



9th

**Annual Report
2008-2009**

Repco Home Finance Limited



Inauguration of **MYSORE** Branch by **Shri D.Thangaraj, I.A.S.**, Principal Secretary, Revenue, Govt. of Karnataka. **Shri. P. Manivannan, I.A.S.**, Dy. Commissioner, Mysore (2nd, from left) participates.



Inauguration of **HYDERABAD** Branch by **Shri I.Y.R. Krishna Rao, I.A.S.**, Principal Finance Secretary, Govt. of Andhra Pradesh.



MYSORE Branch Premises



HYDERABAD Branch Premises



Managers' Conference at **Repco Staff College, Chennai.**

TRICHY Branch Bags Best Performance Award



Repco Home Finance net profit up

CHENNAI: Repco Home Finance (RHF) has reported a net profit of Rs 27.06 crore for the year ended March 31, 2009, compared to Rs 15.57 crore in the previous year, as it saw growth picking up in the non-metros. RHF is a subsidiary of state-owned Repco Bank and it focuses on the rural & semi-urban housing loan market. "It is the tier-II and tier-III cities where the loans are concentrated more, where the potential has not been exploited. While the trend is more towards first-time buyers going in for independent home in tier-III cities, we see a lot of apartment complexes coming up in tier-II cities," said M Balasubramanian, managing director, Repco Bank.

THE ECONOMIC TIMES, 25-4-09.

BOARD OF DIRECTORS



**Shri. D. Jothi Jagarajan, I.A.S.,
Chairman**
Secretary, Public & Rehabilitation Dept.
Govt. of Tamilnadu.



Dr Vishwapati Trivedi, I.A.S.,
Addl. Secretary & Financial Adviser,
Ministry of Home Affairs.



Shri. A.K. Goyal,
Joint Secretary to Govt. of India,
Ministry of Home Affairs.



Shri. C.K. Viswanathan, I.A.S.,
Secretary, Labour & Rehabilitation Dept.
Govt. of Kerala.



Shri. Mohan Pyare, I.A.S.,
Commissioner of Rehabilitation,
Govt. of Tamilnadu.



Shri.M. Shankar Narayanan
Managing Director,
Carlyle India Advisors Pvt. Ltd.



Shri.Mahesh Parasuraman
Vice President,
Carlyle India Advisors Pvt. Ltd.



Shri. Thomas Paul Diamond
Chief Executive (Retd.),
L.I.C. Housing Finance Ltd.



Shri. V. Nadasabapathy
Dy. General Manager (Retd.), Syndicate Bank.



Shri. E. Santhanam
Business Professional



Shri. M. Balasubramanian
Managing Director



Shri. S.V. Balasubramanian
Executive Director

MEMBERS OF THE AUDIT COMMITTEE :

Shri Thomas Paul Diamond
Shri M. Shankar Narayanan
Shri V. Nadasabapathy
Shri M.Balasubramanian

MEMBERS OF THE MANAGEMENT COMMITTEE :

Shri Mohan Pyare, I.A.S.,
Shri Thomas Paul Diamond
Shri M. Shankar Narayanan
Shri M.Balasubramanian

MEMBERS OF THE COMPENSATION COMMITTEE

Shri Mohan Pyare, I.A.S.,
Shri M. Shankar Narayanan
Shri V Nadasabapathy
Shri M. Balasubramanian

KEY MANAGEMENT PERSONNEL :

Shri K. Ashok, Vice President.
Smt Poonam Sen Gupta,
Asst. Gen. Manager, HR & Business Development.
Shri K. Dhiwakaran,
Asst. Gen. Manager, Recovery.
Shri T. Karunakaran,
Asst. Gen. Manager, Accounts.
Shri K. Prabhu, Company Secretary.

FINANCIAL INSTITUTION :
NATIONAL HOUSING BANK,
NEW DELHI.

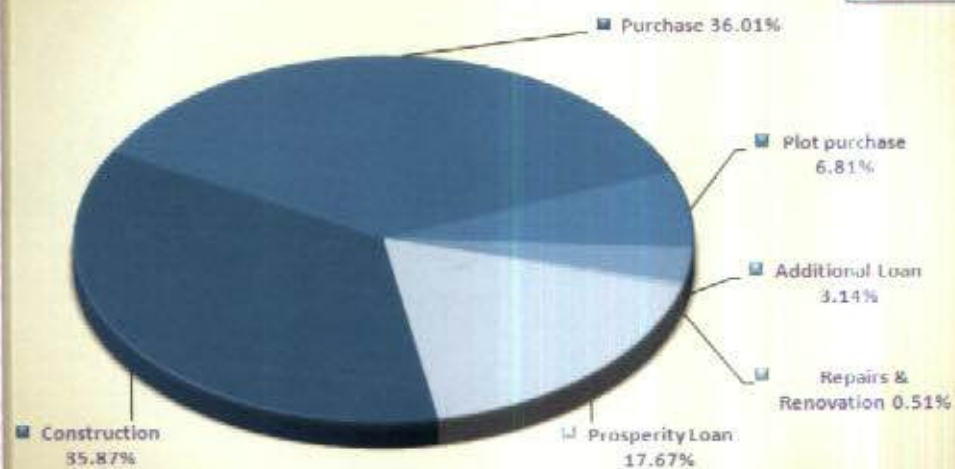
BANKERS :

Repco Bank Ltd.,
Indian Overseas Bank
Oriental Bank of Commerce
UCO BANK
Bank of Baroda
Syndicate Bank
The Karur Vysya Bank Ltd.,
Dhanalakshmi Bank Ltd.,
The Catholic Syrian Bank Ltd.,
The Lakshmi Vilas Bank Ltd.,
Axis Bank
The HSBC Ltd.,

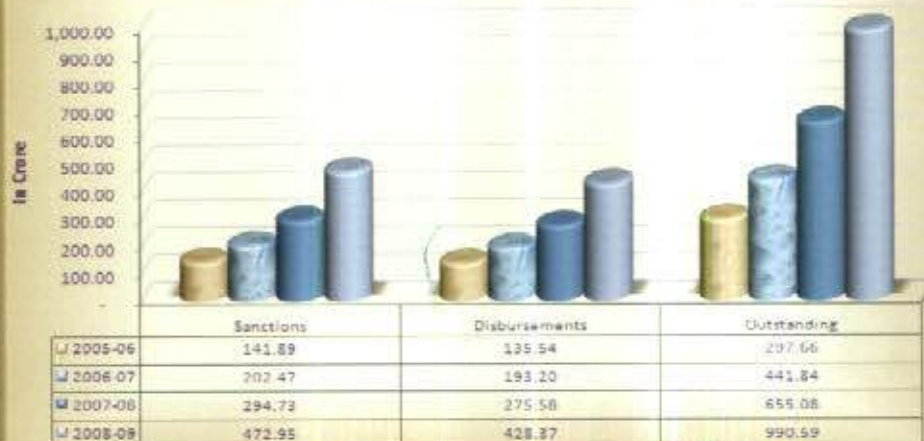
AUDITORS :

M/s. R. SUBRAMANIAN AND COMPANY
CHARTERED ACCOUNTANTS,
CHENNAI - 4.

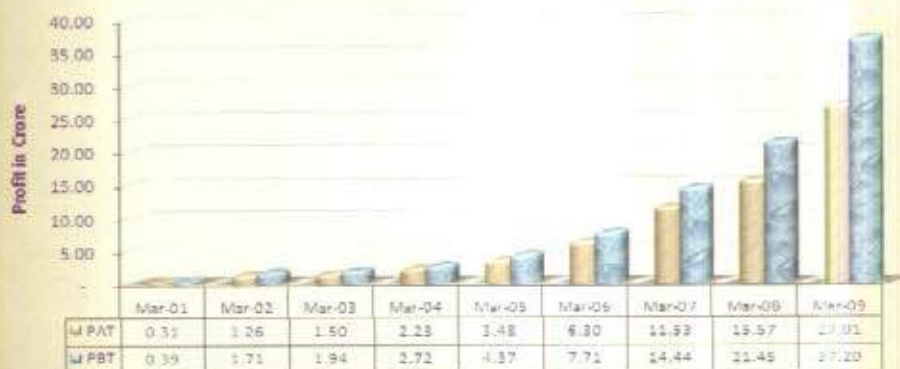
Purpose-wise distribution of Disbursement 2008-09



Business, year-wise



Profitability



CHAIRMAN'S STATEMENT

I feel privileged to avail of the opportunity to preside over the Ninth Annual General Meeting of Repco Home Finance Limited in the backdrop of phenomenal growth performance registered in the last fiscal by your Company in the midst of global economic meltdown which has an adverse impact on the overall growth prospect of the Indian economy as well.

HIGHLIGHTS

Company's Growth : Micro Analysis

It gives me immense pleasure to inform you that despite the overall market uncertainty, volatile inflationary situation, constrained liquidity and general economic pessimism which marred the greater part of 2008-09, your Company has once again surpassed 51% portfolio growth during 2008-09 with more than 73% increase in profitability while restricting net NPA figure to 0.70%. Loan approval and disbursal also registered more than 60% and 55% y-on-y growth respectively during the same period. Keeping in view the overall sectoral projection of 10-12% growth last fiscal with reduced profitability and worsening of asset quality, this performance is nothing short of phenomenal.

Home Loan Market Scenario: Macro Viewpoint

The economic outlook for India going forward is mixed. There is evidence of economic activity slowing down. Real GDP growth has moderated in the first half of 2008-09 and the expected figure is now pegged around 6%. Recent data indicate that the demand for bank credit is not picking up despite comfortable liquidity and reduction in interest rate. Higher input costs and dampened demand have affected corporate margins while the uncertainty surrounding the spillover of the global economic crisis has affected business confidence. On the positive side, inflationary pressure has been neutralized and the Reserve Bank of India is making every effort to stabilize the economy since mid-September 2008 through intervention via key policy rates. The Central Government also announced successive stimulus packages where housing sector was given prominence.

While on the supply side the real estate players are facing liquidity crunch and stringent lending norms from financiers, the demand side continues to remain subdued owing to uncertainty in the job market and expectation for further price cut thereby postponing purchase decision. As per the latest market surveys, home loan disbursements over next 4-5 years are estimated to grow at a single digit CAGR of around 5 per cent as compared to 31 per cent during 2000-01 to 2007-08.

However, with economic scenario improving, in the long run, affordability is expected to increase with a rise in expected income levels, favorable change in socio-demographic factor such as urbanization and nuclearisation of families – all of which are expected to boost the housing demand in near future.

One major cause of concern for the sectoral health is the liberal underwriting standards adopted by most of the financiers in the last few years in the form of higher LTV and liberal IIR with increasing trend in property prices. With that trend reversing in most of the places many major financiers are revaluing their asset portfolio to avoid negative equity.

In tune with the market sentiments and prudent practices, RHFL is also tightening its norms, as the Company is committed to give precedence to asset quality over growth in these challenging times. We have enhanced margin requirement and also introduced a credit -scoring model to capture the risk and price it appropriately.

Future Outlook

For the financial year 2009-2010, your Company has fixed a sanction target of Rs.800 crore and disbursement target of Rs.725 crore while aiming for a portfolio figure of Rs.1550 crore by the end of current fiscal.

We are hopeful of generating the projected business from Tier I & Tier II cities and smaller towns with the strategic network of the Company well established in these areas. We have spent almost half-crore this year for electronic media publicity and the brand awareness for RHFL is created amongst a considerable section of targeted population. We expect our

branches to leverage this through sustained localized publicity within moderate budget, improve the loan ticket size as well as number of loan approvals per month and conduct frequent credit camps so as to reach the targets on time.

Acknowledgement

I take this opportunity to express our earnest gratitude to all stakeholders. I convey my sincere appreciation to the parent – Repco Bank- for their sustained patronage, as also to the Carlyle Group. I also acknowledge the support rendered by the Board, the managerial excellence of the Executive Team and the devotion and loyalty of all RHFL employees. I also thank the National Housing Bank for regulatory, promotional and financial support and our Bankers for their continued cooperation. On behalf of RHFL, I also express my thankfulness to all customers of RHFL for choosing RHFL as the preferred destination for home finance and for playing a pivotal role in our success.

Date: 24 April 2009

Place: Udthagamandalam, Tamil Nadu

D. Jothi Jagarajan
Chairman

DIRECTORS' REPORT

To the Members

Your Directors take pride and pleasure in presenting the 9th Annual Report of your Company with the Audited Accounts for the year ended March 31, 2009.

Financial Results

	For the Year ended March 31, 2009 (Rs. in Lakh)	For the Year ended March 31, 2008 (Rs. in Lakh)
Loans Sanctioned	47295	29473
Loans Disbursed	42837	27558
Loans Outstanding	99059 ✓ <i>99058.82</i>	65508
No. of Loan Accounts	18676 ✓	15016
Business per employee	846.66	560.00
Net NPA as a % of Net Advances	0.70	0.86
Income from Operation	11482.43	7139.30
Profit before tax	3719.67	2145.37
Less: Provision for tax	1019.17	588.37
Profit after tax	2700.50	1557.00
Balance brought forward from previous year	132.53	20.28
Profit available for appropriation	2833.04	1577.28
Appropriation:		
Transfer to Special Reserve	770.57	412.49
Transfer to General Reserve	100.00	600.00
Proposed Dividend	509.95	369.47
Corporate Dividend Tax thereon	86.67	62.79
Balance carried forward	1365.85	132.53

Performance Highlights

Lending Operations

During the year 2008-09, your company accorded sanction to 5196 loan proposals amounting to Rs.472.95 crore thereby taking the cumulative sanction to Rs.1380.99 crore as on 31 March 2009, an incremental growth of more than 60% as compared to previous year's sanction figure of Rs.294.73 crore. The disbursement during the year was Rs.428.37 crore towards 4917 loan accounts while the cumulative disbursement stood at Rs.1276.20 crore as on 31 March 2009 registering more than 55% growth over the previous year's disbursal figure of Rs.275.58 crore. The outstanding at the end of the year was Rs.990.59 crore as against Rs.655.08 crore as on March 31, 2008- once again a growth rate of more than 51%. The Company is proud of this achievement particularly in a less than buoyant market condition where

the major players are struggling to register 20% growth rate. More importantly, the growth was achieved with due regard to credit quality which is evident from the GNPA figure of 0.95% and NNPA figure of 0.70% as on 31-3-2009.

Interest rates

The major part of the last fiscal was marked by very high inflation mainly influenced by international factors, which tightened the liquidity position and put pressure on spreads forcing most of the home loan providers to increase the lending rates. However, the Reserve Bank of India intervened after mid-September 2008 by reducing policy rates like repo, reverse repo and CRR coupled with liquidity enhancing measure which started taking cascading efforts in the last quarter of 2008-09. During the first 9 months of the fiscal, when many housing finance companies increased the home loan rates more than once, your Company enhanced the interest rates by 75 bps only once during August 2008 while the benchmark PLR was reduced for all new loans up to Rs.20 lakhs by 150 bps and for more than Rs.20 lakhs by 100 bps in February 2009 keeping in pace with the market sentiments. We also extended this benefit to existing customers by lowering interest rates by 50 bps for all loans released before February 2009 with effect from April 1, 2009. The Company also introduced risk based pricing from October 2008 by operationalizing the credit-scoring model for each individual borrower. During major part of the year your Company maintained an interest spread of more than 300 bps relying mainly on operational effectiveness and low overhead even in the face of rising cost of funds and intense competition.

Profitability

Your Company achieved a profit before tax (PBT) of Rs. 3719.67lakhs as against the corresponding figure of Rs. 2145.37 lakhs in the previous year, registering a growth of more than 73%. Profit after tax (PAT) also increased by more than 73% to reach the figure of Rs.2700.50 lakhs from Rs.1557.00 lakh last year.

Dividend

Your Directors recommend payment of dividend for the year ended March 31, 2009 at the rate of 8% on equity and 5% on preference shares. The dividend shall be paid subject to approval by the shareholders at the ninth annual general meeting to be held on 19 May, 2009 to such shareholders whose name appear in the register of members as on the said date.

Resource Mobilization

Your Company persisted in its effort in building a diversified resource base with lowest cost possible for preferred tenures. The resource base of your Company consists of NHB refinance, term loans from banks and financial assistance from Repco Bank. Your Company had applied for a long-term credit facility from Overseas Private Investment Corporation (OPIC), USA. A term sheet for the proposed loan which is to the tune of \$30 million US Dollars has been executed. Subsequently the approval of the Reserve Bank of India has been sought with regard to availing the said facility. The proposal would greatly be instrumental in bringing down the weighted average cost of borrowings.

Refinance from NHB

During the year, your Company has received sanction for Rs.300.00 crore and availed fresh refinance assistance amounting to Rs.250.00 crore from the National Housing Bank (NHB). As on 31 March 2009 the outstanding NHB refinance in our books stands at Rs.446.23 crore.

Term Loan from Banks

During the year under review, term loan of Rs 162.26 crore were availed from the Banks and Financial Institutions, taking the total term loan outstanding to Rs.403.06 crore. These loans were drawn at varying spread below the prime lending rates of the respective banks.

Compliance with NHB Guidelines

Your Company has been scrupulously conforming to all the guidelines and directions issued by NHB on asset classification, accounting standards, income recognition, provisioning, capital adequacy, credit concentration / investments, credit rating etc., as issued from time to time.

Capital Adequacy

The Capital Adequacy Ratio of the Company as on 31 March 2009 was 24.98% against the minimum stipulated requirement of 12.00%.

Corporate Governance

In business parlance Corporate Governance is defined as an internal system encompassing policies, processes and people, which caters to the need of all stakeholders of the Company by directing and controlling management activities with objectivity, accountability and integrity. Sound corporate governance indicates a healthy board culture which safeguards policies and processes in the backdrop of external marketplace commitment and legislation.

The ethical formation of Repco Group of Companies ensure a culture for promoting good governance and voluntary compliance facilitating effective participation of different stakeholders while creating a framework of best practices, structure and processes clearly defining the rights and responsibilities of different role players for making independent and informed decisions on corporate affairs.

Board of Directors

The management of affairs and business of the Company is vested in the Board of Directors comprising a non-executive Chairman, a Managing Director, Executive Director and 9 Directors who are Non Executive Directors. All Directors, except the Managing Director and Executive Director are independent Directors. The Chairman and Directors of the Company are professionals and persons of eminence having vast and varied experience.

Pursuant to the provisions of Section 255, 256 and all other applicable provisions of the Companies Act, 1956, two third of the Directors are in the category of Directors required to retire by rotation and one third of those Directors would retire every year and if eligible, they could seek reappointment at the Annual General Meetings.

Meetings of the Board are being held at regular intervals and at least once in a quarter. During the year 2008-09, the Board of Directors met 4 times. The Board discharges the duties and responsibilities diligently as required under the various applicable statute(s) including the Companies Act, 1956, Directions/Guidelines issued by National Housing Bank and other regulatory authorities from time to time.

Committee of the Board

Boards of Directors have constituted Audit Committee, Management Committee and Compensation Committee with appropriate delegations for speedy decision-making and periodical review of business performance. These Committees, depending upon the requirements and delegations, take decisions/prepare the groundwork for decision-making and report at the subsequent meetings of the Board.

Audit Committee

During the year 2008-09, the Audit Committee met twice. The Committee in its meetings analyzed financial parameters and progress of the Company and gave directions for improvement.

Management Committee

Management Committee met one time in the year 2008-09. Matters involving NPA Management, revision of interest rates and review of sanctions and disbursements of loans, introduction of new schemes, schemes for employee benefits etc., were examined by the committee before being placed to the Board.

Human Resource Development

The objective of human resource development in an organization is to enhance human productivity through progressive and consistent policies in knowledge & skill upgradation and betterment of employment conditions at all levels. Human resource management's objective is to maximize the return on investment from the organization's human capital. It is the responsibility of human resource departments in a corporate context to conduct these activities in an effective, legal, impartial and cohesive manner.

The major task facing the human resource department in an economic downturn is to identify and recruit effective personnel at moderate expense without compromising on quality while keeping the existing workforce also in order.

Your Company worked tirelessly towards the skill up gradation of its employees by introducing objective performance appraisal mechanism and performance linked incentive structure, by providing scope for social networking and up to date technology infrastructures. Employees are nominated regularly to attend various training programmes conducted by NHB, RBI & other capacity development institutions besides organizing in-house training programmes.

The Company provides a professional work environment and maintains a healthy relation with its employees. As on 31 March 2009, the number of people employed by the company stood at 148.

Software Development

The present applications at RHFL are its own in-house product. Further RHFL has a web based centralized software solution known as Loan Origination System (LOS) in place to facilitate online sanction of loans.

Public Deposits

Your Company has not accepted public deposits during the period under review. Hence the particulars as required under Section 10(1)(a)(b) of Housing Finance Companies (NHB) Directions, 2001 are not furnished.

Particulars of Employees

There are no employees covered by Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended.

Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Expenditure

Since the Company is not carrying on any manufacturing activity, particulars required relating to Conservation of Energy and Technology absorption are not furnished. There are no transactions involving foreign exchange earnings or outgo during the year under review.

Directors

Your Directors place on record their appreciation of the valuable guidance, service and assistance rendered by Shri I.B.Karn and Shri.V.Ravindran who ceased to be Directors of the Company. Shri Mohan Pyare, Dr.Vishwapathi Trivedi, and Shri. A.K.Goyal were appointed as Additional Directors on 11 April, 2008, 8 September, 2008 and 16 March, 2009 respectively.

In accordance with Articles of the Article of Association and Section 256 of the Companies Act, 1956, Shri C.K.Vishwanathan, Shri Thomas Paul Diamond, Shri V Nadanasabapathy and Shri E. Santhanam Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

Auditors

M/s.R.Subramanian And Co. Chartered Accountant, Chennai, Statutory Auditors, retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

Directors' Responsibility Statement

Pursuance to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- a) in the preparation of the Annual accounts, the applicable accounting standards have been followed together with proper explanation relating to material departure, if any;
- b) the accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis

Particulars Relating to Listing of Securities

The shares of the Company are not listed on any stock exchange.

Risk Management

In compliance with the regulatory requirements as stipulated by the National Housing Bank, the Company has put in place an effective Asset Liability Management Policy.

The Board of Directors of the Company has constituted a high power committee to oversee ALM functions. The Committee reviews and monitors liquidity position and interest rate gap periodically.

Treasury Operations

The Investment Committee of your Company monitors the investment of surplus funds to maximize yields. The aggregate investment of the Company as on 31 March 2009 is Rs. 112.37 lakh, which is in compliance with NHB guidelines and investment policy of the company.

The net loss from sale of investment for the year ended 31 March 2009 is Rs. 112.07 lakh. The dividend received for the year ended 31 March 2009 for the shares held by the Company is Rs. 1.87 lakh.

Internal Control Systems

The Board of Directors of the Company has already placed well-articulated internal control measures commensurate with the size of the organization and intricacies of the business risk. The system of regular inspection by Inspection Department and Internal Audit by Chartered Accountants firm of selected branches form part of the internal control system. The audit committee regularly reviews the significant observations of internal audit and inspection of the branches. The audit committee observations and recommendations are being placed before the Board and implemented.

Business Operations Network

The Company is currently having 30 branches and 12 centres across Tamil Nadu, Andhra Pradesh, Karnataka, and Kerala & Puducherry besides the Corporate Office at Chennai. In this year four branches were started at Mysore, Hyderabad, Hubli and Rajamundry. The Company is exploring opportunities for new market expansion in southern states and Maharashtra and planning to open 10-12 new branches in FY 2009-2010.

Outlook

The home loan market as a whole is slowing down despite reduction in property prices owing to reduced affordability and uncertainty hovering around job market. The overall sectoral growth rate is estimated to be around 10-12% last fiscal while some of the more recent market research findings project disbursal growth for the next 5 years at a single digit CAGR of around 5per cent. However, in the long term, factors like revival in affordability with improved economic

performance, favourable change in socio-demographic factors and underlying asset price movements are expected to drive the housing finance growth.

For the FY 2009-2010, your Company is thriving to scale even greater heights with more than 55% targeted portfolio growth. While we expect all our existing branches to extend their full cooperation to make this target a reality, the Company is also planning to open 10-12 new branches in 2009-2010 to expand its network and continue with the growth momentum from the metro cities owing to rising urbanization as well as from Tier I and Tier II cities which are experiencing similar trends of increasing population and demand for housing.

In sync with the market sentiments and prudent practices, RHFL is also tightening its norms, as the Company is committed to give precedence to asset quality over growth in these challenging times.

With empathetic customer service generating word-of-mouth publicity and enhanced brand awareness, we are confident of achieving exponential growth in the coming days.

Acknowledgements

The Directors of your Company wish to place on record their sincere gratitude to the National Housing Bank and its Executives for their patronage and whole-hearted support. We also record our gratitude to our bankers, financial institutions and insurance companies for their continued trust, support and assistance given to the Company.

The Board places on record its sincere gratitude to REPCO Bank and the Carlyle Group-the shareholders, Government, local/statutory authorities, customers and all others for their patronage and support for the achievements by the Company despite the most competitive environment in the market.

Your Directors take this opportunity to thank all the executives and employees of the Company and wish to place on record their commendable hard work, team spirited efforts and dedicated service to the customers which enabled the Company to achieve an appreciable level of business performance during the year.

Place : Udthagamandalam,
Date : 24 April 2009

For and on behalf of the Board of Directors
D.Jothi Jagarajan
Chairman

AUDITORS' REPORT

To the Members of REPCO HOME FINANCE LIMITED

1. We have audited the attached Balance Sheet of REPCO HOME FINANCE LIMITED as at March 31, 2009 and the Profit and Loss account and also the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's report) Order 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent they are applicable to the Company.

4. Further to our comments referred to in the annexure referred in paragraph above we report that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
- iii. The Balance Sheet Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion the Balance Sheet Profit and Loss Account and the cash flow statement of the Company comply with the accounting standards referred to in Sub-Section 3C of Section 211 of the Companies Act, 1956.

5) On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, none of the Directors is disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- 1) in the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2009 ;
- 2) in the case of Profit and Loss Account, of the Profit for the year ended on that date and
- 3) in the case of Cash flow statement, of the cash flow for the year ended on that date.

R. SUBRAMANIAN AND COMPANY
Chartered Accountants,

R.Subramanian
Partner
M.No.8460

Place: Udthagamandalam
Date : 24-04-2009

ANNEXURE TO AUDITORS' REPORT

ANNEXURE REFERRED IN PARAGRAPH 3 OF OUR REPORT TO THE MEMBERS OF REPCO HOME FINANCE LIMITED ON THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31.03.2009

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - a) Some of the fixed assets were physically verified during the year by the management in accordance with the programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - b) During the year, the Company has not disposed off major part of its fixed assets.

2. a) The Company has not granted loans secured or unsecured to Companies/(or) parties covered in the register maintained under Sec. 301 of the Companies Act. However the Company has availed loans from parties covered in the Register maintained under Sec. 301 of the Companies Act. The details of which are given below:

<u>Name</u>	<u>Loan amount outstanding as on 31-03-2009</u>
Repco Bank.	Rs. 51,553,416/-

- (b) The rate of interest and other terms and conditions of the loan availed are prima-facie not prejudicial to the interest of the company.
 - (c) The repayment of principal amount and interest are regular and there are no overdue amount.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control.
4. (a) The transactions that need to be entered into a register in pursuant to the provisions of Sec. 301 of the Companies Act. have been entered into the register.
 - (b) The loans from a party listed in the register maintained U/s301 have been availed at interest rates which are reasonable having regard to the prevailing market rates.
5. The Company has not accepted any deposits from Public, hence compliance of the directives issued by the Reserve Bank of India and the provisions of Sec. 58 A and 58 AA of the Companies Act and the rules framed there under are not applicable.
6. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
7. The Central Government has not prescribed maintenance of cost records under Sec. 209 (1)(d) of the Companies Act, 1956 for the activities of the company.
8. a) The Company is regular in depositing undisputed statutory dues and there are no arrears of statutory dues as at the last day of the financial year for a period of more than 6 months from the date they become payable.
 - B) According to the information and explanations given to us, there are no disputed statutory dues.
9. The Company has not incurred losses since inception.

10. Based on our audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in the repayment of dues to Financial Institutions and Banks.
11. Based on our examination of documents and records, we are of the opinion that no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities, other than housing/mortgage loans granted based on equitable mortgage of properties.
12. In respect of dealing/trading in shares by the Company, proper records have been maintained of the transactions and contracts and timely entries have been made. The shares are held in the name of the Company.
13. The provisions of Special Statute relating to Chit fund/Nidhi are not applicable to this Company.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions during the financial year.
15. To the best of our knowledge and belief and according to the information and explanation given to us, the term loans availed by the Company during the financial year have been applied for the purpose for which the loans were obtained.
16. According to the Cash flow statement and other records examined by us and based on the information and explanations given to us, on an overall basis, funds raised on short term basis have not been used during the financial year for long term investment.
17. During the year the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act..
18. No debentures have been issued by the Company during the year.
19. As per the information and explanations given to us and the records examined by us, the Company has not raised money by Public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the financial year.
21. Clause 4(ii) and 4(iii) of the above order are not applicable to this Company.

R. SUBRAMANIAN AND COMPANY
Chartered Accountants,

R.Subramanian
Partner
M.No.8460

Place: Udhagamandalam
Date : 24-04-2009

BALANCE SHEET AS AT 31 March 2009

	Schedule No.	As at 31/03/2009 (Rupees)	As at 31/03/2008 (Rupees)
SOURCES OF FUNDS			
Shareholder's Funds			
a) Capital	1	788,279,120	788,279,120
b) Reserves & Surplus	2	772,477,491	562,088,837
Loan Funds			
a) Secured Loans	3	8,492,971,612	5,752,425,961
TOTAL		10,053,728,223	7,102,793,918
APPLICATION OF FUNDS			
Fixed Assets	4		
a) Gross Block		27,756,778	22,467,880
b) Less: Depreciation to date		17,184,893	12,854,394
c) Net Block		10,571,885	9,613,486
Deferred Tax Asset (Net)		11,589,640	11,506,255
Investments	5	11,237,379	33,145,809
Housing Loans	6	9,865,384,286	6,513,408,110
Current Assets, Loans and Advances	7		
a) Current Assets		345,537,620	652,772,937
b) Loans & Advances		240,125,069	158,799,416
		585,662,689	811,572,353
Less : Current Liabilities and Provisions	8		
a) Current Liabilities		165,549,406	94,354,091
b) Provisions		265,168,250	182,098,004
		430,717,656	276,452,095
Net Current Assets		154,945,033	535,120,258
TOTAL		10,053,728,223	7,102,793,918
Accounting Policies	14		
Notes forming part of accounts	15		

Schedules No. 1 to 15 annexed hereto form part of the Balance Sheet and Profit & Loss Account in terms of our Report of even date attached.

For R. Subramanian And Company
Chartered Accountants

R Subramanian

Partner
(M.No.8460)

K Prabhu

Company Secretary

S V Balasubramanian

Executive Director

M Balasubramanian

Managing Director

D Jothi Jagarajan

Chairman

Place: Udhamandalam

Date : 24 April 2009

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2009

	Schedule No.	As at 31/03/2009 (Rupees)	As at 31/03/2008 (Rupees)
INCOME			
Operating Income	9	1,127,503,592	688,675,398
Other Income	10	20,739,574	25,254,977
TOTAL		1,148,243,166	713,930,375
EXPENDITURE AND OTHER CHARGES			
Interest and Other Financial Charges	11	696,484,700	425,157,899
Employees' Emoluments and Benefits	12	35,263,091	19,157,151
Administrative & Other Expenses	13	33,814,059	46,080,993
Depreciation		4,373,970	2,609,449
Provision for Non-Performing Assets / Standard Assets		-	2,709,164
Provision for diminution in value of investments		564,420	2,234,417
Bad Debts Written Off		5,775,906	1,443,827
TOTAL		776,276,146	499,392,900
Profit Before Taxation		371,967,020	214,537,475
Less : Provision for Taxation			
-Current Rs.		101,000,000	60,000,000
-Deferred Rs.		(83,385)	(1,562,828)
-Fringe Benefit Tax Rs.		1,000,000	400,000
Profit After Taxation		270,050,405	155,700,303
Add : Balance brought forward from previous year		13,253,188	2,027,825
Profit Available For Appropriation		283,303,593	157,728,128
APPROPRIATIONS			
Transfer to Special Reserve (in terms of section 36(1)(viii) of Income tax Act, 1961)		77,057,274	41,248,543
Transfer to General Reserve		10,000,000	60,000,000
Proposed Dividend			
Equity - 8.00% (8.00%)		30,883,130	31,712,587
Preference - 5% (5%)		20,112,000	5,234,630
Tax on Dividend		8,666,622	6,279,180
Balance carried forward to Balance sheet		136,584,567	13,253,188
TOTAL		283,303,593	157,728,128
Earnings per share information-(equity shares, par value Rs. 10/- each)			
Weighted average number of equity shares		38,603,912	32,233,256
Basic earnings per share (in Rupees)		6.39	4.61
Diluted earnings per share (in Rupees)		5.85	4.55
Nominal value per equity share (in Rupees)		10.00	10.00
No. of shares used in computing Earnings per share			
Basic		38,603,912	32,233,256
Diluted		46,184,021	34,206,161
Accounting Policies	14		
Notes forming part of accounts	15		

Schedules No. 1 to 15 annexed hereto form part of the Balance Sheet and Profit & Loss Account in terms of our Report of even date attached.

For R. Subramanian And Company

Chartered Accountants

R Subramanian
Partner
(M.No.8460)

K Prabhu
Company Secretary

S.V. Balasubramanian
Executive Director

M Balasubramanian
Managing Director

D. Jothi Jagarajan
Chairman

Place: Udhagamandalam

Date : 24 April 2009

SCHEDULES

	As at 31/03/2009 (Rupees)	As at 31/03/2008 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
<i>Authorised</i>		
59,776,000 (59,776,000) Equity Shares of Rs.10/- each	597,760,000	597,760,000
40,224,000 (40,224,000) Series "A" Cumulative Fully Convertible Preference Shares of Rs.10/- each	402,240,000	402,240,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<i>Issued, Subscribed and Paid up</i>		
38,603,912 (38,603,912) Equity Shares of Rs.10/- each fully paid up (Out of the above, 27,485,930 (29,999,930) Equity Shares are held by M/s Repco Bank Ltd.,)	386,039,120	386,039,120
40,224,000 (40,224,000) 5% Series "A" Cumulative fully convertible Preference Shares of Rs.10/- each fully paid up [Refer Note No.1 of Schedule 15]	402,240,000	402,240,000
	<u>788,279,120</u>	<u>788,279,120</u>
SCHEDULE 2		
RESERVES & SURPLUS		
<i>Special Reserve (in terms of section 36(1) (viii) of the Income-tax Act, 1961)</i>		
As per last Balance Sheet	180,177,291	138,928,748
Add: Transfer from Profit and Loss Account	<u>77,057,274</u>	<u>41,248,543</u>
	257,234,565	180,177,291
<i>General Reserve</i>		
As per last Balance Sheet	93,333,174	33,333,174
Add: Transfer from Profit and Loss Account	<u>10,000,000</u>	<u>60,000,000</u>
	103,333,174	93,333,174
<i>Share Premium Account</i>		
As per last Balance Sheet	275,325,184	-
Add: Received during the year	<u>275,325,184</u>	<u>275,325,184</u>
	275,325,184	275,325,184
<i>Surplus in Profit and Loss A/c</i>		
	136,584,568	13,253,188
	<u>772,477,491</u>	<u>562,088,837</u>
SCHEDULE 3		
SECURED LOANS		
Term Loans from Banks	3,979,099,279	3,414,517,472
Term Loans from Repco Bank	51,553,416	62,358,562
Cash Credit From Repco Bank	-	279,426,010
Term Loan from National Housing Bank	4,462,318,917	1,996,123,917
	<u>8,492,971,612</u>	<u>5,752,425,961</u>
Note: The above loans are secured by book debts/receivables of the company and an irrevocable POA given by the Company in favour of the banks/NHB for recovery of monies and for creation of mortgage on the properties of the loan borrowers of the Company.		

SCHEDULE 4
Fixed Assets



(Rupees)

Particulars	Gross Block (at Cost)				Depreciation			Net Block	
	As on 01/04/08	Addition	Deletion	As at 31/03/09	As on 01/04/08	For the period	Adjustment	As on 31/03/09	As at 31/03/08
Office Equipment	556,794	91,233	43,471	604,556	224,348	102,599	43,471	283,476	332,446
Furniture & Fixtures	2,775,923	567,136	-	3,343,059	1,752,939	534,103	-	2,287,042	1,022,984
Computers	7,182,912	1,954,781	-	9,137,693	5,263,757	1,083,913	-	6,347,670	1,919,335
Air Conditioner	503,742	115,126	-	618,868	300,995	37,121	-	338,116	202,747
Stabilizer	125,850	-	-	125,850	80,121	6,361	-	86,482	45,729
Bicycle	10,375	3,200	-	13,575	10,375	3,200	-	13,575	-
Motor Vehicle	1,712,125	350,000	-	2,062,125	478,556	405,517	-	884,073	1,233,569
Land & Building	6,675,994	-	-	6,675,994	2,058,258	230,887	-	2,289,145	4,617,736
Temporary Erections	2,499,265	1,791,357	-	4,290,622	2,499,265	1,791,357	-	4,290,622	-
Electrical Fitting	127,210	38,280	-	165,490	127,210	25,346	-	152,556	-
Generator	112,570	-	-	112,570	36,881	10,528	-	47,409	75,689
Intangible Assets- Computer Software	185,120	421,256	-	606,376	21,689	143,038	-	164,727	163,251
Total	22,467,880	5,332,369	43,471	27,756,778	12,854,394	4,373,970	43,471	17,184,893	9,613,486
Previous Year	19,381,384	3,669,906	583,410	22,467,880	10,556,879	2,609,448	311,934	12,854,394	8,824,505

SCHEDULES

As at 31/03/2009
(Rupees)

As at 31/03/2008
(Rupees)

SCHEDULE 5

Investments

(A) LONG TERM INVESTMENTS

Equity shares - Unquoted

50,000 (Previous year Nil) equity shares of Rs.10/- each, fully paid up in Repco Infrastructure Development Company Ltd.,

500,000

500,000

(B) CURRENT INVESTMENTS

(a) Investments in shares of Companies

Less : Provision for diminution in value of investments

21,844,010

5,585,701

16,258,309

Name of the Company	No of Shares	Cost 31.03.2008	M V as on 31.03.2008
ABB	1,500	2,322,474	1,761,000
ACC	1,500	1,540,166	1,239,150
Allahabad Bank	293	24,026	22,415
Bhart Heavy Electricals Ltd.	1,500	3,775,832	3,084,825
HDFC Bank	500	860,115	659,975
ICICI Bank	500	639,616	384,700
Infosys	2,000	3,912,974	2,860,300
Maruti Udyog Ltd.,	500	499,862	413,500
National Thermal Power Corporation Ltd.,	2,419	562,502	475,575
Punjab National Bank	55	21,450	27,948
Power Grid Corporation	7,000	989,031	685,650
Reliance Communications Ltd.,	500	339,057	254,150
Satyam Computers Ltd.,	500	230,587	197,275
State Bank of India	1,500	3,489,411	2,398,275
Siemens	1,000	992,189	616,400
Wipro Ltd.,	1,905	1,144,806	810,196
Zee Television	1,500	499,912	366,975
Total	24,672	21,844,010	16,258,309

(b) Investments in Mutual Funds

	Cost 31-03-2009	NAV 31-03-2009	Cost 31-03-2008	NAV 31-03-2008
UTI- Infrastructure Advantage Fund - Dividend Plan	10,000,000	5,830,000	10,000,000	8,670,000
UTI- Leadership Equity Fund - Dividend Plan	4,887,500	4,077,298	4,887,500	6,543,753
Reliance Equity Advantage Fund - Retail Plan - Growth Plan	500,000	335,623	500,000	491,100
Franklin India High Growth Companies Fund - Dividend Payout	500,000	271,192	500,000	711,286
JM Basic Fund - Dividend Plan	1,000,000	223,265	1,000,000	471,889
Total	16,887,500	10,737,379	16,887,500	16,888,028

Less : Provision for diminution in value of Mutual Funds

6,150,121

Total (b)

10,737,379

16,887,500

Total Current Investments (B)

10,737,379

33,145,809

Grand Total (A) + (B)

11,237,379

33,145,809

SCHEDULE 6

HOUSING LOANS (Secured & Considered Good excepting Provision made for Non-Performing Advances)

Individual House Ownership

8,278,365,492 ✓

5,477,119,087

Mortgage/Other Loans

1,627,521,541 ✓

1,073,713,184

9,905,887,033

6,550,832,271

Less: Principal Overdue

21,127,433

16,414,595

9,884,759,600

6,534,417,676

Less: Provision for NPA

19,375,314

21,009,566

9,865,384,286

6,513,408,110

	As at 31/03/2009 (Rupees)	As at 31/03/2008 (Rupees)
SCHEDULE 7		
CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
Cash & Bank Balances		
Cash on hand	8,025,700	3,304,183
Balance with Scheduled Banks in Current A/cs	7,978,329	41,574,735
Balance with Scheduled Banks in Deposit A/cs	142,830	240,104,830
<i>[Out of the above, deposits aggregating to Rs. 142,830/- (Rs. 104,830/-) are held in the joint name of the Company and the employee towards Security Deposit]</i>		
Interest Accrued but not due on deposits	-	2,705,830
Balance with Repco Bank in Savings Bank & Current A/c	329,390,761	365,083,359
Current Assets (A)	345,537,620	652,772,937
(B) LOANS & ADVANCES		
<i>(Loan Accounts Secured Considered Good excepting provision made for Non-Performing Advances)</i>		
Installments due from borrowers	42,732,026	26,701,850
Pre-EMI due from borrowers	2,320,224	1,046,965
	45,052,250 {a}	27,748,815
<i>(Recoverable in cash or in kind or for value to be received)</i>		
<i>(Unsecured - Considered Good)</i>		
(i) Staff Advance	719,493	437,125
(ii) Advance Tax & TDS	187,006,637	127,169,918
(iii) Advance - Others	1,683,830	226,371
(iv) Telephone & Other Deposits	1,631,349	417,077
(v) Rental Deposits	4,031,510	2,800,110
	195,072,819 {b}	131,050,601
Loans & Advances (a+b)	240,125,069	158,799,416
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Creditors for Expenses	1,518,581	873,464
Other Creditors	63,988,992	56,992,793
Interest accrued but not due on Term Loan	100,041,833	36,487,834
<i>(There are no amounts due and outstanding to be credited to Investor Education and Protection Fund)</i>		
	165,549,406	94,354,091
PROVISIONS		
Provision for Standard Assets	6,435,026	4,800,774
Provision for Taxation (including FBT)	193,097,825	128,780,149
Provision for Tax on Dividend	8,666,622	6,279,180
Proposed Dividend - Equity	30,883,130	31,712,587
Proposed Dividend - Preference	20,112,000	5,234,630
Provision for Gratuity	40,981	510,000
Provision for Leave Salary	2,908,000	2,765,067
Provision for Exgratia	3,024,666	2,015,617
	265,168,250	182,098,004

SCHEDULE 9

INCOME FROM OPERATIONS

Interest from Housing Loan
Processing fees
Penal Interest
Miscellaneous Income

1,038,534,801	633,336,095
50,452,793	30,468,305
28,255,698	20,398,143
10,260,300	4,472,855

1,127,503,592

688,675,398

SCHEDULE 10

OTHER INCOME

Dividend Income
Profit/(Loss) on Sale of Investments
Interest on Deposits

187,496	589,274
(11,207,995)	14,862,462
31,760,073	9,803,241

20,739,574

25,254,977

SCHEDULE 11

INTEREST AND OTHER FINANCIAL CHARGES

Interest on Term Loans
Interest on Others
Bank Charges

639,369,096	384,314,712
53,790,794	36,454,465
3,324,810	4,388,722

696,484,700

425,157,899

SCHEDULE 12

EMPLOYEES' EMOLUMENTS & BENEFITS

Salaries
Employer's Contribution to Provident Fund and Superannuation Fund
Leave Encashment
Exgratia
Gratuity
Staff Welfare

27,210,267	13,447,270
3,029,687	1,611,989
723,212	640,732
2,915,311	1,851,834
134,119	510,000
1,250,495	1,095,326

35,263,091

19,157,151

SCHEDULE 13

ADMINISTRATIVE & OTHER EXPENSES

Professional / Consultancy Charges
Meeting Expenses
Advertisement & Publicity
Audit Fees
Printing & Stationery
Office Expenses
Books & Periodicals
Legal Fees
Rates & Taxes
Telephone Charges
Conveyance Charges
Postage and Telegram
Electricity Charges
Courier Charges
Vehicle Maintenance
Office Maintenance
Corporate Fees
Officiating Allowance Paid to Managing Director
Rent
Training Fee
Business Promotion
Insurance

6,609,734	27,545,545
315,000	141,579
6,779,121	1,493,105
393,000	286,236
791,001	632,321
1,476,328	1,988,419
170,392	86,587
2,093,962	1,565,447
765,766	3,290,113
1,137,167	676,655
1,131,833	1,200,350
152,953	124,494
567,957	512,316
201,319	142,208
271,622	253,974
796,472	469,821
216,000	216,000
-	120,000
5,501,378	3,830,226
149,749	118,410
3,910,562	1,366,146
382,743	21,041

33,814,059

46,080,993

Significant Accounting Policies and Notes On Accounts

Schedule 14

Significant Accounting Policies

1. BASIS OF PREPARATION

The financial statements are prepared and presented under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP), and provisions of the Companies Act, 1956 and accounting standards issued by the Institute of Chartered Accountants of India (ICAI) as applicable. The Company also follows the directions prescribed by the National Housing Bank (NHB) for housing finance companies.

2. INCOME RECOGNITION

- i) Interest income on housing/other loans and other dues are accounted on accrual basis. Housing/ Other loans are classified into "Performing and Non-performing assets in terms of the directions issued by the NHB from time to time." Income recognition on non-performing advances are made in accordance with the NHB guidelines.
- ii) Insurance commission income in respect of life products marketed by the Company/ penal and other charges are accounted on realization.

3. INTEREST ON HOUSING LOANS

Repayment of the Housing Loans is by way of equated monthly installments (EMI's) comprising principal and interest. The interest is calculated on the outstanding balances at the beginning of the month. EMI's commence once the entire loan is disbursed. Pending commencement of EMI, pre-equated monthly instalment interest (PEMI) is payable every month.

4. FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets are stated at cost. Depreciation on fixed assets is provided on pro-rata basis from the date of installation on written down value method in accordance with Schedule XIV of the Companies Act, 1956.
- b) Assets costing upto Rs.5,000/- are being depreciated fully in the year acquisition.

5. PROVISION ON NON-PERFORMING ASSETS

Non-performing assets are identified and categorized into Sub-standard, Doubtful and Loss category based on the guidelines issued by NHB. Provision for Non-performing assets are made in accordance with the said guidelines.

6. INVESTMENTS

Investments are classified as Long Term Investments and Current Investments and are valued in accordance with guidelines of National Housing Bank and Accounting Standards on 'Accounting for Investments' (AS-13), issued by The Institute of Chartered Accountants of India. Current Investments are carried at lower of cost and market value/NAV, computed individually. Long Term Investments are stated at cost. Provision for diminution in the value of Long Term Investments is made only if such decline is other than temporary in the opinion of the management.

7. RETIREMENT BENEFITS

- (a) Provident Fund & Superannuation Fund Contributions:

The Company's contributions paid and payable during the year towards provident fund are made to Regional Provident Fund Commissioner & are charged to Profit & Loss Account every year.

- (b) Gratuity:

The Company's contributions paid and payable during the year towards Gratuity are made to Gratuity Fund managed by the Life Insurance Corporation of India (LIC). The net present value of Company's obligation towards gratuity to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Profit & Loss Account.

(c) Leave Encashment:

Liability on account of encashment of leave to employees is provided based on actuarial valuation and has not been funded.

8. ACCOUNTING FOR TAXES ON INCOME

Income tax expense is the aggregate amount of current tax and deferred tax charge. Taxes on income are accrued in the same period as the Revenue and expenses to which they relate. Current tax is determined in accordance with the Income Tax Act 1961, on the amount of tax payable in respect of income for the year.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences arising between the carrying value of assets and liabilities. Deferred tax assets are recognized only after giving due consideration to prudence. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted (or) substantially enacted by the balance sheet date.

9. EARNINGS PER SHARE

The Company reports basic and diluted earnings per equity share in accordance with (AS) 20, Earnings Per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share has been computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

Schedule 15

NOTES ON ACCOUNTS

1) Share Capital

Equity shares include 1004 differential equity shares subscribed by the First Carlyle Growth VI (Investor) and Co-Investors in accordance with the Share Purchase, Share Subscription and Shareholders Agreement entered between the Company, Promoter of the Company, Investor and Co-Investors on 28-12-2007 and carry differential rights in relation to voting, dividend and other rights.

5% Series "A" cumulative fully convertible preference shares of Rs.10/- each are convertible into equity shares at a premium in accordance with the Share Purchase, Share Subscription and Shareholders Agreement entered between the Company, Promoter of the Company, Investor and Co-Investors on 28-12-2007.

2) Commitment towards sanction pending disbursement including part Disbursements as on 31.03.2009 – Rs.3,380.28 lakh (Rs.3,701.42 lakh).

3) Secured Loans include Rs.15,474.33 lakh (Rs.9,289.57) lakh falling due for repayment within one year.

4) Deferred Tax:

The components of deferred tax asset as on 31.03.2009 is as under:

Deferred Tax Assets:

(Rupees)

		As at 31/03/2009	As at 31/03/2008
Provision for Non Performing Advances		8,772,935	8,772,935
Provision for diminution in value of investments		1,898,580	1,898,580
Disallowance under Section 43B etc		988,430	1,113,195
	(A)	11,659,945	11,784,710

Deferred Tax Liabilities:

Difference between written down value of Fixed Assets as per Companies Act and as per Income Tax Act.,	(B)	70,305	278,455
Net Deferred Tax Asset	(A-B)	11,589,640	11,506,255

- 5) In the opinion of the Management, the Current assets, loans and advances as stated in the balance sheet are realizable in the normal course of business.
- 6) Confirmation of balances have not been received in respect of Housing Loans, Sundry Debtors and other current assets and Loans and Advances.
- 7) Classification of Loans and Provisions made for Non-Performing Assets are as under:

(Rs in lakh)

	For the year ended 31 03 2009					For the year ended 31 03 2008				
	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Housing Loans (Excluding Installment due from borrowers)										
Individual house ownership	82,027.64	358.52	397.49	—	82,783.65	54,129.63	305.75	326.96	8.85	54,771.19
Mortgage/other loans	16,084.34	84.64	106.24	—	16,275.22	10,556.41	94.04	86.68	—	10,737.13
Total Loans	98,111.98	443.16	503.73	—	99,058.87	64,686.04	399.79	413.64	8.85	65,508.32
Provision - Housing loans	—	35.85	119.92	—	155.77	4.19	45.66	116.00	8.85	174.70
Provision other loans	64.35	8.46	29.52	—	102.33	43.81	10.74	28.85	—	83.40
Total Provisions	64.35	44.31	149.44	—	258.10	48.00	56.40	144.85	8.85	258.10

- 8) There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31-03-2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis at information available with the Company.
- 9) Expenditure incurred in foreign currency
- | | |
|----------------------------------|-----------------------|
| Traveling expenses | Rs. NIL (Rs.39,309/-) |
| Professional Consultancy Charges | Rs. 2,137,500/- (Nil) |
| Dividend Paid | Rs.12,875,118/- (Nil) |
- 10) There are no amounts to be reflected under payable to Investor Protection Fund.
- 11) Related Party Transactions
- As per Accounting Standard 18 on related party disclosure, issued by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

List of related parties:

Promoter

Repco Bank

Company holding substantial interest

First Carlyle Growth VI

Key Management Personnel

Shri M. Balasubramanian, Managing Director

Shri S.V. Balasubramanian, Executive Director

The Company's related party balances and transactions are summarized as follows:

Nature of Transaction	Key Management Personnel Managing Director/Executive Director		Promoter REPCO Bank		Company holding substantial interest First Carlyle Growth VI	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Salary Paid to MD	3,402,249*	142,500				
Salary paid to ED	9,42,398	487,100				
Equity share capital (paid up)			274,859,300	299,999,300	110,560,000	85,560,000
Preference share capital (Paid up)			NIL	NIL	400,000,000	400,000,000
Cash Credit Outstanding			NIL	279,426,010	—	—
Term Loan outstanding			51,553,416	62,358,562	—	—
Rent paid			404,364	129,364	—	—
Corporate Fees Paid			216,000	216,000	—	—
Interest paid on loans availed from Repco Bank			53,790,794	36,454,465	—	—
Equity dividend proposed			21,988,744	23,999,944	8,844,800	7,669,638
Preference dividend proposed			—	—	20,000,000	5,205,480
Interest earned on deposits			30,504,896	1,546,816	—	—

* Including arrear salary paid for the period from Jan 2007 to Mar 2008

12) Details of movement in Provisions in accordance with the Accounting Standard -29

Particulars	Opening Balance as on 01/04/2008	Provision made during the year	Provisions reversed/ adjusted	Closing balance as on 31/03/2009
Non performing advances	21,009,566		1,634,252	19,375,314
Provision for Standard non housing loans	4,800,774	1,634,252		6,435,026
Investments	5,585,701	564,420		6,150,121
Leave encashment	2,765,067	723,213	580,280	2,908,000
Taxation	128,780,149	102,000,000	37,682,324	193,097,825
Proposed dividend (including Dividend Tax)	43,226,397	59,661,752	43,226,397	59,661,752

13) EMPLOYEE BENEFITS

i. Defined Contribution Plan:

Company Contribution to

i. Provident fund & Superannuation fund : Rs.3,029,687/-

ii. Defined Benefit Plan:

Gratuity

A. Reconciliation of opening and closing balance of present value of the defined benefit obligation

Present value of obligations as at beginning of year	2,127,760
Interest Cost	133,422
Current Service Cost	14,252
Benefits Paid	46,142
Actuarial loss on obligation	163,210
Present value obligations as at end of year.	2,392,502

B. Reconciliation of opening and closing balances of fair value of Plan Assets

Fund Maintained by LIC	
Fair value of plan assets as at beginning of year	1,617,760
Expected return on plan assets	151,701
Contributions	603,138
Benefits paid	46,142
Actuarial gain on plan assets	25,064
Fair value of pain assets at the end of year	2,351,521

C. Reconciliation of present value of defined benefit obligation and fair value plan assets to the assets and liabilities.

Fair value of plan assets at beginning of year	1,617,760
Actual return on plan assets	176,765
Contributions	603,138
Benefits paid	46,142
Fair value of plan assets at the end of year	2,351,521
Funded status (Liability)	40,981
Excess of actual over estimated return on plan assets	25,064

D. Expenses recognized in the Profit and Loss Account.

Current Service Cost	14,252
Interest Cost	133,422
Expected return on plan assets	151,701
Net actuarial loss recognized in the year	138,146
Expenses to be recognized in the profit & loss account	134,119

E. Details showing fair value of plan assets

Fair value of plan at beginning of year	1,617,760
Actual return on plan assets	176,765
Contributions	603,138
Benefit paid	46,142
Fair value plan assets at end of year.	2,351,521

F. Actuarial Gain / Loss recognized.

Actuarial loss on obligation	163,210
Actuarial gain on plan assets	25,064
Total loss for the year	138,146
Actuarial loss recognized in the year	138,146

G. Actuarial assumption

Discount Rate	8.00%
Salary Increment	7.50%
Mortality rates	Based on LIC 1994-96

14) Previous year figures have been regrouped and rearranged wherever necessary.

For R. Subramanian And Company
Chartered Accountants

R Subramanian

Partner
(M.No.8460)

K Prabhu

Company Secretary

S V Balasubramanian

Executive Director

M Balasubramanian

Managing Director

D Jothi Jagarajan

Chairman

Place: Udhagamandalam

Date : 24 April 2009

CASH FLOW STATEMENT FOR THE YEAR ENDING MARCH 31, 2009

		For the year ended March 31, 2009 (Rupees)	For the year ended March 31, 2008 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
NET PROFIT BEFORE TAX		371,967,021	214,537,475
Adjustments For:			
Depreciation	4,373,970	2,609,449	
Dividend Received	(187,496)	(589,274)	
(Profit)/Loss on Sale of Investments	11,207,995	(14,862,462)	
Interest Earned on Deposits	(31,760,073)	(9,803,241)	
Provision for Non-Performing Assets/Standard Assets	-	2,709,164	
Provision for Diminution in Value of Investments	564,420	2,234,417	
Bad Debts Written Off	5,775,906	1,443,827	
		<u>(10,025,278)</u>	<u>(16,258,120)</u>
Operating Profit Before Working Capital Changes		361,941,743	198,279,355
Adjustments For:			
Current Assets	(4,185,499)	(599,777)	
Current Liabilities	8,324,278	9,063,245	
		<u>4,138,779</u>	<u>8,463,468</u>
Cash Generated From Operations		366,080,522	206,742,823
Direct Taxes Paid		(97,519,043)	(64,201,219)
Net Cash From Operating Activities (A)		268,561,479	142,541,604
Cash Flow From Investing Activities			
Purchase of Fixed Assets	(5,332,369)	(3,669,906)	
Sale of Fixed Assets	-	271,476	
Purchase of Investments	(500,000)	(86,853,364)	
Sale of Investments	10,636,015	104,865,073	
Interest Earned on Deposits	31,760,073	9,803,241	
Dividend Received	187,496	589,274	
		<u>36,751,215</u>	<u>25,005,794</u>
Net Cash Used in Investing Activities (B)		36,751,215	25,005,794
Cash Flow From Financing Activities			
Proceeds from issue of Share Capital	-	763,604,304	
Increase in Secured and Unsecured Loans	2,804,099,648	1,887,774,497	
Increase in Housing Loans	(3,373,421,262)	(2,137,967,636)	
Dividends Paid	(43,226,397)	(43,873,125)	
		<u>(612,548,011)</u>	<u>469,538,040</u>
Net Cash Used in Financing Activities (C)		(612,548,011)	469,538,040
Net Increase/Decrease in cash and cash equivalent (A+B+C)		(307,235,317)	637,085,438
Cash and Cash Equivalents - Opening Balance (D)		652,772,937	15,687,499
Cash and Cash Equivalents - Closing Balance (E)		345,537,620	652,772,937
Net Increase/(Decrease) in Cash and Cash Equivalents (E-D)		307,235,317	637,085,438

We have examined the above Cash Flow Statement of Repco Home Finance Ltd., Chennai, for the year ended March 31, 2009. The statement has been prepared by the company based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company.

For R. Subramanian And Company
Chartered Accountants

R Subramanian
Partner
(M.No.8460)

K Prabhu
Company Secretary

S V Balasubramanian
Executive Director

M Balasubramanian
Managing Director

D Jothi Jagarajan
Chairman

Place: Udhagamandalam
Date : 24 April 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

State Code 1 8

Registration No

1 8 - 4 4 6 5 5

Balance Sheet Date

3 1 0 3 2 0 0 9

II Capital Raised during the year (Amount Rs in Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

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

Total Liabilities

1 0 0 5 3 7 2 8

Total Assets

1 0 0 5 3 7 2 8

SOURCE OF FUNDS

Paid-up Capital

7 8 8 2 7 9

Reserves & Surplus

7 7 2 4 7 7

Secured Loans

8 4 9 2 9 7 2

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

1 0 5 7 2

Investments

1 1 2 3 7

Net Current Assests

1 0 0 3 1 9 1 9

Misc. Expenditure

N I L

Accumulated Loss

N I L

N I L

IV Performance of Company (Amount Rs in Thousands)

Turnover

1 1 4 8 2 4 3

Total Expenditure

7 7 6 2 7 6

Profit Before Tax

3 7 1 9 6 7

Profit After Tax

2 7 0 0 5 0

Earnings per Share in Rs(Annualised)

6 3 9

Dividend Rate (%)

8

V General Names of Three principal products / Services of Company (as per monetary terms)

Item Code No

ITC Code

Product

Description

H O U S I N G F I N A N C E

In terms of our report of even date attached

For R. Subramanian And Company

Chartered Accountants

R Subramanian

Partner

(M.No.8460)

K Prabhu

Company Secretary

S V Balasubramanian

Executive Director

M Balasubramanian

Managing Director

D Jothi Jagarajan

Chairman

Place: Udhagamandalam

Date : 24 April 2009

New Ambience For Branches



ANNA NAGAR, CHENNAI.



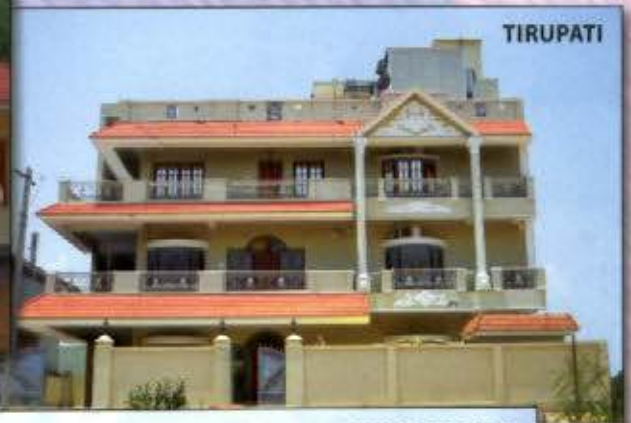
TIRUNELVELI

Customers' Homes...

Dreams Come True.



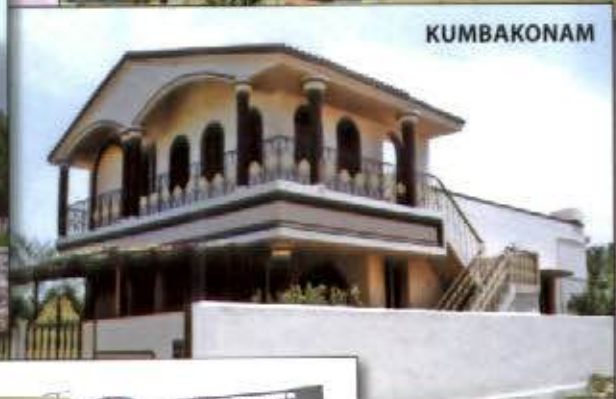
PUNALUR



TIRUPATI



CHENNAI



KUMBAKONAM



MYSORE



RHFL's Registered Office



RHFL's Corporate Office



Repco Home Finance Limited

(A Subsidiary of REPCO Bank - Govt. of India Enterprise).

REGISTERED OFFICE :

'REPCO TOWER', 33, North Usman Road, T. Nagar, Chennai - 600 017.

CORPORATE OFFICE :

KARUMUTTU CENTRE, 2nd Floor, 634, Anna Salai, Nandanam, Chennai - 600 035.

Tel : 91-44-4210 6650

Email : co@repcohome.com

Website : www.repcohome.com

BRANCHES (With Phone Nos.)

In Chennai :

Adyar : 24451202, Anna Nagar : 26285959,
Ashok Nagar : 23718730, Tambaram : 22261610

In Tamilnadu :

Coimbatore : 2215917, Coonoor : 2231457, Erode : 2262524, Hosur : 220303, Karur : 239391,
Kumbakonam : 2402856, Madurai : 2527209, Namakkal : 232459, Salem : 2266456,
Thanjavur : 271380, Theni : 260650, Tirunelveli : 2573585, Tiruppur : 2239202, Trichy : 2714314.

In Other States :

Bangalore : 41233109, Yelahanka : 41686515, Mysore : 4281424, Hubli : 2371400, Pondicherry : 2330960,
Trivandrum : 2327305, Punalur : 2222974, Hyderabad : 23811146, Guntur : 2223830,
Tirupati : 2220303, Vijayawada : 2437942, Visakhapatnam : 2799297.