretary

Director

Place: Mumbai
Date: 10th May, 2012

DEWAN HOUSING FINANCE CORPORATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

(Rs. millions)

	Notes	31.03.2012	31.03.2011
INCOME			
Revenue from Operations	15	32,119.5	20,937.4
Other Income		44.1	89.9
TOTAL REVENUE		**32,163.6**	**21,027.3**
EXPENDITURE			
Interest & Finance Charges	16	23,495.6	13,901.3
Employees Remuneration & Benefits		1,189.4	1,022.1
Administrative & Other Expenses		2,085.2	1,470.6
Depreciation and Amortization Expenses		73.9	69.1
Provision for Contingencies		462.8	214.1
TOTAL EXPENDITURE		**27,306.9**	**16,677.2**
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**4,856.7**	**4,350.1**
Add : Exceptional Items			354.3
PROFIT BEFORE TAX		**4,856.7**	**4,704.4**
Less: Tax Expense			
- Current Tax		1,316.5	1,074.9
- Deferred Tax Charge/ (Credit)		(21.0)	55.4
- Related to earlier years		8.6	0.3
PROFIT FOR THE YEAR before prior period adjustment		**3,552.6**	**3,573.8**
Less: Prior period Adjustment		**-**	**(0.1)**
Profit for the year before minority interest and share of Associate		**3,552.6**	**3,573.9**
- Minority Interest		(328.4)	(282.8)
- Share of Profit of Associate		13.0	-
PROFIT OF THE YEAR		**3,237.2**	**3,290.9**
Earnings per Equity share			
Basic (₹)		30.60	32.81
Diluted (₹)		30.29	32.35

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

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

KAPIL WADHAWAN
Chairman &
Managing Director

B.M.Chaturvedi
Partner
ICAI MN: 17607

KAPIL WADHAWAN
Chairman &
Managing Director

DIRECTORS

Place: Mumbai
Date: 10th May, 2012

S.Y.SANKHE
Company Secretary

DEWAN HOUSING FINANCE CORPORATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(₹ in millions)

Particulars		Year ended 31.03.2012		Year ended 31.03.2011	
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit Before Tax			4,856.7		4,704.4
Adjustments for:					
Depreciation/Amortisation		73.9		69.1	
Employees Stock Option Expenses		57.6		7.5	
Bad Debts (net of provisions)		4.1		-	
Other provisions made / (written back) (net)		(24.3)		-	
Loss/ (Gain) on Hedged Items and Hedging Derivative		(4.2)		(3.8)	
Premium on Forward Exchange Contracts		-		10.3	
Provision for Gratuity & Leave Encashment		26.2		31.5	
(Profit)/Loss on Fixed Assets sold		4.9		6.1	
Provision for contingencies		462.8		194.9	
Other Operational Treasury Income		(745.4)	(144.4)	(774.8)	(459.2)
Operating profit before Working Capital changes			4,712.3		4,245.2
Adjustments for:					
Current Assets		(3,690.6)		(2,621.4)	
Current Liabilities		5,398.8		1,819.4	
Working capital changes			1,708.3	-	(802.0)
Cash generated from operations during the year			6,420.6		3,443.2
Tax Paid			(1,187.8)		(968.4)
Net Cash Flow from Operating activities	**[A]**		**5,232.8**		**2,474.8**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Net Income from Treasury Investment - MF		375.5		(629.4)	
Net Income from Treasury Investment - Others		365.2		326.4	
Net Reduction/(Addition) to investments		3,732.4		(12,036.6)	
Sale Proceeds of disinvestments in Subsidiaries		533.8		-	
Net Addition to fixed assets		(303.7)		(151.7)	
Net cash used in investing activities	**[B]**		**4,703.2**		**(12,491.3)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Issue of Equity Shares		254.1		865.2	
Premium on Issue of Equity Shares		2,972.4		4,697.3	
Debenture Issue Expenses		(2.8)		(16.2)	
Preliminary Expenses		-		(25.2)	
Proceeds from Loan Securitised / Loan Syndicated		18,301.8		-	
Issue of Perpetual Debts		1,252.0		-	
Loans received from Banks/Institutions		55,968.5		65,247.5	
Refinance loans received from NHB		2,280.0		1,000.0	
Proceeds from issue of NCD's & Subdebts		14,926.0		11,050.0	
Proceeds from issue of CP's(Net)		2,889.1		974.9	
Fixed Deposits/ICD received(Net)		3,786.4	102,627.5	8,026.4	91,819.9
Housing loan repayments		30,377.3		10,098.9	
Other Loans repayments		3,240.4	33,617.7	2,282.4	12,381.3
Loans repaid to Banks / Institution		(25,401.3)		(10,119.6)	
NCDs redeemed		(8,150.0)		(415.0)	
Refinance loans repaid/Prepaid to NHB		(4,491.7)		(2,619.5)	
Preference share capital redeemed		-		(30.0)	
Premium on Redemption of Preference Shares		-		(270.0)	
Non-convertible Devebtures Redeemed		(706.7)	(38,749.7)	-	(13,454.1)
Housing loan disbursed		(90,067.9)		(73,525.8)	
Other property Loans disbursed		(22,997.8)	(113,065.7)	(2,943.8)	(76,469.6)
Dividend & Dividend Distribution Tax		(901.9)		(388.4)	
Share Premium Utilised		-	(901.9)	(25.0)	(413.4)
Net cash from financing activities	**[C]**		**(16,472.0)**		**13,864.1**
Net increase in cash & cash equivalents	**[A + B + C]**		**(6,536.1)**		**3,847.6**
Cash & cash equivalents at the beginning of the year			13,787.3		9,939.7
Cash & cash equivalents at the close of the year			**7,251.2**		**13,787.3**

Negative Figure (-) represent cash outflow.

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

For B.M.CHATURVEDI & CO.
CHARTERED ACCOUNTANTS
ICAI FRN:114317W

(B.M.CHATURVEDI)
Partner
ICAI M. No.17607

KAPIL WADHAWAN
Chaiman &
Managing Director

S. Y. SANKHE
Company Secretary

Director

Place : Mumbai
Date : 10th May 2012

DEWAN HOUSING FINANCE CORPORATION LIMITED

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

1 CORPORATE INFORMATION

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

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation of financial statements :

a) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 and Housing Finance Companies, (NHB) Directions, 2010 wherever applicable. Accounting Standards (AS) referred to in the notes are as issued by the Institute of Chartered Accountants of India.

b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Group.

c) The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

2.2 Principles of consolidation :

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

a) The financial statements of the Holding Company and its subsidiary companies are combined on a line-by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 and "Consolidated Financial Statements".

b) The net difference between net assets at the time of acquisition of shares in the subsidiaries over the cost on investment in the subsidiaries is recognized in the financial statements as Goodwill.

c) Investment in associate companies has been accounted under the equity method as per (AS-23) - "Accounting for investment in associates in consolidated financial statements".

d) Minority interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Holding Company.

e) Minority interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Holding Company's shareholders.

f) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Holding Company's separate financial statements.

g) Amounts in the financial statements are presented in ₹ millions (One Million equals 10 Lacs), except for per share data and as otherwise stated. All exact amounts are stated with suffix "/-".

2.3 Interest on housing loans :

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

2.4

Interest & other related financial charges:

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

2.5 Revenue Recognition :

a) Interest on performing assets is recognized on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank. The interest income (payment) is adjusted for gain (loss) on corresponding hedge contracts / interest swap derivatives, wherever executed.

b) Dividend income on investments, processing fees and penal interest income on delayed EMI/PEMI are recognised on receipt basis.

c) Income from other services is recognised on accrual basis.

2.6 Foreign Exchange Transactions :

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

2.7 Provision for Contingencies :

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

2.8 Investments :

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

2.9 Fixed Assets :

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

2.10 Impairment of Assets :

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

2.11 Intangible Assets :

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

2.12 Special Reserve :

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

2.13 Prepaid Expenses :

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

2.14 Employees Retirement Benefits :

a) The Companies' contribution in respect of Employees’ Provident Fund is made to Government provident fund and is charged to Profit & Loss Account.

b) Gratuity and Leave Encashment payable at the time of retirement are charged to Profit & Loss Account on the basis of actuarial valuation as required under AS-15.

2.15 Income Tax :

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

2.16 Housing and Other Loans :

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

2.17 Securitised Assets :

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

2.18 Other significant Accounting Policies :

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

The Subsidiary Companies considered in the consolidated financial statements along with proportion of ownership interest based on direct and indirect holding are as under:

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

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

Aadhar Housing Finance Private Limited	50.00%

(₹ millions)

		31.03.2012	31.03.2011
3	**SHARE CAPITAL**		
	Authorised		
	17,50,00,000 equity shares of ₹ 10/- each	1,750.0	1,750.0
	7,50,00,000 Redeemable,	750.0	750.0

non-convertible preference shares of ₹ 10/- each		
	2,500.0	**2,500.0**
Issued, Subscribed and Paid up		
11,68,39,981 (10,44,26,402) equity shares of ₹ 10/- each fully paid up	1,168.4	1,044.3
	1,168.4	**1,044.3**

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

a) On the 29th February, 2012, DHFL has issued and allotted to QIBs 1,19,09,873 (1,68,69,095) equity shares of ₹ 10/- each, at a price of ₹ 255.50 per equity share (including a premium of ₹ 245.50 per equity share), aggregating to ₹ 3,042.9 millions and has issued and allotted on preferential basis NIL (50,00,000) equity shares of ₹ 10/- each to promoter and other investor.

b) During the year DHFL has allotted, from time to time, 301,264 (291,930) number of equity shares of ₹ 10/- each to various eligible employees under (ESOS 2008) at the price of ₹ 53.65 per equity share (including a premium of ₹ 43.65 per equity share) aggregating to ₹ 16.2 millions as approved in the AGM dated 23rd July, 2007 and allotted at the reconsidered price approved in the EOGM dated 31st March, 2009.

c) During the year DHFL has allotted, from time to time, 202,442 (238,833) number of equity shares of ₹ 10/- each to various eligible employees under (ESOS 2009) at the price of ₹ 141/- per equity share (including a premium of ₹ 131/- per equity share) aggregating to ₹ 28.5 millions as originally approved in the AGM dated 23rd July, 2007.

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

3.3 The reconcilation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period:

Particulars	**As at 31st March, 2012**		**As at 31st March, 2011**	
	No.of shares	**Amount (millions)**	**No.of shares**	**Amount (millions)**
Equity shares at the beginning	10,44,26,402	1,044.3	8,20,26,544	820.3
Add: Shares issued during the year	1,19,09,873	119.1	2,18,69,095	218.7
Add: Shares issued under ESOS	5,03,706	5.0	5,30,763	5.3
Equity shares at the end	11,68,39,981	1,168.4	10,44,26,402	1,044.3

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

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No.of shares	% holding	No.of shares	% holding
Kapil Wadhawan	99,78,472	8.54	99,36,087	9.51
Dheeraj Wadhawan	93,08,998	7.97	93,08,998	8.91
Aruna Wadhawan	79,80,447	6.83	79,80,447	7.64
Wadhawan Holdings Private Ltd	87,36,536	7.48	87,36,536	8.37
Caledonia Investments PLC	1,00,17,923	8.57	1,00,17,923	9.59

3.5 Stock option plans:

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

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

			(₹millions)
		31.03.2012	31.03.2011
4	**RESERVES & SURPLUS**		
	Capital Reserve	**0.**7	**0.**7
	Capital Redemption Reserve	77.5	77.5
	Securities Premium	10,299.7	6,794.0
	General Reserve	3,336.3	2,810.4
	Special Reserve under section 36(i)(viii) of the Income Tax Act,1961	3,839.9	2,624.7
	Contingency Reserve	-	3,50.0
	Employees Stock Option Outstanding	84.2	26,6
	Surplus in Statement of Profit and Loss:	2,639.6	2,333.0
	Dividend	(1,060.8)	(431.8)
	Tax on dividend	(170.7)	(73.4)
	Total	**19,046.4**	**14,511.7**

5

	Non Current Portion		Current Portion	
	31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**
LONG TERM LIABILITIES				
Secured loans/NCD from banks, NHB,FII's, others	187,696.9	153,787.5	32,464.7	26,666.7
Unsecured loans/NCD & Deposits	14,105.7	11,821.4	5,297.2	2,827.2
Total Long Term Liabilities	**201,802.6**	**165,608.9**	**37,761.9**	**29,493.9**
Less: Current Portion of above liability is disclosed under the head "other current liabilities" (Refer Note 9)	-	-	(37,761.9)	(29,493.9)
Net Amount	**201,802.6**	**165,608.9**	-	-

5.1 Non Convertible Debentures (NCD) issued by DHFL amounting to ₹ 18,502.0 millions (₹ 11,906.7 millions) are secured /to be secured by way of first charge and are redeemable at par, in one or more instalments, on various dates, with the earliest redemption being 17th May, 2012 and the last being 22nd September, 2021.

5.2 All Secured term loans of DHFL from the National Housing Bank, other Banks, Asian Development Bank, Financial Institutions and Secured Non Convertible Debentures are secured/to be secured by way of first charge to and in favour of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu inter-se, on DHFL's whole of the present and future book debts outstanding, investments including all the receivables of DHFL and other movable assets wherever situated excluding SLR assets (under process of exclusion in favour of trustees for the deposit holders) read with Note no. 5.3 hereinafter. They are further secured / to be secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties of DHFL, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by some of the promoter directors of the DHFL.

5.3 The National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favour of depositors through the mechanism of a trust deed. DHFL has appointed in earlier year a SEBI approved trustee company i.e. GDA Trustee and Consultancy Ltd. as trustee for the above by executing the trust deed and is creating necessary required charge on SLR assets.

5.4 DHFL has raised ₹ 750.0 millions during the year through issue of long term Unsecured, Redeemable, Non Convertible Debentures. These Debentures are redeemable at par on 26th March, 2022. These Debentures are Sub-ordinate to present and future senior debt holders of DHFL and qualifies as Tier II Capital under the NHB Guidelines.

5.5 All Fixed Deposits of DHFL, including short term fixed deposits, are repayable as per individual contracted maturities ranging upto 12 months and 84 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.

5.6 Department of Company affairs has exempted Housing Finance Companies registered with National Housing Bank from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Since the Debenture issues of DHFL and First Blue till day are through private placement no DRR has been created.

6.1 As at 31st March, 2012, 6,405 (7,300) number of Secured Redeemable Non Convertible Debentures (RNCD) of ₹1,000,000/- each issued by First Blue on private placement basis are outstanding amounting to ₹ 6,405.0 Millions (₹ 7,300.0 millions). These debentures carry coupon rate ranging 9.40% to 11.00% and are redeemable at par at maturity between April 2012 and February 2022.

6.2 All RNCD (current and non-current portion) of First Blue are secured by a first charge by way of hypothecation of book debts of specific loan assets and by way of mortgage of land of the First Blue. Further, out of above, RNCD amounting to ₹ 2,500.0 millions (Nil) are also secured by corporate guarantee of DHFL, the ultimate holding company of First Blue.

6.3 All ZCDs (current and non-current portion) of First Blue are secured by a first charge by way of hypothecation of book debts of specific loan assets and by way of mortgage of land of the First Blue.

6.4 As at 31st March, 2012, 2,210 (2,210) number of Unsecured Redeemable Non Convertible Subordinated Debentures of ₹ 1,000,000 each of First Blue are outstanding amounting to ₹ 2,210.0 millions (₹ 2,210.0 millions), which are subordinated to present and future senior indebtedness of the First Blue. It qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy depending upon balance term to maturity. These debentures carry coupon rate ranging 9.80% to 11.35% and are redeemable at par on maturity between April 2016 and October 2023.

6.5 During the year, First Blue has raised 514 (1,250) number of Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) of ₹ 1,000,000 each amounting to ₹ 514.0 millions (₹ 1,250.0 millions). The total ZCD outstanding as at 31st March, 2012 is ₹ 1,764.0 millions (₹ 1,250.0 millions) and are redeemable at premium on maturity between August 2012 and February 2014. The premium payable on ZCD accrued till 31st March, 2012 ₹ 190.7 millions (₹ 61.5 millions) is provided out of the securities premium account.

7.1 Secured term loan received by First Blue from National Housing Bank are repayable as per the contracted terms in one or more instalments between April 2012 and April 2021.

7.2 These term loans from National Housing Bank of First Blue are secured by mortgage of all immovable properties owned and possessed by First Blue, both present & future and a first exclusive charge by way of hypothecation of all movable properties, excluding specific housing and property loans & investments, both present & future. The loans are further secured by a first exclusive mortgage/ charge by way of hypothecation of specific book debts in respect of housing loans against which refinance has been availed.

7.3 The secured term loans received by First Blue from all other banks are availed from various scheduled banks. These loans are repayable as per the individual contracted terms in one or more instalments between April 2012 and April 2020.

7.4 These loans of First Blue are secured by a first charge by way of hypothecation of book debts of specific loan assets of First Blue. Out of these, (i) loans aggregating to ₹ 28,718.9 millions (₹ 18,089.0 millions) are further secured by a negative lien on the underlying properties, (ii) loans aggregating to ₹ 1,000.0 millions (Nil) are further secured by a negative lien on the underlying properties and demand promissory notes, and (iii) loans aggregating to ₹ 809.5 millions (₹ 1,930.0 millions) are further secured by demand promissory notes.

7.5 All Fixed Deposits of First Blue, including short term fixed deposits, are repayable as per individual contracted maturities ranging upto 12 months and 60 months from the date of deposit. The interest is payable on half yearly or annual basis or cumulatively at the time of principal maturity depending upon the scheme opted by the depositor.

7.6 Easy Home Loan Deposits of First Blue aggregating to ₹ 7.0 millions (₹ 62.4 millions) are in the nature of recurring deposits wherein a fixed amount is deposited on a monthly basis by the depositor for the contracted period. The easy home loan deposits are repayable in 36 months to 84 months from the contract date depending upon the scheme opted by the depositor. The interest is accumulated and is paid/ adjusted at maturity. At the end of the contracted period, the depositor can opt for a housing loan at a fixed pre-determined contracted rate.

(₹millions)

8 PROVISIONS

	Long Term Provision		Short Term Provision	
	31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**
Provision for Contingencies				
Against Standard Assets:	1,499.2	505.5		
Against NPA:	720.8	395.5		
Provision for contingencies on loan portfolio	2,220.0	901.0	-	-
Provision for employee benefits				
Gratuity	40.1	21.7	14.8	8.1
Leave encashment	12.0	16.8	9.2	6.1
Provision for proposed dividend	-	-	652.9	365.9
Provision for dividend distribution tax	-	-	105.9	62.2
Other Provisions	9.5	1.9	84.2	26.8
	2,281.6		**867.0**	
Total Provisions		**941.4**		**469.1**

8.1 DHFL has written off ₹ 23.6 millions (₹ 7.7 millions) as bad debts and by way of one time settlement to recover some of its NPA and Loss Accounts. DHFL has withdrawn ₹ 23.6 millions (₹ 7.7 millions) from contingency provisions created out of profits of earlier years.

8.2 Provision for Contingencies

The National Housing Bank (NHB) vide its circular dated 5th August, 2011 read with circular dated 19th January, 2012 has introduced additional contingency provisioning requirements. The group has met the above requirement by utilizing excess reserve created in earlier year and by making further provision during the year. As a matter of prudent risk management and based on experience, the group has created on its own in the past, additional reserve on its standard assets towards contingencies beyond the NHB requirements. The group has fully utilized these additional contingency reserves/provisions for meeting the above requirements of the NHB and has also provided balance during the year. DHFL has made during the year additional provision beyond NHB requirement of ₹ 105.1 millions and First Blue of ₹ 102.5 millions.

(₹ millions)

9.1.

	31.03.2012	31.03.2011
SHORT TERM BORROWINGS		
Secured	4,092.0	6,166.6
Unsecured - including current maturities of long term unsecured borrowing	11,696.8	6,793.3
Total Short Term Borrowings	**15,788.8**	**12,959.9**

9.2

	31.03.2012	31.03.2011
OTHER CURRENT LIABILITIES		
Current maturities of long term secured borrowings (Refer Note no 5)	32,464.7	26,666.7
Others	1,680.1	4,237.6
Total other current liabilities	**34,144.8**	**30,904.3**

10 FIXED ASSETS

(₹ millions)

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.04.2011	Addition	Deduction/ Adjustment	As on 31.03.2012	As on 1.04.2011	for the year	Deduction/ Adjustment	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
Tangible:										
Free Hold Land	0.3	-	-	0.3	-	-	-	-	**0.3**	0.3
Building	305.6	-	-	305.6	30.8	4.9	-	35.7	**269.9**	274.8
Leasehold	76.7	0.6	-	77.3	29.7	12.1	-	41.8	**35.5**	47.0
Furniture & Fixture	177.1	48.7	22.3	203.5	42.9	11.6	9.0	45.5	**158.0**	134.2
Office Equipments	102.1	31.6	7.9	125.8	20.1	5.8	3.0	22.9	**102.9**	82.0
Vehicles	43.2	5.3	6.4	42.1	8.0	5.6	2.8	10.8	**31.3**	35.2
Computer (Hardware)	233.3	24.0	26.2	231.1	123.5	27.7	21.4	129.8	**101.3**	109.8
Sub Total	**938.3**	**110.2**	**62.8**	**985.7**	**255.0**	**67.7**	**36.2**	**286.5**	**699.2**	**683.3**
Intangible:										
Computer (Software)	50.7	34.2	-	84.9	41.9	2.8	-	44.7	**40.2**	8.8
Fixed Assets	**989.0**	**144.4**	**62.8**	**1,070.6**	**296.9**	**70.5**	**36.2**	**331.2**	**739.4**	**692.1**
Capital Work in Process	1,661.0	161.6	-	1,822.6	-	-	-	-	**1,822.6**	1,661.0
TOTAL	**2,650.0**	**306.0**	**62.8**	**2,893.2**	**296.9**	**70.5**	**36.2**	**331.2**	**2,562.0**	**2,353.1**
Previous Year	2,314.9	376.2	41.1	2,650.0	249.8	68.1	21.0	296.9	2,353.1	-

11

(₹millions)

NON CURRENT INVESTMENTS	**31.03.2012 Amount**	**31.03.2011 Amount**
Trade Investments		
Investment in unquoted equity instruments		
Investment in associates:	590.4	307.4
Investment in unquoted preference instruments	127.1	
Other Investments		
Investment in Mutual Funds/Venture Capital Fund – unquoted	335.1	322.3
Investment in Govt. securities/guaranteed bonds (SLR) – quoted	500.0	313.1
Investment in Govt. securities/guaranteed bonds (Non - SLR) - quoted	75.0	75.0
Residential Mortgaged backed Securitisation - unquoted	112.1	134.9
	1739.7	**1,152.7**
Less: Provision for diminution in value of investments	19.0	5.9
TOTAL NON CURRENT INVESTMENTS	**1,720.7**	**1,146.8**

12 As required by NHB, DHFL has divested its holding in DHFL Vysya Housing Finance Limited from 58.20% to 9.47% during the year. DHFL with a view to focus on its core business has also completely divested its holding in DHFL Property Services Limited during the year. Accordingly, DHFL Vysya Housing Finance Limited, Aadhar Housing Finance Private Limited and DHFL Property Services Limited are no longer subsidiaries of DHFL. DHFL has earned profit of ₹ 318.7 millions on sale of shares of DHFL Vysya Housing Finance Limited.

13

	Non Current Portion		**Current Portion**	
HOUSING AND PROPERTY LOANS	**31.03.2012**	**31.03.2011**	**31.03.2012**	**31.03.2011**
Housing Loans	209,665.9	170,559.3	9,953.1	13,474.9
Other Property Loans	31,787.4	14,114.4	3,275.8	1,004.3
Total Housing and Property Loans	**241,453.3**	**184,673.7**	**13,228.9**	**14,479.2**

13.1 Property loans consists of non-housing loans such as mortgage loans, project loans, commercial loans, plot loans, lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of National Housing Bank.

13.2 As certified by the management, loans given by the DHFL are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or assignment of Life Insurance Policies and/or personal guarantees and/or undertaking to create a security and are considered appropriate and good.

13.3 DHFL has entered into Loan Syndication arrangements with certain public sector banks to provide Housing loan to borrowers wherein DHFL originates the loan files from branches and surrounding areas of such banks and also from open market and gets it processed under common credit norms at the Central Processing Unit set up in the premises of such banks. The said banks have agreed to participate not over 50% of the disbursed loan portfolio under loan syndication arrangement. Entire processing fees and other charges / income on above accrued to the DHFL. DHFL has derecognised above loan portion syndicated to others in its books.

13.4 DHFL has also entered into Loan Syndication arrangements with First Blue Housing Finance Limited, DHFL Vysya Housing Finance Limited and Aadhar Housing Finance Limited to provide Housing and Property Loans to borrowers wherein DHFL originates the loan files through its branches and gets it processed under common credit norms at the Central Processing Unit. The loan syndicate participants have agreed to participate in the disbursed loan portfolio under loan syndication arrangement. DHFL has derecognised above loan portion syndicated to others in its books.

14 CURRENT INVESTMENTS

(₹ millions)

	31.03.2012 Amount	31.03.2011 Amount
Trade Investments		
Investment in equity instruments- quoted	42.8	69.5
Other Investments		
Investment in Mutual Funds/Venture Capital Fund - unquoted	268.7	5,795.4
Investment in unquoted Commercial Papers	441.4	-
TOTAL CURRENT INVESTMENTS	**752.9**	**5,864.9**

15 REVENUE FROM OPERATIONS

(₹ millions)

	31.03.2012	31.03.2011
Interest on Housing and Property Loans	28,633.4	18,456.2
Interest on Bank Deposits	190.0	-
Interest on Long Term Investments	41.1	-
Other Interest	153.3	535.3
Revenue from other services	2,395.0	1,494.6
Operational treasury income	706.6	451.3
Total Revenue from operations	**32,119.5**	**20,937.4**

16 INTEREST AND FINANCE CHARGES

Interest expenses	23,361.1	13,854.9
Other Borrowing Costs	134.5	46.4
Total Interest and Finance charges	**23,495.6**	**13,901.3**

17 During the year, First Blue noticed instance of fraud, on account of fabrication of financial and property documents by some customers, with probable financial impact of ₹ 9.1 millions for which necessary criminal and civil legal remedial actions are being taken. First Blue has made adequate provision towards this in its financial statements.

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

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

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

1) COMPANIES

Associate Companies

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

2) KEY MANAGEMENT PERSONNEL

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

(₹ millions)

Nature of Transactions (excluding reimbursements)	Associate Companies		Key Management Personnel
	2011-12	2010-11	
1) Investments			
Opening Balance	1,300.8	774.0	-
Investment Made	11.7	554.5	-
Investment Redeemed	399.8	27.7	-
Closing Balance	912.7	1,300,8	-
2) Advances Recoverable in cash or in kind			
Opening Balance	43.7	9.1	-
Advance given during the year	548.8	35.0	-
Recovered during the year	554.0	4	-
Closing Balance	38.5	43.7	-
3) Securitisation of loan portfolio			
Securitised during the year	64.0	-	-
4) Income			
Dividend	16.1	16.1	-
Interest	10.7	5.8	-
Rent	10.3	14.1	-
Other income	30.0	460.0	-
5) Expenditure			
Remuneration	-	-	65.3 (56.5)
Rent, Rates & Taxes	1.3	1.3	-
Other Expenditures	3.9	1.8	-

Details of Transactions (excluding reimbursements)	Associate Companies		Key Management Personnel
	2011-12	2010-11	
ASSETS : 1) Investments in			
Arthveda Fund Management Pvt.Ltd.	11.7	-	-
2) Advances Recoverable from			
DHFL Property Services Limited	(12.9)	13.3	-
Aadhar Housing Finance Private Limited	4.0	1.7	-
DHFL Insurance Services Limited	3.7	2.1	-
Wadhawan Housing Private Limited	-	17.9	-
Wadhawan Retail Private Limited	-	(0.4)	-
INCOME received from 1) Dividend			
DHFL Vysya Housing Finance Limited	16.1	16.1	-
2) Interest			
DHFL Vysya Housing Finance Limited	10.7	5.8	-
3) Rent			
Aadhar Housing Finance Private Limited	6.7	2.2	-
Wadhawan Retail Private Limited	-	8.6	-
Dish Hospitality Private Limited	3.6	3.3	-
4) Other Income			

DHFL Property Services Limited	30.0	10.0	-
DHFL Insurance Services Limited	-	450.0	-
EXPENDITURE: 1) Rent, Rates &Taxes			
Wadhawan Holdings Private Limited	1.3	1.3	-
2) Remuneration			-
Shri Kapil Wadhawan	-	-	16.8 (15.7)
Shri Anil Sachidanand	-	-	11.7 (11.1)
Shri Rajeev Sathe	-	-	6.1 (4.2)
Shri Anoop Pabby	-	-	4.8 (24.2)
Shri Michael Maybaum	-	-	25.9 (25.5)
3) Other Expenditures			
DHFL Vysya Housing Finance Limited	-	-	-
Dish Hospitality Private Limited	3.9	1.8	-

20 Contingent liability :

	31.03.2012	**31.03.2011**
Guarantees provided by the Company	2,247.3	0.7
Claims against the Company not acknowledged as debts	5.4	2.8
Pertaining to disputed income tax & service tax in appeal	85.6	30.5

20.1 DHFL has given corporate guarantee in favour of institutional subscriber of secured, redeemable, non convertible debentures issued by its subsidiary First Blue for ₹ 2,500.0 millions and interest thereon.

21 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 16.1 millions (₹ 578.8 millions).

22 Capital Work in Progress includes ₹ 1,822.6 millions (₹ 1,660.8 millions) paid as advance consideration for acquiring office premises under construction, and ₹ 45.0 millions paid in lieu of part consideration towards sale of leasehold land in earlier years.

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

24 Figures in brackets represent previous year's figures.

For B. M. CHATURVEDI & CO.
CHARTERED ACCOUNTANTS
ICAI FRN: 114317W

KAPIL WADHAWAN
Chairman & Managing Director

B.M.CHATURVEDI
PARTNER
ICAI MN: 17607

S. Y. SANKHE
Company Secretary

Directors

Place : Mumbai
Dated : 10th May 2012

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Independent Auditors Report to the Board of Directors of Dewan Housing Finance Corporation Limited

We have reviewed the accompanying statement of unaudited financial statement comprises of Balance Sheet, Statement of Profit and Loss and Cash Flow Statement of **Dewan Housing Finance Corporation Ltd**. (the Company) for the Quarter and Nine Month period 31st December 2014 ("the Statement"). This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We have conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. The standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. This review is limited primarily to inquiries from company personnel and analytical procedures applied to Books of accounts and other financial data of the Company and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards issued under the Companies (Accounting Standards) Rules, 2006, which continue to apply as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014,) and other accounting principal generally accepted in India, has not disclosed the information required to be disclosed in terms of clause 41 of the Listing Agreement with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.

We refer to Note 2 of the explanatory statement attached to the financial statement, which describes the accounting treatment used by the corporation in creating the deferred tax liabilities on special reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the NHB`s Circular No. NHB (ND)/DRS/Policy Circular 65/2014-15 dated August 22, 2014.

Our conclusion is not qualified in respect of this matter.

For T R Chadha & Co.
Chartered Accountants
(Firm Registration No.06711N)

(Pramod Tilwani)
Partner
Membership No. 076650

For Rajendra Neeti & Associates
Chartered Accountants
(Firm Registration No. 006543C)

(Rajendra Kumar Gupta)
Partner
Membership No. 070165

23rd February, 2015, Mumbai

DEWAN HOUSING FINANCE CORPORATION LIMITED

BALANCE SHEET AS AT 31st DECEMBER, 2014

(₹ in Millions)

	NOTES	As at 31.12.2014	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,286.5	1,284.2
Reserves and Surplus	4	36,994.8	34,465.4
Total Shareholders' Funds		38,281.3	35,749.6
Non Current Liabilities			
Long Term Borrowings	5	359,156.6	322,954.8
Deferred Tax Liabilities on Special IT Reserves as per NHB Direction		678.6	-
Deferred Tax Liabilities (Net)	7	-	11.5
Other Long Term Liabilities	6	15.8	15.1
Long Term Provisions	8	3,968.9	3,313.5
Total Non-Current Liabilities		363,819.9	326,294.9
Current Liabilities			
Short Term Borrowings	9	38,115.5	15,947.2
Trade Payables	10	6.6	2.6
Other Current Liabilities	11	69,554.6	59,874.3
Short Term Provisions	8	62.9	751.3
Total Current Liabilities		107,739.6	76,575.4
TOTAL		**509,840.8**	**438,619.9**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets		1,848.5	1,846.5
Intangible Assets		55.7	69.3
Capital Work in Progress		7,964.2	7,961.5
	12	9,868.4	9,877.3
Non-Current Investments	13	3,722.5	3,067.0
Deferred Tax Assets (Net)	7	214.5	-
Long term Housing and Property Loans	14	456,730.7	387,469.0
Other Long Term Loans and Advances	15	188.9	160.8
Other Non-Current Assets	20	1,705.5	1,945.1
Total Non-Current Assets		472,430.5	402,519.2
Current Assets			
Current Investments	16	2,847.5	2,692.0
Trade Receivables	17	2,546.0	774.5
Cash and Bank Balances	18	7,157.0	9,831.8
Short term portion of Housing and Property Loans	14	21,026.2	18,497.3
Other Short Term Loans and Advances	19	3,682.3	4,055.7
Other Current Assets	20	151.3	249.4
Total Current Assets		37,410.3	36,100.7
TOTAL		**509,840.8**	**438,619.9**

Notes forming part of the Financial Statements 1-26

DEWAN HOUSING FINANCE CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS PERIOD ENDED 31st DECEMBER, 2014

(₹ in millions)

	Notes	Year Ended 31.12.2014	Year ended 31.03.2014
INCOME			
Revenue from Operations	21	44,027.7	49,675.9
Other Income	22	10.1	21.0
TOTAL REVENUE		**44,037.8**	**49,696.9**
EXPENSES			
Interest & Finance Cost	23	32,842.2	37,825.8
Employees Remuneration & Benefits	24	1,411.1	1,761.0
Administrative & Other Expenses	25	1,957.0	1,949.9
Depreciation & Amortisation	12	207.9	109.1
Provision for Contingencies	8	700.0	700.0
TOTAL EXPENSES		**37,118.2**	**42,345.8**
PROFIT BEFORE TAX		**6,919.6**	**7,351.1**
Less: Tax Expense			
- Current Tax		2,189.0	2,029.5
- Deferred Tax Charge/ (Credit)		(226.0)	31.6
- Deferred Tax Charge/ (Credit) on Special IT Reserve		366.5	-
PROFIT FOR THE YEAR		**4,590.1**	**5,290.0**
Earnings per Equity share	26		
Basic (₹)		**35.69**	**41.23**
Diluted (₹)		**35.47**	**41.11**
Notes forming part of the Financial Statements	1-26		

DEWAN HOUSING FINANCE CORPORATION LIMITED

CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED 31st DECEMBER, 2014

(₹ in millions)

Particulars		Nine months ended 31.12.2014		Year ended 31.03.2014	
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit Before Tax			6,919.6		7,351.1
Adjustments for:					
Depreciation		207.9		109.1	
Employees Stock Option Expenses		11.3		27.3	
(Gain)/Loss on hedged items and hedging derivative		-		(2.5)	
(Profit)/Loss on Fixed Assets sold		6.3		19.7	
Provision for Contingencies		700.0		700.0	
ZCB Expenses		509.3		77.3	
Liabilities Written back		-		(11.5)	
Other Operational Treasury Income		(643.5)	791.3	(673.0)	2,463.5
Operating Profit before Working Capital changes			7,710.9		7,597.5
Adjustments for:					
Current & Non Current Assets		(2,001.8)		(879.5)	
Current & Non Current Liabilities		2,483.1		1,832.6	
Working Capital Changes			481.4		953.2
Cash Generated from Operations During the Year			8,192.3		8,550.7
Tax Paid			(2,297.8)		(1,981.8)
Net Cash Flow from Operating Activities	**(A)**		5,894.5		6,568.9
B CASH FLOW FROM INVESTING ACTIVITIES					
Net Income from Treasury Investments		643.5		673.0	
Net Addition to Investments		(811.0)		(3,008.8)	
Movement In Fixed Deposits		512.8		813.9	
Net Addition to Fixed Assets		(189.0)		(5,626.9)	
Net Cash used in Investing Activities	**(B)**		156.3		(7,148.8)
C. CASH FLOW FROM FINANCING ACTIVITIES					
Issue of Equity Shares		2.3		2.0	
Premium on Issue of Equity Shares		27.0		19.3	
Proceeds from Loan Securitised		12,777.1		28,334.3	
Issue of Perpetual Debts		-		355.0	
Cash Credits (Net)		1,981.6		-	
Loans Received from Banks/Institutions		29,750.0		81,132.5	
Refinance Loans Received from NHB		-		3,500.0	
Proceeds from issue of NCD's and Sub Debts		35,975.5		21,429.0	
Proceeds from issue of CP		64,190.0		53,200.0	
Fixed Deposits received		19,133.8	163,837.3	18,063.0	206,035.0
Housing loan Repayments		38,474.0		58,217.6	
Other Loans Repayments		12,259.9	50,733.9	11,824.7	70,042.3
Loans repaid to Banks / Institution		(25,389.6)		(35,830.6)	
Refinance loans repaid/Prepaid to NHB		(2,540.9)		(5,516.3)	
Fixed Deposits Repaid		(10,055.0)		(11,345.6)	
Cash Credit Repayment (Net)		-		(648.0)	
Other Short term Liabilities repaid		-		(316.0)	
Non-Convertible Debentures Redeemed		(3,788.4)		(6,764.1)	
CP Redeemed		(43,690.0)	(85,463.9)	(43,750.0)	(104,170.6)
Housing Loan Disbursed		(99,614.2)		(130,284.3)	
Other Loans Disbursed		(35,687.6)	(135,301.8)	(35,041.4)	(165,325.7)
Dividend & Dividend Distribution Tax		(1,370.6)		(870.5)	
Share Premium Utilised		(1,160.4)	(2,531.0)	(424.3)	(1,294.8)
Net Cash from Financing Activities	**(C)**		(8,725.6)		5,286.2
Net Increase in Cash & Cash Equivalents			(2,674.8)		4,706.2
Cash & cash equivalents at the beginning of the year	**(A)+(B)+(C)**		9,831.8		5,125.6
Cash & Cash Equivalents at the Close of the Year			7,157.0		9,831.8

Negative Figure (-) represent cash outflow. This Cash Flow Statement referred to in our report of even date.

Dewan Housing Finance Corporation Limited

Selected Explanatory Notes to the financial statement for the period ended 31st December, 2014.

1. The financial statement for the period ended 31st December, 2014 are being prepared by complying same accounting policies and principles used while preparing audited financial statement for the year ended 31st March, 2014.

2. The National Housing Bank (NHB) has directed Housing Finance Companies to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under section 36(1)(viii) of the Income-tax Act, 1961. NHB vide its policy circular dated 22nd August, 2014, has further clarified that such contingent Deferred Tax Liability (DTL) in respect of the opening balance in the special Reserve as at April 2014 may be created by adjusting the opening reserves of the Company over a period of three years.

Accordingly the company has prorate adjusted its opening General Reserves as at 1st April, 2014 with an amount of ₹ 312.1 millions as contigent deferred tax liability and the unamortized amount against the same is₹ 1352.5 millions. The contingent deferred tax liability of ₹ 133.4 millions and ₹ 366.5 millions in respect of the amount appropriated to Special reserve during the Quarter and Nine Month ended December 31, 2014 has been charged to the Statement of Profit and Loss for said period and Deferred Tax Liability on Special Reserve has been created as per NHB direction and has been separately disclosed.

3. As per the provisions of Companies Act, 2013 (Act), the Board of Directors of the Company has approved the useful lives of the fixed assets to workout new rate for depreciation as required part "C" of Schedule II of the Act.

Due to change stated above, the depreciation provided is higher by ₹ 29.1 millions and ₹ 100.3 millions during the Quarter and Nine Month ended December 31, 2014 respectively as compared to provisions if made under earlier Companies Act.

(₹ in millions)

4. Contingent liability (As of):	**31st Dec, 2014**	**31st Mar, 2014**
Guarantees provided by the Company	1,000.3	1,000.3
Claims against the Company not acknowledged as debts	20.2	10.5
Income Tax Demand (Net of amount deposited under protest ₹ 6.7 millions)	43.0	43.0
	1063.5	**1053.8**

For Dewan Housing Finance Corporation Limited

Chief Finance Officer

DEWAN HOUSING FINANCE CORPORATION LIMITED

Notes forming part of the financial statement for the nine months period ended 31st December, 2014.

(₹ in millions)

		31.12.2014	31.03.2014
3	**SHARE CAPITAL**		
	Authorised		
	748,000,000 (748,000,000) equity shares of ₹10/- each	7,480.0	7,480.0
	75,000,000 (75,000,000) Redeemable, non convertible preference shares of ₹10/- each	750.0	750.0
	500,000 (500,000) Redeemable, non convertible preference shares of ₹100/- each	50.0	50.0
		8,280.0	**8,280.0**
	Issued, Subscribed and Paid up		
	128,650,594 (128,420,240) equity shares of ₹10/- each fully paid	1,286.5	1,284.2
		1,286.5	**1,284.2**

(₹ millions)

		31.12.2014		31.03.2014	
4	**RESERVES & SURPLUS**				
	Capital Reserve				
	Balance as per last Balance Sheet	1,677.5		2,093.7	
		1,677.5		2,093.7	
	Less: utilised during the year	-		416.2	
			1,677.5		1,677.5
	Capital Redemption Reserve				
	Balance as per last Balance Sheet		77.5		77.5
	Securities Premium				
	Balance as per last Balance Sheet	14,660.6		14,983.0	
	Add : Addition during the year	35.5		24.6	
	Less : Utilised during the year	1,160.5	13,535.6	347.0	14,660.6
	Employees Share Options Outstanding				
	Balance as per last Balance Sheet	162.8		135.5	
	Add : Transferred from Statement of Profit & Loss	11.3	174.1	27.3	162.8
	General Reserve				
	Balance as per last Balance Sheet	7,336.3		5,336.3	
	Add : Transferred from Statement of Profit & Loss	-		2,000.0	
	Less: Utilisation on Depreciations	16.3		-	
	Less : Utilisation on Deferred Tax Liability on Special Rese	312.1		-	
			7,007.9		7,336.3
	Statutory Reserve (Special Reserve)				
	[In terms of Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987]				
	Balance as per last Balance Sheet	6,439.9		4,839.9	
	Add: Transferred from Statement of Profit & Loss	-		1,600.0	
			6,439.9		6,439.9
	Surplus in Statement of Profit and Loss:				
	As per last Balance Sheet	4,110.8		3,622.8	
	Add : Profit for the year	4,590.1		5,290.0	
		8,700.9		8,912.8	

Less : Appropriations :					
General Reserve	-		2,000.0		
Statutory Reserve	-		1,600.0		
Interim Equity Dividend	514.6		385.0		
Proposed Equity Dividend **	-		256.9		
Proposed 30th Anniversary Special Equity Divic	-		385.3		
Dividend for earlier year	0.9		0.3		
Dividend Distribution Tax	103.1		174.5		
	618.6		4,802.0		
Surplus closing balance		8,082.3			4,110.8
TOTAL RESERVES & SURPLUS		**36,994.8**			**34,465.4**

(₹ millions)

		Non Current Portion		Current Portion	
		31.12.2014	**31.03.2014**	**31.12.2014**	**31.03.2014**
5	**LONG TERM BORROWINGS**				
	Secured				
	Non-Convertible Debentures	70,203.9	44,365.6	11,072.0	4,723.3
	Term Loan from Banks	228,529.8	230,714.3	42,664.8	35,977.4
	Loan from Others				
	From National Housing Bank	12,316.5	16,000.9	4,939.2	3,795.7
	From Financial Institutions	4,182.5	4,195.9	-	129.1
	Total Secured long term borrowings	315,232.7	295,276.7	58,676.0	44,625.5
	Unsecured				
	Non-Convertible Debentures (perpetual)	1,857.0	1,857.0	-	-
	Non-Convertible Debentures (Subordinated issue)	11,915.0	11,915.0	-	-
	Deposit				
	Fixed Deposit (including Cummulative)	30,025.0	13,822.5	4,025.8	11,015.1
	Other Deposits	126.9	83.6	12.4	29.8
	Total Unsecured long term borrowings	43,923.9	27,678.1	4,038.2	11,044.9
	TOTAL LONG TERM BORROWINGS	359,156.6	322,954.8	62,714.2	55,670.4
	Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 11)	-	-	(62,714.2)	(55,670.4)
	Net Amount	**359,156.6**	**322,954.8**	**-**	**-**

(₹ millions)

		31.12.2014	**31.03.2014**
6	**OTHER LONG TERM LIABILITIES**		
	Advance from customers	10.9	5.3
	Others	4.9	9.8
	Total Other Long Term Liabilities	**15.8**	**15.1**

(₹ millions)

		31.12.2014		31.03.2014	
7	**DEFERRED TAX LIABILITIES / (ASSETS) NET**				
	A. Deferred Tax Asset				
	On account of provision for contigency	(917.7)		(672.1)	
			(917.7)		(672.1)
	Deferred Tax Liability				
	On account of depreciation	48.3		92.0	
	On account of others	654.9	703.2	591.6	683.6
	NET DEFERRED TAX LIABILITY / (ASSET)		**(214.5)**		**11.5**
	B. Deferred Tax Liability on Special IT Reserve (As per NHB Direction)		678.6		-
			678.6		**-**

8 PROVISIONS

(₹ millions)

	Long Term Provision		Short Term Provision	
	31.12.2014	**31.03.2014**	**31.12.2014**	**31.03.2014**
Provision for Contigencies				
Against Standard Assets:				
As per last Balance sheet	2,157.0	1,793.1		
Add : Provision during the year	387.0	363.9		
Add : Transfer from Contingency Reserv	-	-		
Add : Transfer from General Reserve	-	-		
Less : Utilised During the year	-	-		
Total	2,544.0	2,157.0	-	-
Short Term Provision	-	-	-	-
Net provision on standard loan portfolio	2,544.0	2,157.0	-	-
Against NPA:				
As per last Balance sheet	1,076.5	833.6		
Add : Provision during the year	309.2	278.4		
Less : Utilised During the year	44.6	35.5		
Total	1,341.1	1,076.5	-	-
Short Term Provision	-	-	-	-
Net provision on NPA loan portfolio	1,341.1	1,076.5	-	-
Against Investment:				
As per last Balance sheet	-	13.0		
Add : Provision (withdrawal) during the	-	(13.0)		
	-	-		
Less : Transfer to Provision for diminution in the value of investment	-	-		
	-	-		
Against Other Assets:				
As per last Balance sheet	80.0	-		
Provision during the year	3.8	70.7		
Transfer from Other Provision/Liability	-	9.3		
Net provision on Other Assets	83.8	80.0		
Total Provision for Contigencies (A+B+C)	3,968.9	3,313.5	-	-
Provision for employee benefits				
Provision for Proposed Dividend	-	-	-	642.2
Provision for Dividend Distribution Tax	-	-	-	109.1
Provision for Income Tax (net of advance tax)	-	-	62.9	-
TOTAL PROVISIONS	**3,968.9**	**3,313.5**	**62.9**	**751.3**

8.2 Details of Housing and Property Loans and Contingency Provisions

Housing and property loans and provision in respect thereof on account of standard, sub standard, doubtful and loss assets are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank and its circular NHB.HFC. DIR-3/CMD/2011 dated August 5, 2011 in respect of Housing and Non Housing Loans are as follows:

	31.12.2014		31.03.2014	
	Portfolio	Provisions	Portfolio	Provisions
Standard Assets				
Housing Loans	379,394.3	1,608.1	331,374.3	1,419.6
Other Property Loans	94,694.6	893.6	71,416.8	647.3
Additional provision on standard assets	-	42.2	-	90.1
	474,088.9	**2,543.9**	**402,791.1**	**2,157.0**
Sub Standard Assets				
Housing Loans	1,033.7	157.6	1,166.6	177.4
Other Property Loans	372.4	57.3	307.0	46.1
	1,406.1	**214.9**	**1,473.6**	**223.5**
Doubtful Assets				
Housing Loans	1,925.6	958.0	1,449.6	757.0
Other Property Loans	316.3	148.2	231.9	75.9
	2,241.9	**1,106.2**	**1,681.5**	**832.9**
Loss Assets				
Housing Loans	14.0	14.0	14.0	14.0
Other Property Loans	6.1	6.1	6.1	6.1
	20.1	**20.1**	20.1	20.1
Provisions on Other Assets		83.8		80.0
Total (*)	**477,757.0**	**3,968.9**	**405,966.3**	**3,313.5**
Summary:				
Housing Loans	382,367.6	2,737.7	334,004.5	2,368.0
Other Property Loans	95,389.4	1,105.2	71,961.8	775.4
Additional provision on Standard Assets		42.2		90.1
Provisions on Other Assets		83.8		80.0
Total (*)	**477,757.0**	**3,968.9**	**405,966.3**	**3,313.5**

(₹ millions)

		31.12.2014	31.03.2014
9	**SHORT TERM BORROWINGS**		
	Secured		
	Other short term loans and advances		
	From Banks	2,521.8	540.2
	Secured short term borrowings (A)	2,521.8	540.2
	Unsecured		
	Deposits		
	Fixed Deposits (Refer Note 5.6)	331.9	624.9
	Other Deposits (Refer Note 5.6)	61.8	82.1
	Other short term loans and advances		
	Commercial Papers	35,200.0	14,700.0
	Unsecured short term borrowings (B)	35,593.7	15,407.0
	TOTAL SHORT TERM BORROWINGS (A+B)	**38,115.5**	**15,947.2**

		31.12.2014	31.03.2014
10	**TRADE PAYABLES:**		
	Creditors for Expenses	6.6	2.6
	TOTAL TRADE PAYABLES	**6.6**	**2.6**

(₹ millions)

		31.12.2014	31.03.2014
11	**OTHER CURRENT LIABILITIES**		
	Current maturities of long-term borrowing (Refer Note 5)	62,714.2	55,670.4
	Interest accrued but not due on borrowings	4,839.9	556.0
	Unclaimed Dividends	9.1	8.0
	Unclaimed matured deposits and interest accrued thereon	449.6	296.5
	Other payables		
	Advance from customers	379.0	339.8
	Amount payable under securitisation/ joint syndication transaction	740.3	1,359.6
	Other current liabilities	422.5	1,644.0
	TOTAL OTHER CURRENT LIABILITIES	**69,554.6**	**59,874.3**

Note : 12

FIXED ASSETS

(₹ Millions)

Assets	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As on 01.04.2014	Addition	Deduction / Sale	As on 31.12.2014	As on 01.04.2014	for the year	Deduction	Trf to Reserve	Upto 31.12.2014	As on 31.12.2014	As on 31.03.2014
Tangible:											
Building	305.9	-	-	305.9	47.0	3.6	-	-	50.6	255.3	258.9
Leasehold Premices	999.9	-	-	999.9	18.4	12.3	-	-	30.6	969.3	981.6
Furniture & Fixture	410.8	143.2	10.4	543.6	112.7	64.5	4.1	14.6	187.6	356.0	298.1
Office Equipments	228.1	13.5	12.0	229.7	32.7	26.7	3.2	3.7	59.8	169.8	195.5
Vehicles	20.7	-	4.8	15.9	7.7	1.0	2.3	-	6.4	9.5	13.1
Computer (Hardware)	268.3	41.2	3.4	306.1	168.8	46.9	4.7	6.4	217.5	88.6	99.4
Sub Total	**2,233.8**	**197.9**	**30.6**	**2,401.1**	**387.3**	**155.0**	**14.4**	**24.7**	**552.6**	**1,848.5**	**1,846.5**
Intangible:											
Computer (Software)	107.6	39.3	-	146.9	38.3	52.9	-	-	91.2	55.8	69.3
Fixed Assets	**2,341.4**	**237.3**	**30.6**	**2,548.0**	**425.6**	**207.9**	**14.4**	**24.7**	**643.8**	**1,904.2**	**1,915.8**
Capital Work in Process	7,961.5	2.7	-	7,964.2	-	-	-	-	-	7,964.2	7,961.5
TOTAL	**10,302.9**	**240.0**	**30.6**	**10,512.2**	**425.6**	**207.9**	**14.4**	**24.7**	**643.8**	**9,868.4**	**9,877.3**
Previous Year	4,734.2	5,635.4	66.8	10,302.8	354.9	109.1	38.5	-	425.6	**9,877.3**	

(₹ millions)

13 NON CURRENT INVESTMENTS	31.12.2014 Nos	31.12.2014 Amount	31.03.2014 Nos	31.03.2014 Amount
Trade Investments				
Investment in unquoted equity instruments *(Face value of ₹ 10 each)*				
Investment in Associates:				
Aadhar Housing Finance Ltd	14,900,000	149.0	14,900,000	149.0
DHFL Vysya Housing Finance Ltd.	1,048,989	31.5	1,048,989	31.5
Arthveda Fund Management Private Ltd.	-	-	4,692,500	58.6
DHFL Venture Trustee Company Private Limited	22,500	0.2	22,500	0.2
Avanse Financial Services Ltd.	7,927,883	302.4	7,927,883	302.4
DHFL Pramerica Life Insurance Co Ltd.	187,030,931	310.7	170,187,839	142.3
Investment in others:				
The Kalyan Janta Sahakari Bank Limited	10,000	0.1	10,000	0.1
(A)		793.9		684.1
Investment in unquoted optionally convertible preference share *(Face value of ₹ 10 each)*				
Sunborne Energy Services India Private Limited	31,775	127.1	31,775	127.1
(B)		127.1		127.1
Other Investments				
Investment in Mutual Funds/Venture Capital Fund - unquoted				
DHFL Venture Capital Fund	1	0.0	1	0.0
(100% Trust Corpus - Settlement Money) (₹ 10,000/- only)				-
DHFL Real Estate Assets Management Fund -	19,799	198.0	25,834	258.3
Dream Fund I Units Class A				-
Arthveda Star Fund	118,876	120.0	58,876	60.0
(C)		318.0		318.3
Investment in Governement securities (SLR) - quoted				
0.00% Punjab Infrastructure Development Board 1	10	2.5	10	2.5
8.56% Kerala SDL 2020	200,000	20.3	200,000	20.3
8.09% Gujarat SDL 2020	500,000	50.4	500,000	50.4
8.52% Tamilnadu SDL 2020	200,000	20.6	200,000	20.6
8.42% Andhra Pradesh SDL 2020	425,000	43.0	425,000	43.0
8.40% Gujarat SDL 2020	250,000	25.2	250,000	25.2
8.08% GS 2022	100,000	9.8	100,000	9.8
8.28% GS 2032	100,000	9.8	100,000	9.8
9.23% Gujarat SDL 2021	250,000	25.7	250,000	25.7
9.51% Rajasthan Rajya Vidyut Prasaran Nigam Ltd	10	50.0	10	50.0
9.30% RRVPNL BONDS 2025	150	149.1	150	149.0
8.97% BIHAR SDL 2022	570,000	58.4	570,000	58.4
8.66% WEST BENGAL SDL 2023	500,000	50.2	500,000	50.2
5.87% GOI 2022	3,000	0.3	3,000	0.3
6.05% GOI 2019	14,000	1.4	14,000	1.4
6.13% GOI 2028	5,000	0.5	5,000	0.5
5.69% GOI 2018	41,800	3.9	41,800	3.9
7.99% GOI 2017	30,000	3.0	30,000	3.0
7.16% GOI 20/05/2023	2,100,000	199.6	1,000,000	100.4
8.33% GOI 09/07/2026	2,000,000	210.8	2,000,000	210.8
8.97% GOI 05/12/2030	2,000,000	222.7	2,000,000	222.7
8.71% WSPF Bonds 09/05/2023	1,900	192.0	1,900	192.0
9.72% Kerala SDL 28/08/2023	70	72.8	70	72.8
9.38% MTNL Bonds 05/12/2023	-	-	38	38.0
8.80% FCI BONDS (SERIES -VB) 22/03/2028	139	134.9	19	17.8
9.85% TIIC Bonds (TIIC Bonds_2014-I) 07/03/2024	83	82.8	83	82.8

8.24% GOI 15/02/2027	-	-	500,000	47.3
9.14% Kerela SDL 25/04/2022	2,000,000	201.9	-	-
		2,054.6		1,508.7
Investment in Governement securities (Non - SLR) - quoted				
7.15% UBI Bonds 2015	75	75.0	75	75.0
7.22% REC Bonds 19/12/2022	10,000	10.0	10,000	10.0
7.19% NHB TAX Free Bonds 14/12/2022	10	10.0	10	10.0
6.82% NHB TAX Free Bonds 28/05/2023	5,000	50.0	5,000	50.0
8.01% NHB Tax Free Bonds	50	50.0	50	50.0
8.26% NHB TAX FREE BONDS	3,610	18.1	3,610	18.1
8.41% NTPC Tax free Bonds - Series 1A	15,832	15.8	15,832	15.8
8.51% HUDCO SECURED NON-CONVERTIBLE TAX FI	50,000	50.0	50,000	50.0
8.23% Indian Railway Finance Corporation 18/02/	50,000	50.0	50,000	50.0
8.41% IIFCL Bonds 22/01/2014	100,000	100.0	100,000	100.0
(D)		2,483.5		1,937.6
(A+B+C+D)		**3,722.5**		**3,067.0**
Less: Provision for diminution in value of investments		-		-
TOTAL NON CURRENT INVESTMENTS		**3,722.5**		**3,067.0**
Aggregate amount of quoted investments		2,483.5		1,937.6
Market value of Quoted investments		1,832.7		1,164.5
Aggregate amount of Unquoted investments		1,239.0		1,129.5

14 HOUSING AND PROPERTY LOANS

(₹ millions)

Secured, considered good unless stated otherwise	Non Current Portion		Current Portion	
	31.12.2014	31.03.2014	31.12.2014	31.03.2014
Housing Loans				
Standard loans	394,880.7	357,591.9	30,590.1	14,189.3
Sub-Standard loans	1,101.4	1,194.9	16.1	-
Doubtful loans	1,941.7	1,454.0	0.5	-
Loss assets	14.0	14.0	-	-
	397,937.8	360,254.8	30,606.7	14,189.2
Less : Securitised Housing Loans & Funded by Syndicate	30,121.9	38,734.5	16,055.0	1,705.1
A Total Housing Loans	367,815.9	321,520.3	14,551.7	12,484.2
Other Property Loans				
Standard loans	88,666.3	67,099.0	8,464.3	6,129.1
Sub-Standard loans	372.4	310.5	3.4	-
Doubtful loans	316.3	231.9	-	-
Loss assets	6.1	6.1	-	-
	89,361.1	67,647.5	8,467.7	6,129.1
Less : Other Property Securitised Loans	446.3	1,698.8	1,993.2	116.0
B Total Other Property Loans	88,914.8	65,948.7	6,474.5	6,013.1
Total Loan book (A+B) (*)	**456,730.7**	**387,469.0**	**21,026.2**	**18,497.3**
Summary:				
Housing Loans	397,937.8	360,254.8	30,606.7	14,189.3
Other Property Loans	89,361.1	67,647.5	8,467.7	6,129.1
Total Housing & Property Loans under Company's management	**487,298.9**	**427,902.3**	**39,074.4**	**20,318.4**
Less : Securitised and Syndicated portion	30,568.2	40,433.3	18,048.2	1,821.1
TOTAL HOUSING AND PROPERTY LOANS (*)	**456,730.7**	**387,469.0**	**21,026.2**	**18,497.3**

(₹ millions)

15 OTHER LONG TERM LOANS AND ADVANCES

	Non Current Portion		Current Portion	
	31.12.2014	31.03.2014	31.12.2014	31.03.2014
Secured and considered good				
Loans against Fixed Deposits	-	-	34.0	23.5
Loans and advances to employees (Refer Note 15.1)	5.2	9.4	-	0.2
Other loans and advances (Refer Note 15.2)	1.3	1.3	-	-
Unsecured, considered good unless stated otherwise				
Capital advances	44.8	17.6	-	-
Security deposits	135.4	128.5	0.4	2.9
Loans and advances to employees	2.2	4.0	0.8	0.8
TOTAL OTHER LONG TERM LOANS AND ADVANCES	**188.9**	**160.8**	**35.2**	**27.4**
Current Portion Disclosed under "short term loans and advances" (refer Note 19)	-	-	(35.2)	(27.4)
Net Amount	**188.9**	**160.8**	-	-

16 CURRENT INVESTMENTS **(₹ millions)**

	31.12.2014		31.03.2014	
	Nos	Amount	Nos	Amount
Trade Investments				
Investment in equity instruments- quoted				
Acc Ltd	349	0.5	-	-
Ambuja Cements Ltd	6,893	1.5	-	-
Asian Paints Ltd	741	0.5	-	-
Axis Bank Ltd	12,706	4.9	-	-
Bajaj Auto Ltd	2,070	4.9	-	-
Bank Of Baroda	4,769	4.1	-	-
Bharat Petroleum Corp Ltd	2,886	2.0	-	-
Bharti Airtel Ltd	1,229	0.5	-	-
Bhel	6,669	1.5	-	-
Cairn India Ltd	16,781	4.9	-	-
Cipla Ltd	829	0.5	-	-
Coal India Ltd	14,301	4.9	-	-
Dlf Ltd	3,218	0.5	-	-
Dr Reddy'S Laboratories	487	1.5	-	-
Gail (India) Ltd	3,316	1.5	-	-
Grasim Industries Ltd	423	1.5	-	-
Hcl Technologies Ltd	2,812	4.9	-	-
Hdfc Bank Ltd	1,678	1.5	-	-
Hdfc Ltd	480	0.5	-	-
Hero Motocorp Ltd	684	2.0	-	-
Hindalco Industries Ltd	3,191	0.5	-	-
Hindustan Unilever Ltd	2,008	1.5	-	-
Icici Bank Ltd	6,630	2.0	-	-
Idfc Ltd	10,522	1.5	-	-
Indusind Bank Ltd	2,342	1.5	-	-
Infosys Ltd	2,534	4.9	-	-
Itc Ltd	4,081	1.5	-	-
Jindal Steel & Power Ltd	3,007	0.5	-	-
Kotak Mahindra Bank Ltd	482	0.5	-	-
Larsen & Toubro Ltd	334	0.5	-	-
Lupin Ltd	1,098	1.5	-	-
Mahindra & Mahindra Ltd	2,045	2.7	-	-
Maruti Suzuki India Ltd	410	1.2	-	-
Nmdc Ltd	31,172	4.9	-	-
Ntpc Ltd	3,451	0.5	-	-
Oil And Natural Gas Corp	4,796	2.0	-	-
Power Grid Corp Ltd	3,558	0.5	-	-
Punjab National Bank	10,845	2.0	-	-
Reliance Industries Ltd	768	0.7	-	-
Sesa Sterlite Ltd	7,650	2.0	-	-
State Bank Of India	7,930	2.0	-	-
Sun Pharmaceuticals Ind	1,792	1.5	-	-
Tata Consultancy Serv Lt	719	1.9	-	-
Tata Motors Ltd	9,719	4.9	-	-
Tata Power Co Ltd	5,869	0.5	-	-
Tata Steel Ltd	3,222	1.5	-	-
Tech Mahindra Ltd	824	2.0	-	-
Ultratech Cement Ltd	194	0.5	-	-
Wipro Ltd	8,316	4.9	-	-
Zee Entertainment Ent Ltd	4,606	1.5	-	-
		-		
(A)		97.5		-
Other Investments				
Investment in Mutual Funds/Venture Capital Fund - unquoted				
Axis Liquid Fund - Dir - Growth	-	-	28,531	40.5
Baroda Pioneer Liquid Fund - Plan B - Dir - Growth	-	-	22,950	33.7
Birla Sun Life Cash Manager - I P - Growth	-	-	329,615	60.6
DSP BlackRock Income Opportunities Fund - Reg - Gı	12,063,134	250.0	-	-
DSP Merill Lynch Weekly Dividend Fund	-	-	58,701	0.1
DWS Insta Cash Plus Fund - Dir - Growth	-	-	300,396	50.0
HDFC FMP - 384D - March 2014 (29) - 1 - Reg - Growt	50,000,000	500.0	50,000,000	500.0

ICICI Prudential Liquid -Dir- Growth		-	-	383,022	72.6
JPMorgan India Liquid Fund - Dir - Growth		-	-	3,039,858	50.5
L&T Triple Ace Bond Fund - Bonus		80,392,314	1,000.0	80,392,314	1,000.0
LIC Nomura MF Liquid Fund - Dir - Growth		-	-	21,709	50.4
Principal Cash Mgmt Fund - Growth		-	-	505,023	562.5
Religare Invesco Liquid Fund - Dir - Growth		-	-	45,772	80.7
SBI Premier Liquid Fund - Dir - Growth		-	-	52,166	105.0
Sundaram Money Fund - Dir - Growth		-	-	2,389,799	64.6
Templeton India TMA - Dir - Growth		-	-	10,871	20.8
Pramerica Dynamic Bond Fund - Dir - Growth		770,690	1,000.0	-	-
	(B)		2,750.0		2,692.0
			-		-
TOTAL CURRENT INVESTMENTS	**(A+B)**		**2,847.5**		**2,692.0**
Aggregate amount of quoted investments			97.5		-
Market value of Quoted investments			-		-
Aggregate amount of Unquoted investments			2,750.0		2,692.0

17 TRADE RECEIVABLES

(₹ millions)

	31.12.2014	31.03.2014
Secured, considered good, less than six months		
EMI/PEMI, other receivable from customers	2,546.0	774.5
TOTAL TRADE RECEIVABLES	**2,546.0**	**774.5**

18 CASH AND BANK BALANCES

(₹ millions)

		31.12.2014	31.03.2014
Cash and Cash Equivalents			
Balances with Banks			
in Current Accounts		1,826.7	255.1
in Deposits accounts with original maturity of less than 3 months		150.0	50.0
Cheques/ Drafts in hand *		1.4	6,100.0
Cash on hand		31.4	55.1
Total Cash and Cash Equivalents	**A**	**2,009.5**	**6,460.2**
* Cheques/ Drafts in hand of ₹ 61,000 millions credited by bank on 2nd April, 2014			
Other Bank Balances			
Other Deposits accounts having balance maturity of less than 12 months		5,138.4	3,363.6
Deposits under lien or having balance maturity of more than 12 months (Refer Note 17.2)		1,389.2	1,902.0
Balances in unpaid dividend bank accounts		9.1	8.0
Total Other Bank Balances	**B**	**6,536.7**	**5,273.6**
Total Cash and Bank Balances	**C = (A + B)**	**8,546.2**	**11,733.8**
Less : Amounts disclosed under non-current assets (Refer Note 20)	**D**	1,389.2	1,902.0
Total Net Cash and Bank Balances	**E = (C - D)**	**7,157.0**	**9,831.8**

	Summary:		
	Total Cash and Cash Equivalents	2,010.8	6,460.2
	Other Bank Balances	6,535.4	5,273.6
	Amounts disclosed under non-current assets	(1,389.2)	(1,902.0)
	Total Net Cash and Bank Balances	**7,157.0**	**9,831.8**

19 SHORT TERM LOANS & ADVANCES

(₹ millions)

	31.12.2014	31.03.2014
Secured and considered good		
Current maturities of other long term loans and advances (Refer Note 15)	34.0	23.7
Unsecured, considered good		
Current maturities of other long term loans and advances (Refer Note 15)	1.2	3.7
Loans and advances to related parties	228.7	155.9
Advances recoverable in cash or in kind	3,418.4	3,534.8
Advance Income Tax (Net of Provisions) (Refer note 29 & 32)	-	337.6
TOTAL SHORT TERM LOANS AND ADVANCES	**3,682.3**	**4,055.7**

20 OTHER NON CURRENT & CURRENT ASSETS

(₹ millions)

Unsecured, considered good	Non Current Portion		Current Portion	
	31.12.2014	31.03.2014	31.12.2014	31.03.2014
Non current portion of balances with banks in deposit accounts (Refer Note 17.3 & 18)	1,389.2	1,902.0	-	-
Interest accrued but not due	316.3	43.1	151.3	249.4
	1,705.5	**1,945.1**	**151.3**	**249.4**

					(₹ millions)
			31.12.2014		31.03.2014
	Interest on Housing and Property Loans		41,315.4		46,136.8
	Interest on Bank Deposits		446.5		382.6
	Interest on Long Term Investments		133.4		139.5
	Other Interest		28.6		46.0
	Revenue from other services (Refer note 21.1)		1,460.3		2,300.3
	Operational treasury income (Refer note 21.2)		643.5		670.7
	Total Revenue from operations		**44,027.7**		**49,675.9**
21.1	Revenue from other services includes				
	Loan related Services		1,196.7		1,455.6
	Advisory Services		263.6		844.7
	Total Revenue from other services		**1,460.3**		**2,300.3**
21.2	Operational treasury income includes:				
	Net Income from mutual fund & financial / commodity derivatives *		626.5		635.2
	Profit on sale of investments		14.1		26.3
	Dividend Income		2.9		9.2
	Total Operational treasury income		**643.5**		**670.7**
22	**OTHER INCOME**				
	Rent Income		6.0		9.5
	Miscellanous Income		4.1		11.5
	Total Other Income		**10.1**		**21.0**
23	**INTEREST AND FINANCE COST**				
	Interest expenses		32,461.7		37,385.7
	Premium on redemption of Debentures	989.1		284.1	
	Less: Securities premium utilized (Refer note 4.1)	(989.1)	-	(284.1)	-
	Other Borrowing Costs		380.5		440.1
	Total Interest and Finance charges		**32,842.2**		**37,825.8**
24	**EMPLOYEES REMUNERATION AND BENEFITS**				
	Salaries and Bonus		1,297.6		1,621.3
	Contribution to Provident Fund & Other Funds		76.6		103.1
	Staff Welfare Expenses		36.9		36.6
	Total Employees Remuneration and benefits		**1,411.1**		**1,761.0**

25 ADMINISTRATIVE AND OTHER EXPENSES

Rent, Rates & Taxes		173.3		243.5
Training & Conference Expenses		39.9		9.7
Travelling & Conveyance		145.8		153.7
Printing & Stationery		43.4		55.2
Advertisement and Business Promotion expenses		560.1		451.4
Insurance		27.6		41.2
Legal & Professional Charges		538.6		579.5
Communication Expenses		91.0		106.1
General Repairs & Maintenance		118.2		88.1
Electricity		46.0		52.1
Directors Sitting Fees		2.3		1.5
Loss on sale of Fixed Assets (net)		6.3		19.7
Managerial remuneration (Refer Note 36)		14.0		20.1
Office Maintenance		60.0		57.1
Auditors' Remuneration (Refer Note 37)		13.5		16.4
Bad Debts [Net of Provisions ₹ 446 millions (₹ 355 million	44.6		35.5	
Less provision for Non Performing Assets utilized	44.6		35.5	
Provision for dimunition in investments		-		-
Miscellaneous Expenses		77.0		54.6
Total Administrative and Other expenses		**1,957.0**		**1,949.9**

26 EARNING PER SHARE

Net Profit Attributable to Equity Shareholders		
Profit after tax	4,590.1	5,290.0
Net Profit attributable to equity shareholders	**4,590.1**	**5,290.0**
No. of Equity shares (Number)	128,650,594	-
Weighted Average No. of Equity Shares	128,594,684	128,317,737
Nominal value of Equity Shares (₹)	10	10
Earning Per Share (₹) :		
Basic	**35.69**	**41.23**
Diluted	**35.47**	**41.11**

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

_____

Kapil Rajeshkumar Wadhawan
Chairman and Managing Director

Place: Mumbai
Date:

DECLARATION

We, the Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

_____

Kapil Rajeshkumar Wadhawan
Chairman and Managing Director

I am authorized by the Finance Committee of the Board of Directors of the Company, vide resolution dated February 27, 2015 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

_____

Place: Mumbai
Date:

ISSUER

Dewan Housing Finance Corporation Limited
Registered Office of the Issuer
Warden House, 2nd floor
Sir P.M. Road, Fort, Mumbai – 400001
Tel: +91 22 66006999**;** Fax: +91 22 66006998
Website: www.dhfl.com; CIN: L65910MH1984PLC032639
Contact Person: Ms. Niti Arya, Company Secretary and Compliance Officer

Details of Compliance Officer
Ms. Niti Arya
Company Secretary and Compliance Officer
TCG Financial Centre", 10th Floor, BKC Road
Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra, India -400098
Tel: +91 22 6600 6941**;** Fax: +91 22 6600 6998
Email: niti.arya@dhfl.com

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited
27 BKC, 1st Floor, Plot No. C - 27
"G" Block, Bandra Kurla Complex
Bandra (East), Mumbai – 400 051
Maharashtra, India

Motilal Oswal Investment Advisors Private Limited
Motilal Oswal Tower
Rahimtullah Sayani Road
Opposite Parel ST Depot, Prabhadevi
Mumbai- 400 025, Maharashtra, India

Barclays Bank PLC
801/808, Ceejay House
Shivsagar Estate
Dr. Annie Besant Road, Worli, Mumbai– 400018
Maharashtra, India

INDIAN LEGAL COUNSEL TO THE COMPANY

Khaitan & Co
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841 Senapati Bapat Marg, Mumbai 400 013
Maharashtra, India

INDIAN LEGAL COUNSEL TO THE BRLMs

J Sagar & Associates
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Mumbai -400 001, Maharashtra, India

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

Dorsey & Whitney LLP
50 South Sixth Street
Suite 1500
Minneapolis, Minnesota 55402
United States of America

JOINT STATUTORY AUDITORS TO OUR COMPANY

M/s. T.R. Chadha & Co, Chartered Accountants
1 Smruti, Ground floor, M.V. Panlosakar Marg
Hanuman Cross Road No. 2, Vile Parle (East)
Mumbai – 400 057

M/s. Rajendra Neeti & Associates, Chartered Accountants
144 Jolly Maker Chamber II, Nariman Point
Mumbai -400 021