



11th

Annual Report 2010-11



Felicitation of Managing Director



**Adayar Branch securing
Award of Excellence**



Branch Heads



Corporate Office Employees

BOARD OF DIRECTORS



Shri KARUTHIAH PANDIAN
Chairman
Secretary, Public & Rehabilitation Dept.
Govt. of Tamilnadu



Dr. VISHWAPATHI TRIVEDI, IAS
Spl. Secretary & Financial Advisor,
Ministry of Home Affairs



Shri RR JHA
Joint Secretary
Ministry of Home Affairs



Smt E.B. VALSALA KUMARI
Secretary, Labour & Rehabilitation Dept.
Govt of Kerala



Shri. M. MUTIA KALAIVANAN, IAS
Director of Rehabilitation
Govt. of Tamilnadu



Shri M. SHANKAR NARAYANAN
Managing Director
Carlyle India Advisors Pvt. Ltd.



Shri MAHESH PURASURAMAN
Director
Carlyle India Advisors Pvt. Ltd.



Shri THOMAS PAUL DIAMOND
Chief Executive (Retd.)
LIC Housing Finance Ltd.



Shri NADANASABAPATHY
Dy. General Manager (Retd.)
Syndicate bank



Shri C. THANGARAJU
Legal Professional



Shri R VARADARAJAN
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 R. Varadarajan

MEMBERS OF THE MANAGEMENT COMMITTEE

- Shri Mutia Kalaivanan, IAS
- Shri Thomas Paul Diamond
- Shri M. Shankar Narayanan
- Shri R. Varadarajan

MEMBERS OF THE COMPENSATION COMMITTEE

- Shri M. Mutia Kalaivanan, I.A.S
- Shri M. Shankar Narayanan
- Shri V. Nadasabapathy
- Shri R. Varadarajan

KEY MANAGEMENT PERSONNEL

- Shri K. Ashok, General Manager
- Smt. Poonam Sen, DGM – HR
- Shri K. Dhiwakaran, DGM – Recovery
- Shri T. Karunakaran, DGM – Accounts
- Shri K. Prabhu, Company Secretary

REGISTERED OFFICE:



"Repco Tower", 33, North Usman Road, T. Nagar, Chennai 600 017

CORPORATE OFFICE:



2nd Floor, North Wing, Karumuttu Centre, 634, Anna Salai, Nandanam, Chennai 600 035

FINANCIAL INSTITUTION

National Housing Bank, New Delhi

AUDITORS

M/s. R. Subramanian and Company, Chennai 600 004.

BANKERS

- | | | |
|-------------------------------|------------------------|---------------------------------|
| • Repco Bank Ltd. | • Axis Bank | • Bank of Baroda |
| • Bank of India | • Indian overseas Bank | • Oriental Bank of Commerce |
| • State Bank of India | • Syndicate Bank | • The Catholic Syrian Bank Ltd. |
| • The Dhanalakshmi Bank Ltd. | • The HSBC Ltd. | • The Karur Vysya Bank Ltd. |
| • The Lakshmi Vilas Bank Ltd. | • UCO Bank | • Indian Bank |
| • Corporation Bank | • IDBI bank Ltd. | |

40 STRONG BRANCH NETWORK

Sl. No.	Branch / Office	Mobile	Landline	Sl. No.	Branch / Office	Mobile	Landline
BRANCHES IN CHENNAI				30	Hyderabad (July 2008)	9393811146	040-23811146
1	Adyar (April 2005)	9444394922	044-24451202	31	Rajahmundry (March 2009)	9390662666	0883-2441091
2	Anna Nagar (June 2005)	9444394978	044-26285959	32	Nellore (Nov. 2009)	9391714555	0861-2311335
3	Ashok Nagar (Nov. 2001)	9444394921	044-23718730	33	Kakinada (Sept. 2010)	9396930291	0884-2347534
4	Tambaram (May 2002)	9444394920	044-22261610	34	Kurnool (Feb. 2011)	9393672123 09000072123	08518-227123
5	Vysarpadi (May 2010)	9445390018	044-25514546	35	Hasiguda (Apr'2011)	09949039955	09397154414
BRANCHES IN TAMIL NADU				36	Ongole (Apr'2011)	09391583618	09948737529
6	Coimbatore (August 2002)	9444394968	0422-2215917	BRANCHES IN KARNATAKA			
7	Coonoor (April 2003)	9444394970	0423-2231457	37	Bangalore (May 2002)	9341269752	080-41233109
8	Erode (August 2005)	9444976942	0424-2262524	38	Yelahanka (Feb' 2007)	09379664223	080-41686515
9	Hosur (Dec. 2007)	9445007435	04344-220303	39	Mysore (July 2008)	09343979260	0821-4281424
10	Karur (Oct. 2005)	9444976943	04324-239391	40	Hubli (Mar' 2009)	09663398188	0836-2371400
11	Kumbakonam (Nov. 2003)	9444394942	0435-2402856	41	Belguam (Feb' 2010)	09343167525	0831-2493070
12	Mayiladuthurai	9445394082		42	Shimoga (July 2010)	09379737277	08182-272100
13	Madurai (May 2002)	9444394972	0452-2527209	43	Davangere (July 2010)	9342440967	08192-232836
14	Mettupalayam (June 2009)	9445195904	04254-221357	44	Mangalore (July 2010)	9448251365	0824-2213465
15	Namakkal (July 2002)	9444394973	04286-232459	BRANCHES IN PONDICHERRY			
16	Pattukottai (June 2009)	9444394915	04373-253715	45	Pondicherry (July 2003)	9444394971	0413-2330960
17	Pudukottai (June 2009)	9444394917	04322-221635	BRANCHES IN KERALA			
18	Salem (Feb. 2003)	9444394974	0427-2334677	46	Punalur (April 2008)	9387874487	0475-2230817
19	Thanjavur (April 2003)	9444394975	04362-271380	47	Ernakulam (Nov'2009)	9446060209	0484 239 7980
20	Theni (Nov. 2007)	9445007436	04546-260650	48	Palakkad (July 2010)	09895757345	0491 2544383
21	Tirunelveli (October 2006)	9444986216	0462-2551979	49	Kollam (Aug '2010)	9349125152	0474-2729644
22	Tiruppur (Nov. 2003)	9444394976	0421-2239202	50	Trivandrum (July 2010)	9952411203	0471-2333040
23	Trichy (June 2002)	9444394977	0431-2714314	51	Kottayam (Aug '2010)	9446553377	0481 2564301
24	Tuticorin (July 2009)	9445008491	0461-2330890	BRANCHES IN MAHARASHTRA			
25	Vellore (July 2010)	9445190898	0416-2247273	52	Pune (Nov' 2009)	09372267110	020-24321956
BRANCHES IN ANDHRA PRADESH				53	Dombivli (Aug' 2010)	09372618683	0251-2426787
26	Guntur (Feb. 2005)	9391234527	0863-2223830	54	Nasik	09371406789	0253-2509769
27	Tirupati (August 2005)	9391711115	0877-2220303	RHFL CENTRE			
28	Vijayawada (July 2002)	9392105485	0866-2437942	55	Dindigul	9445394081	9894787008
29	Vizag (August 2005)	9392277773	0891-2799297	REPCO BANK			
				0451-2434309			

Telephone and Mobile Numbers - Position as on 30.03.2011

CHAIRMAN'S STATEMENT

I deem it a privilege to preside over the Eleventh Annual General Meeting of Repco Home Finance Limited for the financial year 2010-11. The Company continues its journey on a robust growth trajectory exhibited with a highly qualitative portfolio. The Company has embarked on a massive branch expansion strategy to have a diversified geographic presence in India. The Company would be tapping the capital markets with its initial public offering which would enable unlocking of the value proposition to the stakeholders.

HIGHLIGHTS

Home Loan Market: Macro Analysis

The scenario in 2010-11 was characterized by situations of tight liquidity and spiraling cost of funds. Relative to last year the property prices were seen stabilizing. Teaser offerings were still vibrant and found its target market. With a great degree of thrust on affordable housing the credit off take was seen improving.

Company's Growth: Micro Perspective

The Company sustained its impeccable track record of growth rate since inception in 2000 recording a CAGR of 60 %. The Company achieved a portfolio size of Rs.2073.49 cr. recording an incredible growth rate of 47%. The profit of the Company grew by 31 % which was extremely well complemented by a net NPA of 0.82%. Loans approved and disbursed during 2010-11 registered a robust growth rate of 54% and 57% respectively. The growth is significant particularly in the context that the financial year 2010-11 was characterized by spiraling cost of funds and teaser offerings from banks and housing finance companies. Thus overall the performance of the Company was commendable.

Future Outlook

The Company would be coming out with its initial public offering and this year would be a momentous one in the history of the Company. The Listing would enable unlocking of the value proposition of the Company to its

stakeholders and would also bolster capital adequacy requirements besides helping to reduce the cost of funds.

The Company targets Sanction and Disbursements of Rs. 1350 Cr. and Rs.1260 Cr. respectively in the financial year 2011-12. The targeted outstanding portfolio for 2011-12 would be Rs 3000 Cr.

The Company plans to open 25 branches spread over the states of Tamilnadu, Karnataka, West Bengal, Madhya Pradesh, Kerala, Andhra Pradesh, Orissa and Maharashtra. The branch expansion strategy would be instrumental in achieving the targeted growth. The Company's brand equity is being promoted in the electronic, print and also in the buoyant radio segment. The wide publicity planned for the target markets will enable the branches to gain mileage and expand the customer base. The Company also plans to conduct more frequent loan camps to source business by having direct one-to-one interaction with prospective customers without the aid of middlemen.

ACKNOWLEDGEMENT

I would like to avail this opportunity to express our sincere appreciation to the stakeholders of the organization. I convey my gratitude to the parent - Repco Bank for their unrelenting support and the Equity Partner, Carlyle Group for their patronage and guidance. I acknowledge the support rendered by the Board and the excellence of the dedicated employees. I place on record my thanks to the the National Housing Bank for regulatory, promotional and financial support and our Bankers for their continued financial support.

I also sincerely thank the customers of the Company for their sustained brand loyalty.

Date: 29 April 2011
Place: Chennai

(Dr. S. Karuthiah Pandian)
Chairman

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors take pride and pleasure in presenting the 11th Annual Report of your Company with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

(₹ in lakh)

	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Loans Sanctioned	99,813	64,905
Loans Disbursed	91,559	58,308
Loans Outstanding	207,349	140,801
No. of Loan Accounts	29,948	23,244
Business per employee	1039	838
Net NPA as a % of Net Advances	0.82	0.86
Income from Operation	22,595.00	16428.6
Profit before tax	7,925.03	6,114.78
Less: Provision for tax	2,109.74	1,680.45
Profit after tax	5,815.29	4,434.33
Balance brought forward from previous year	1,989.18	1,365.85
Profit available for appropriation	7,804.48	5,800.18
Appropriation:		
Transfer to Special Reserve	1,648.95	1267.64
Transfer to General Reserve	2,000.00	2000
Proposed Dividend	464.42	464.42
Corporate Dividend Tax thereon	75.34	78.93
Balance carried forward	3,615.77	1911.18

PERFORMANCE HIGHLIGHTS

Lending Operations

During the year the Company sanctioned loans of Rs.991.83 Crore as against Rs.649.05 Crore last year showing an increase of 54%. The disbursements during the year were Rs.915.59 Crore as against Rs.583.08 Crore showing an increase of 57%.

The outstanding at the end of the year was Rs.2073.49 crore as against Rs.1408.01 crore as on March 31, 2010, a growth rate of 47%. The Company's excellent growth has been on the solid foundation of credit quality which is evidenced by the GNPA figure of 1.21% and NNPA figure of 0.82% as on 31-3-2011.

Interest rates

This financial year was characterized by tightening interest rate scenario which saw rates spiral. This in turn impacted the net interest margins of the players in the industry.

However the Company did not effect any upward revision till the beginning of March 2011 when the interest rates were revised upward to 10.25% from 10.00% for loans upto Rs. 20 lakhs and to 10.75% from 10.00% for loans above Rs. 20 Lakhs.

The Company offered a concession of 0.25% to prospective salaried class customers /concession of 0.50% for rural housing subject to the rate of interest being a minimum of 10%.

Profitability

Your Company achieved a profit before tax (PBT) of Rs.7925.04 lakhs as against the corresponding figure of Rs.6114.78 lakhs in the previous year, registering a growth of more than 29%. Profit after tax (PAT) also increased by 31% to reach the figure of Rs.5815.29 lakhs from Rs. 4434.32 lakh last year.

Dividend

Your Directors recommend payment of dividend for the year ended March 31, 2011 at the rate of 10% on equity shares. The dividend shall be paid subject to

approval by the shareholders at the Eleventh annual general meeting to be held on 25 May, 2011 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.

Refinance from NHB

During the year, your Company has received sanction for Rs.25000 lakh and availed fresh refinance assistance amounting to Rs. 9454 lakh from the National Housing Bank (NHB). As on 31 March 2011 the outstanding NHB refinance in our books stands at Rs. 89149 lakh.

Term Loan from Banks

During the year under review, term loans amounting to Rs. 55471 lakh were availed from the Banks and Financial Institutions, taking the total term loan outstanding to Rs. 93575 lakh.

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 2011 was 18.21% 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. 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 2010-11, 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 2010-11, 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 2010-11.

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.

Your Company worked tirelessly towards the skill up gradation of its employees by introducing objective performance appraisal mechanism and performance linked incentive structure 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 2011, the number of people employed by the company stood at 232.

SOFTWARE DEVELOPMENT

RHFL has a web based centralized software solution known as Loan Origination System (LOS)/ Core Banking Solutions (CBS) 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 D.Jothi Jagarajan Shri C.K.Viswanathan , Shri M.Balasubramanian and Shri.A.K.Goyal who ceased to be Directors of the Company. Dr.S.Karutiah Panadian and Smt. K.B. Valasala Kumari were appointed as Additional Directors on 24 September 2010 .

Shri. R. Varadarajan has taken over as the Managing Director of the Company with effect from 1 October 2010.

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

AUDITORS

M/s. R. Subramanian And Co. Chartered Accountants 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:

- in the preparation of the Annual accounts, the applicable accounting standards have been followed together with proper explanation relating to material departure, if any;
- 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;
- 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;
- the annual accounts have been prepared on a going concern basis.

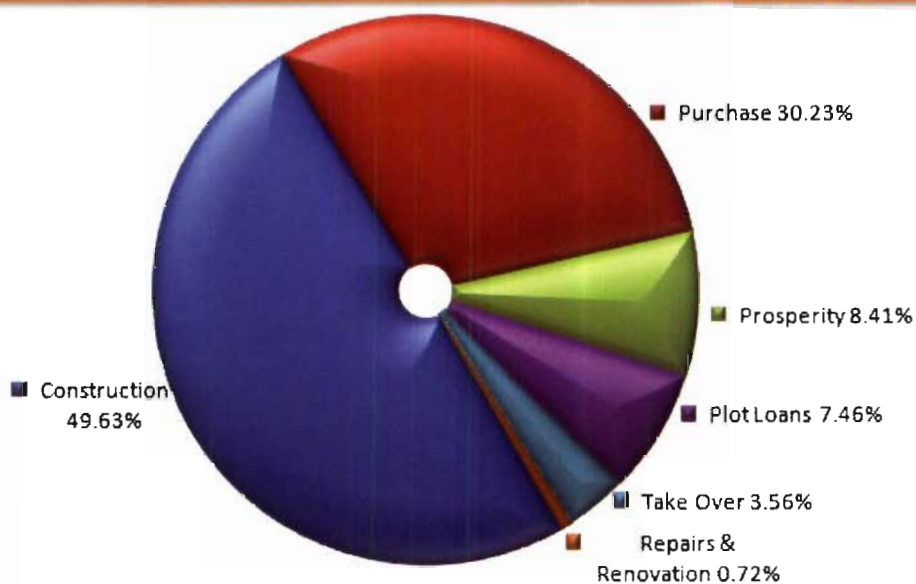
PARTICULARS RELATING TO LISTING OF SECURITIES

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

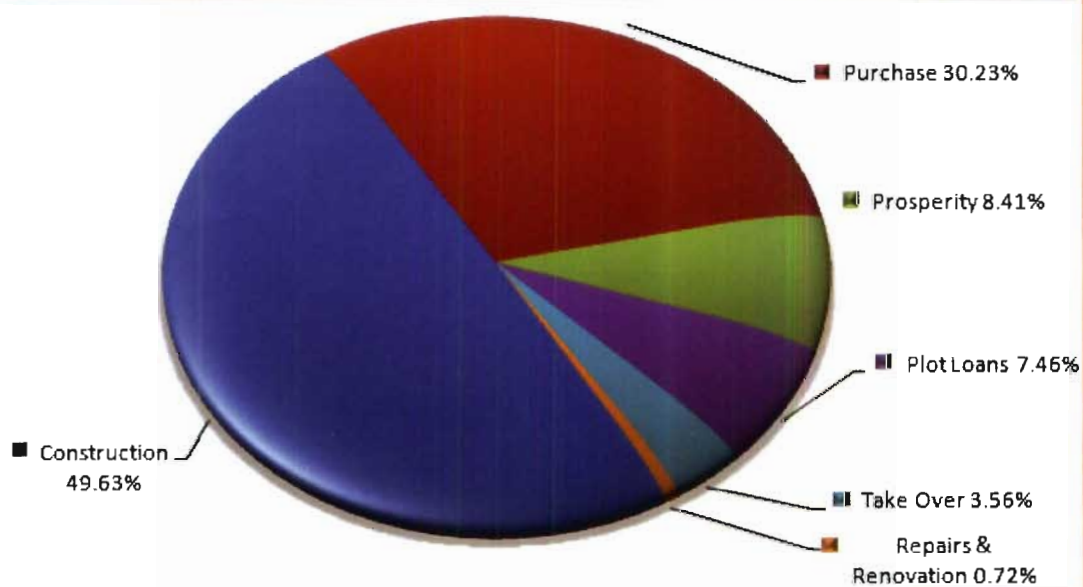
RISK MANAGEMENT

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.

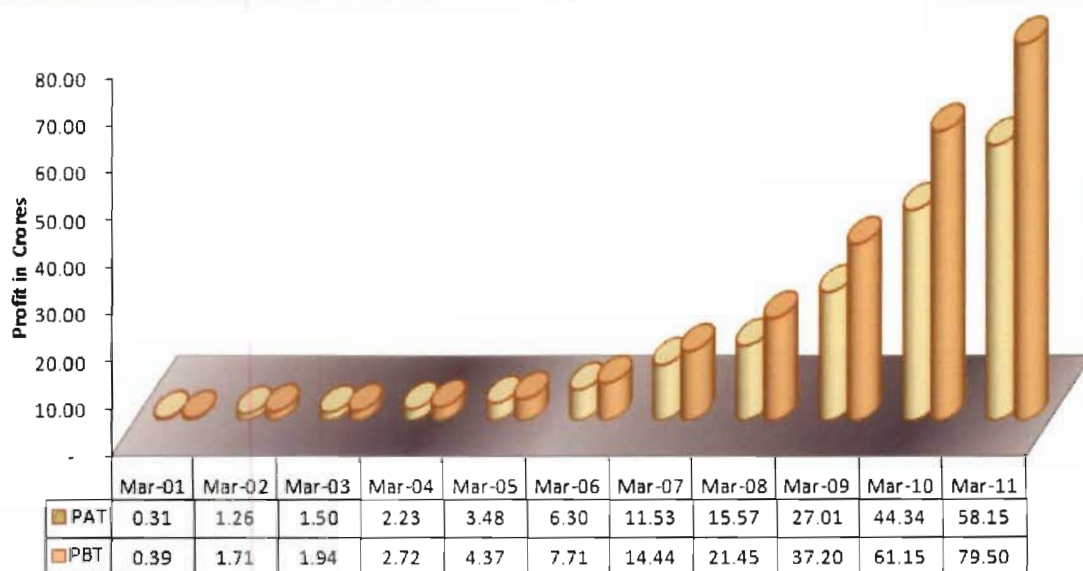
Purpose wise distribution of disbursement during 2010-11



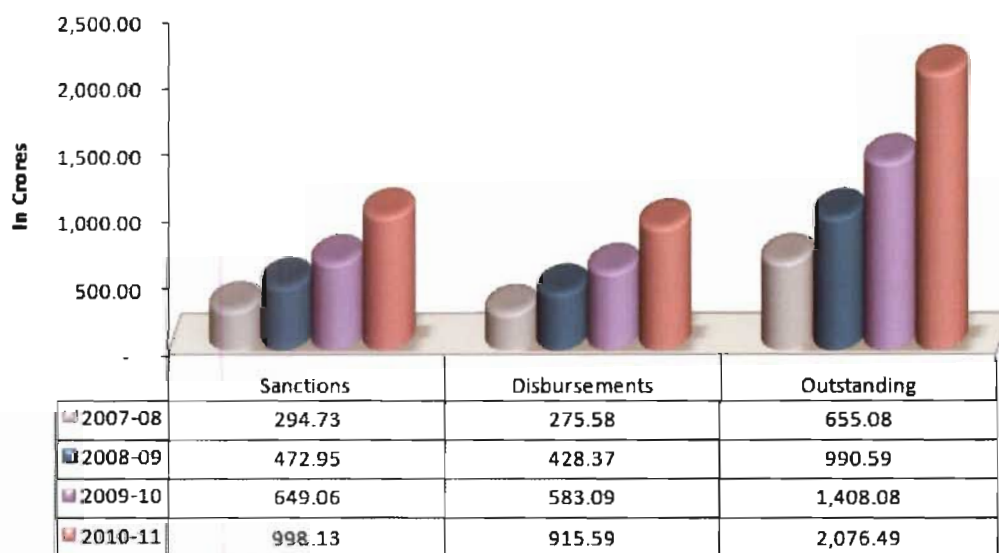
Purpose wise distribution of disbursement during 2010-11



Profitability



Business year wise



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.

INVESTMENTS

The aggregate investment of the Company as on 31 March 2011 is Rs. 5 lakh in Repco Infrastructure Development Company Limited and Rs. 200 lakh in equity shares of Repco MSME Limited which is in compliance with NHB guidelines and investment policy of the company.

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 52 branches and 17 centres across Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Puducherry and Maharashtra. The Company is exploring opportunities for new market expansion in the states of Tamilnadu, Andhra Pradesh, Kerala, Gujarat, Maharashtra, West Bengal, Jharkand, Madhya Pradesh and Orissa to open 25 new branches in FY 2011-2012.

OUTLOOK

The Company's prospects appear to be bright given its efficacious treasury management and robust credit

appraisal systems. A diversified branch presence across the country in the forthcoming financial year would help in sustaining the staggering growth rate record achieved since inception. The variegated sources of funds procured at a cost effective rate complemented by an increasing trend in credit off take augurs well for the Company which is poised to achieve impeccable growth in its profitability in the future.

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.

For and on behalf of the
Board of Directors

Place : Chennai
Date : 29 April 2011

(Dr. S. Karuthiah Pandian)
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, 2011 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, 2011 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, 2011 ;
 - 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 flows for the year ended on that date.

R. SUBRAMANIAN AND COMPANY

Chartered Accountants

Partner

(N Krishnamurthy)

(M No.19339)

Firm Reg No.0041371

Place: Chennai

Date : 29-04-2011

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 31-03-2011.

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:

Name:
Repco Bank Ltd.,

Loan amount outstanding as on 31-03-2011:
Rs. 246.35 Crore (Rs.98.28 Crore)

 - 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 at the relevant time.
5. The Company has not accepted any deposits from Public, hence compliance of the directives issued by the National Housing Bank and the provisions of Sec. 58 A and 58 AA or any other relevant provisions 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. During the year no dealing/trading in shares by the Company was noticed.
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, two fraud cases aggregating to Rs.35.25 lakh on the company was noticed, and the same has been reported to NHB during the year.
21. Clause 4(ii) and 4(iii) of the above order are not applicable to this Company.

R. SUBRAMANIAN AND COMPANY

Chartered Accountants

Partner

(N Krishnamurthy)

(M No.19339)

Firm Reg No.0041371

Place: Chennai

Date : 29-04-2011

BALANCE SHEET AS AT MARCH 31, 2011

(Rupees)

	Schedule No.	As at 31/03/2011	As at 31/03/2010
SOURCES OF FUNDS			
Shareholder's Funds			
a) Capital	1	464,417,890	464,417,890
b) Reserves & Surplus	2	2,012,991,119	1,485,437,354
Loan Funds			
a) Secured Loans	3	18,272,410,549	12,725,264,204
TOTAL		20,749,819,558	14,675,119,448
APPLICATION OF FUNDS			
Fixed Assets	4		
a) Gross Block		67,295,782	39,731,372
b) Less: Depreciation to date		37,320,650	22,387,776
c) Net Block		29,975,132	17,343,596
Deferred Tax Asset (Net)		27,569,848	18,544,261
Investments	5	20,500,000	500,000
Advance for Investments		—	20,000,000
Housing Loans	6	20,605,459,405	13,996,167,085
Current Assets, Loans and Advances	7		
a) Current Assets		84,549,852	641,808,581
b) Loans & Advances		532,210,837	239,838,193
		616,760,689	881,646,774
Less : Current Liabilities and Provisions	8		
a) Current Liabilities		72,991,295	8,099,525
b) Provisions		477,454,221	250,982,743
		550,445,516	259,082,268
Net Current Assets		66,315,173	622,564,506
TOTAL		20,749,819,558	14,675,119,448

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
Partner
(N Krishnamurthy)
(M No.19339)
Firm Reg No.004137S

R Varadarajan
Managing Director

K. Prabhu
Company Secretary

Dr S Karuthiah Pandian
Chairman

S.V. Balasubramanian
Executive Director

Place: Chennai
Date : 29 April 2011

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011

(Rupees)

	Schedule No.	As at 31/03/2011	As at 31/03/2010
INCOME			
Operating Income	9	2,255,512,580	1,636,000,642
Other Income	10	4,002,094	13,010,473
TOTAL		2,259,514,674	1,649,011,115
EXPENDITURE AND OTHER CHARGES			
Interest and Other Financial Charges	11	1,278,672,852	905,331,582
Employees' Emoluments and Benefits	12	72,403,764	47,723,946
Administrative & Other Expenses	13	61,518,328	39,319,444
Depreciation		15,729,957	7,412,994
Provision for Non-Performing Assets / Standard Assets		29,094,466	27,133,154
Bad Debts Written off		9,591,321	10,611,652
TOTAL		1,467,010,688	1,037,532,772
Profit Before Taxation		792,503,986	611,478,343
Less : Provision for Taxation - Current	Rs.	220,000,000	175,000,000
- Deferred	Rs.	(9,025,587)	(6,954,621)
Profit After Taxation		581,529,573	443,432,964
Add : Balance brought forward from previous year		198,918,753	136,584,808
Profit Available For Appropriation		780,448,326	580,017,772
APPROPRIATIONS			
Transfer to Special Reserve (in terms of section 36(1)(viii) of Income tax Act, 1961)		164,895,276	126,764,448
Transfer to General Reserve		200,000,000	200,000,000
Proposed Dividend			
Equity	10% (10%)	46,441,789	46,441,789
Tax on Dividend		7,534,019	7,892,782
Balance carried forward to Balance Sheet		361,577,242	198,918,753
Total		780,448,326	580,017,772
Earning per share information - (equity shares, par value Rs.10/- each)			
Weighted average number of equity shares		46,441,789	43,843,479
Basic earnings per share (in Rupees)		12.52	10.11
Diluted earnings per share (in Rupees)		12.52	10.11
Nominal value per equity share (in Rupees)		10.00	10.00
No. of shares used in computing Earnings per share			
Basic		46,441,789	43,843,479
Diluted		46,441,789	43,843,479
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
Partner
(N Krishnamurthy)
(M No.19339)
Firm Reg No.004137S

R Varadarajan
Managing Director
K. Prabhu
Company Secretary

Dr S Karuthiah Pandian
Chairman
S.V. Balasubramanian
Executive Director

Place: Chennai
Date : 29 April 2011

SCHEDULES

(Rupees)

SCHEDULE 1

SHARE CAPITAL

Authorised

59,776,000 (59,776,000) Equity Shares of Rs.10/- each

40,224,000(40,224,000) Series "A" Cumulative Fully Convertible
Preference Shares of Rs.10/- each

Issued, Subscribed and Paid up

46,441,789 (46,441,789) Equity Shares of Rs.10/- each fully paid up
(Out of the above, 23,230,606 (23,230,606) Equity Shares are
held by M/s Repco Bank Ltd.,)

SCHEDULE 2

RESERVES & SURPLUS

Special Reserve (in terms of section 36(1) (viii)
of the Income-tax Act, 1961)

As per last Balance Sheet

Add : Transfer from Profit and Loss Account

General Reserve

As per last Balance Sheet

Add : Transfer from Profit and Loss Account

Share Premium Account

As per last Balance Sheet

Addition during the year on conversion

(Refer Note.1 (b) of Schedule 15)

Surplus in Profit and Loss A/c

SCHEDULE 3

SECURED LOANS (including interest accrued)

Term Loans from Banks

Term Loans from Repco Bank

Cash Credit From Repco Bank

Term Loans from National Housing Bank

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

As at 31/03/2011	As at 31/03/2010
597,760,000	597,760,000
402,240,000	402,240,000
1,000,000,000	1,000,000,000
464,417,890	464,417,890
464,417,890	464,417,890
383,999,013	257,234,565
164,895,276	126,764,448
548,894,289	383,999,013
303,333,174	103,333,174
200,000,000	200,000,000
503,333,174	303,333,174
599,186,414	275,325,184
-	323,861,230
599,186,414	599,186,414
361,577,242	198,918,753
2,012,991,119	1,485,437,354
6,893,747,814	4,503,906,677
33,378,366	43,617,772
2,430,312,352	939,186,326
8,914,972,017	7,238,553,429
18,272,410,549	12,725,264,204

SCHEDULES

SCHEDULE 4

Fixed Assets

Fixed Assets										(Rupees)
Particulars	Gross Block (at Cost)			Depreciation			Net Block			
	As on 01/04/10	Addition	Deletion	As at 31/03/11	As on 01/04/10	For the period	Adjustment	As on 31/03/11	As at 31/03/10	
Office Equipment	584,344	468,284	-	1,152,628	294,733	232,798	-	527,531	389,611	
Furniture & Fixtures	4,284,157	1,345,671	-	5,629,828	2,992,023	1,013,804	-	4,005,827	1,292,134	
Computers	12,898,714	13,414,913	-	26,313,627	6,521,923	5,210,748	-	11,732,671	6,376,791	
Air Conditioner	722,768	440,211	-	1,162,979	385,998	70,685	-	456,683	336,770	
Bicycle	16,875	-	-	16,875	16,875	-	-	16,875	-	
Motor Vehicle	2,644,122	3,651,252	1,212,175	5,083,199	1,301,358	770,510	797,083	1,274,785	1,342,764	
Land & Building	6,675,994	-	-	6,675,994	2,508,487	208,376	-	2,716,863	4,167,507	
Temporary Erections	7,693,098	6,484,229	-	14,177,327	7,693,098	6,484,229	-	14,177,327	-	
Electrical Fitting	194,672	154,393	-	349,065	160,120	161,958	-	322,078	34,552	
Generator	807,132	2,145,132	-	2,952,264	86,534	289,047	-	375,581	720,598	
Intangible Assets- Computer Software	3,109,496	672,500	-	3,781,996	426,627	1,287,802	-	1,714,429	2,682,869	
Total	39,731,372	28,776,585	1,212,175	67,295,782	22,387,776	15,729,957	797,083	37,320,650	17,343,596	
Previous Year	27,756,778	14,281,187	2,306,593	39,731,372	17,184,893	7,412,994	2,210,111	22,387,776	10,571,885	

SCHEDULES

(Rupees)

SCHEDULE 5

INVESTMENTS

LONG TERM INVESTMENTS

Equity Shares in Associate Companies - Unquoted

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

500,000

500,000

2,000,000 (-Nil-) equity shares of Rs.10/- each, fully paid up in Repco MSME Development & Finance Ltd.,

20,000,000

20,500,000

500,000

SCHEDULE 6

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

Individual House Ownership

17,642,102,764

11,805,127,309

Mortgage/Other Loans

3,093,119,167

2,274,989,925

20,735,221,931

14,080,117,234

Less: Principal Overdue

59,941,880

40,001,003

20,675,280,051

14,040,116,231

Less: Provision for NPA

69,820,646

43,949,146

20,605,459,405

13,996,167,085

SCHEDULES

(Rupees)

SCHEDULE 7

CURRENT ASSETS, LOANS & ADVANCES

A) CURRENT ASSETS

Cash & Bank Balances

Cash on hand

Balance with Scheduled Banks in Current A/cs

Balance with Banks in Deposit A/c

[The above deposits are held in the joint name of the company and the employee towards Security Deposit]

Balance with Repco Bank in Savings Bank & Current A/c

Current Assets (A)

As at
31/03/2011

As at
31/03/2010

5,479,143

8,086,435

47,613,638

110,985,828

145,000

151,830

31,312,071

522,584,488

84,549,852

641,808,581

B) LOANS & ADVANCES

(Loan Accounts Secured Considered Good excepting provision made for Non-Performing Advances)

Installments due from borrowers

Pre-Emi due from borrowers

107,715,115

72,259,537

4,182,388

3,512,782

111,897,503 (a)

75,772,319

(Recoverable in cash or in kind or for value to be received)

(Unsecured - Considered Good)

i) Staff Advance

ii) Advance Tax & TDS

iii) Income Tax / FBT Refund Receivable

v) Advance - Others

vi) Telephone & Other Deposits

vii) Rental Deposits

5,736,230

3,553,390

397,319,864

150,300,000

1,757,246

2,137,471

3,612,103

1,122,277

1,886,122

1,548,776

10,001,769

5,403,960

420,313,334 (b)

164,065,874

Loans & Advances (a+b)

532,210,837

239,838,193

SCHEDULES

(Rupees)

SCHEDULE 8

CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Creditors for Expenses	2,265,626	1,929,847
Other Creditors	70,725,669	6,169,678
(There are no amount due and outstanding to be credited to Investor Education and Protection Fund)	<u>72,991,295</u>	<u>8,099,525</u>

PROVISIONS

Provision for Standard Assets	12,217,314	8,994,348
Provision for Taxation	398,125,824	178,125,824
Provision for Tax on Dividend	7,534,019	7,892,782
Proposed Dividend - Equity	46,441,789	46,441,789
Provision for Leave Salary	5,749,000	4,028,000
Provision for Exgratia	7,386,275	5,500,000
	<u>477,454,221</u>	<u>250,982,743</u>

SCHEDULE 9

INCOME FROM OPERATIONS

Interest from Housing Loan	2,115,214,657	1,540,102,531
Processing fees	99,071,944	68,345,304
Penal Interest	23,236,587	13,774,411
Miscellaneous Income	17,989,392	13,778,396
	<u>2,255,512,580</u>	<u>1,636,000,642</u>

SCHEDULE 10

OTHER INCOME

Dividend Income		477,995
Profit /(Loss) on Sale of Investments	-	(659,238)
Interest on Deposits [TDS Rs.19,864/- (-Nil-)]	4,002,094	7,041,597
Provision for diminution in value of investments no longer required written back	-	6,150,119
	<u>4,002,094</u>	<u>13,010,473</u>

SCHEDULES

(Rupees)

SCHEDULE 11

INTEREST AND OTHER FINANCIAL CHARGES

	As at 31/03/2011	As at 31/03/2010
Interest on Term Loans from Banks and NHB	1,130,308,460	850,312,434
Interest on Others	144,136,992	49,617,264
Bank Charges	4,227,400	5,401,884
	<u>1,278,672,852</u>	<u>905,331,582</u>

SCHEDULE 12

EMPLOYEES' EMOLUMENTS & BENEFITS

Salaries, Allowances, Incentives and Exgratia	60,614,797	39,907,038
Company's Contribution to Provident Fund, Gratuity and Superannuation	4,562,039	3,835,100
Leave Encashment	2,614,538	1,327,205
Staff Welfare	4,612,390	2,654,603
	<u>72,403,764</u>	<u>47,723,946</u>

SCHEDULE 13

ADMINISTRATIVE & OTHER EXPENSES

Professional / Consultancy Charges	3,110,748	3,665,371
Advertisement & Publicity	11,656,989	8,241,588
Audit Fees	800,000	500,000
Printing & Stationery	1,987,491	1,243,249
Miscellaneous Expenditure	9,018,801	3,206,115
Legal Fees	5,460,476	2,956,965
Rates & Taxes	1,356,898	3,568,021
Telephone and Connectivity Charges	5,944,434	1,929,149
Travelling and Conveyance	2,212,199	1,635,854
Electricity Charges	1,652,968	1,141,837
Vehicle Maintenance	535,862	268,386
Office Maintenance & Repairs	1,709,944	692,728
Rent	13,398,763	8,237,770
Business Promotion	2,236,104	1,597,311
Insurance	436,651	435,100
	<u>61,518,328</u>	<u>39,319,444</u>

SCHEDULES

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.5000/- 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 and directions issued by NHB. Provision for Non-performing assets are made in accordance with the said guidelines, with the exception of substandard assets wherein provision is made at 15% and in respect of all the doubtful assets (D1, D2 and D3) at 50% on the secured portion of such doubtful assets.

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. EMPLOYEE BENEFITS

a) Short-term Employee Benefits

Short Term Employee Benefits for Services rendered by employees are recognized during the period when the services are rendered.

b) Post Employment Benefits

DEFINED CONTRIBUTION PLAN

i) Provident Fund:

The Company contributes to a Government-administered Provident Fund on account of its employees.

DEFINED BENEFIT PLAN

i) Gratuity:

The Company makes an annual contribution to Gratuity Fund administered by Trustees and managed by LIC. The Company accounts for its liability based on actuarial valuation, as at Balance Sheet Date, determined every year by LIC using Projected Unit Credit Method.

ii) Leave Encashment:

The Company provides staff leave encashment based 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

- a) 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.
 - b) 40,224,000 5% Series "A" cumulative fully convertible preference shares of Rs.10/- each were converted into 7,837,877 equity shares on 30 July 2009 at a premium of Rs.41.32 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. Accordingly, Rs.78,378,770/- was credited to share capital account and Rs.323,861,230/- was credited to share premium account.
- 2) Commitment towards sanction pending disbursement including part Disbursements as on 31-03-2011 - Rs.14,031.26 lakh (Rs. 9,520.52 lakh).
 - 3) Secured Loans include Rs.27,779.36 lakh (Rs. 25,805.92 lakh) lakh falling due for repayment within one year.

4) **Deferred Tax:**

The components of deferred tax asset as on 31-03-2011 are as under:

Deferred Tax Assets:

(Rupees)

		As at 31/03/2011	As at 31/03/2010
Provision for Non Performing Advances / Standard Non Housing Loans		26,617,216	17,586,505
Disallowance under Section 43B etc		1,865,263	1,338,000
	(A)	28,482,479	18,924,505
Deferred Tax Liabilities:			
Difference between written down value of Fixed Assets as per Companies Act and as per Income Tax Act.,	(B)	912,631	380,244
Net Deferred Tax Asset	(A-B)	27,569,848	18,544,261

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) Classification of Loans and Provisions made for Non-Performing Assets are as under:

(Rs in lakh)

	For the year ended 31-03-2011					For the year ended 31-03-2010				
	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Housing Loans (Excluding Installment due from borrowers)										
Individual house ownership	174,312.02	1,377.72	731.28	–	176,421.02	116,639.23	1,046.95	365.09	–	118,051.27
Mortgage/ other loans	30,521.21	225.98	184.01	–	30,931.20	22,421.67	207.77	120.46	–	22,749.90
Total Loans	204,833.23	1,603.70	915.29		207,352.22	139,060.90	1,254.72	485.55	–	140,801.17
Provision-Housing loans	–	206.66	365.65	–	572.31	–	157.04	182.55	–	339.59
Provision other loans	122.17	33.90	92.00	–	248.07	89.94	31.16	68.73	–	189.83
Total Provisions	122.17	240.56	457.65	–	820.38	89.94	188.20	251.28	–	529.42

7) There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31-03-2011. 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.

8) Expenditure incurred in foreign currency

Training expenses Rs. – Nil – (27,853/-)

Traveling expenses Rs. – Nil – (62,100/-)

9) There are no amounts to be reflected under payable to Investor Protection Fund.

10) 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

Associates

Repco MSME Development Company Ltd.,

Repco Infrastructure Development Company Ltd.,

Company holding substantial interest

First Carlyle Growth VI

Key Management Personnel

Shri M. Balasubramanian, Managing Director (up to 30-09-2010)

Shri R. Varadarajan, Managing Director (From 01-10-2010)

Shri S.V. Balasubramanian, Executive Director

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

(Rs.)

Nature of Transaction	Key Management Personnel Managing Director/ Executive Director	Promoter REPCO Bank	Company holding substantial interest First Carlyle Growth VI	Associate
Remuneration Paid to Managing Director	2,357,192 (2,145,792)	-	-	
Remuneration Paid to Executive Director	1,975,300 (1,335,400)	-	-	
Equity Share Capital (Paid-up)	---	232,306,060 (232,306,060)	230,818,600 (230,818,600)	
Cash Credit Outstanding	---	2,430,312,352 (939,186,326)	---	
Term Loan Outstanding	---	33,378,366 (43,617,772)	---	
Rent Paid	---	1,188,588 (10,94,994)	---	
Corporate Fee Paid	---	216,000 (216,000)	---	
Interest Paid on Loans availed from Repco Bank	---	144,136,992 (49,617,264)	---	
Equity Dividend Proposed	---	23,230,606 (23,230,606)	23,081,860 (23,081,860)	
Interest earned on deposits	---	3,010,312 (7,041,597)	---	
Capital Expenditure Paid	---	4,800,000 (-Nil-)	---	
Investments o/s as at the end of the year				20,500,000 (20,500,000)
Professional fee paid				2,04,225 (NIL)

* Includes Rs.2,294,117/- paid to previous Managing Director

11) The main business of the Company is to provide long term loan financing for Residential purposes in India. Accordingly, there is not separate reportable segment as per Accounting Standard - AS-17 "Segment Reporting".

12) Earning per share (Basic and Diluted)

(Rs.)

	2010-11	2009-10
a) Profit for the year after Tax	581,529,573	443,432,964
b) Weighted average number of Equity Shares outstanding during the year	46,441,789	43,843,479
c) Basic and Diluted Earning per Share	12.52	10.11
d) Nominal Value per Equity Share	10.00	10.00

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

Particulars of Provision for	Opening Balance as on 01/04/2011	Provision made during the year	Provisions reversed / adjusted	Closing balance as on 31/03/2011
Non performing advances	43,949,146	25,871,500	--	69,820,646
Standard non housing loans	8,994,348	3,222,966	--	12,217,314
Leave encashment	4,028,000	1,721,000	--	5,749,000
Taxation	178,125,824	220,000,000	--	398,125,824
Proposed dividend (including Dividend Tax)	54,334,571	53,975,808	54,334,571	53,975,808

14) EMPLOYEE BENEFITS

i. Defined Contribution Plan:

Company Contribution to

i. Provident fund

: Rs. 4,183,521/-

ii. Defined Benefit Plan:

Gratuity

A. Reconciliation of opening and closing balance of present value of the defined benefit obligation	2010-11	2009-10
Present value of obligations as at beginning of year	2,326,804	2,392,502
Interest Cost	186,144	191,400
Current Service Cost	563,929	638,559
Benefits Paid	(158,060)	-
Actuarial loss on obligation	1,085,149	(895,657)
Present value obligations as at end of year.	4,003,966	2,326,804
B. Reconciliation of opening and closing balances of fair value of Plan Assets	2010-11	2009-10
Fund Maintained by LIC		
Fair value of plan assets as at beginning of year	3,313,004	2,351,521
Expected return on plan assets	337,350	252,046
Contributions	803,226	709,437
Benefits paid	(158,060)	-
Actuarial gain on plan assets	NIL	-
Fair value of plan assets at the end of year	4,295,520	3,313,004

C. Reconciliation of present value of defined benefit obligation and fair value plan assets to the assets and liabilities.	2010-11	2009-10
Fair value of plan assets at beginning of year	3,313,004	2,351,521
Actual return on plan assets	337,350	252,046
Contributions	803,226	709,437
Benefits paid	(158,060)	-
Fair value of plan assets at the end of year	4,295,520	3,313,004
Funded status (Liability)	-	-
Excess of actual over estimated return on plan assets	2,915,541	986,200

D. Details showing fair value of plan assets	2010-11	2009-10
Fair value of plan at beginning of year	3,313,004	2,351,521
Actual return on plan assets	337,350	252,046
Contributions	803,226	709,437
Benefit paid	(158,060)	-
Fair value plan assets at end of year.	4,295,520	3,313,004

E. Actuarial assumption	2010-11	2009-10
Discount Rate	8.00 %	8.00%
Salary Increment	5.00 %	5.00 %
Mortality rates	Based on LIC 1994-96	Based on LIC 1994-96

15) Capital to Risk Assets Ratio (CRAR) (As certified by the Management)

Items	As on 31-03-2011	As on 31-03-2010
i) CRAR (%)	18.21	21.13
ii) CRAR – Tier I Capital (%)	18.21	21.13
iii) CRAR – Tier II Capital (%)	-	-

16) Exposure to Real Estate Sector (As certified by the Management)

(Rs in Crore)

Category	As on 31-03-2011	As on 31-03-2010
a) Direct Exposure		
i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
(i) Out of the above Individual Housing Loans up to Rs.15.00 lakh	199.54	153.27
	125.23	63.49
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 warehouse space, hotels land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	109.77	74.23
iii) Investments in Mortgage Backed Securities (MBS) and other securities exposures	Nil	Nil
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

17) Asset Liability Management: Maturity pattern of certain items of assets and liabilities (As certified by the Management)

(Rs in Crore)

	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
LIABILITIES											
Borrowings from Banks / NHB	56.85	3.09	5.59	64.10	148.16	530.27	374.63	223.45	410.71	10.39	1,827.24
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-
ASSETS											
Advances (Gross)	10.80	10.89	11.00	33.58	69.61	309.66	358.10	385.84	444.04	440.00	2,073.52
Investments	-	-	-	-	-	-	-	-	-	2.05	2.05

18) Previous year figures have been regrouped and rearranged wherever necessary, to confirm to current year classification.

For **R. Subramanian And Company**
Chartered Accountants
Partner
(**N Krishnamurthy**)
(M No.19339)
Firm Reg No.004137S

R Varadarajan
Managing Director

K. Prabhu
Company Secretary

Dr S Karuthiah Pandian
Chairman

S.V. Balasubramanian
Executive Director

Place: Chennai
Date : 29 April 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information as required under Part IV of the Schedule VI of the Companies Act, 1956

I Registration Details

Registration No.

		0	4	4	6	5	5
--	--	---	---	---	---	---	---

 State Code

1	8
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

Date Month Year

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

Total Liabilities

2	0	7	4	9	8	2	0
---	---	---	---	---	---	---	---

 Total Assets

2	0	7	4	9	8	2	0
---	---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

		4	6	4	4	1	8
--	--	---	---	---	---	---	---

 Reserves & Surplus

	2	0	1	2	9	9	1
--	---	---	---	---	---	---	---

Secured Loans

1	8	2	7	2	4	1	1
---	---	---	---	---	---	---	---

 Unsecured Loans

					N	I	L
--	--	--	--	--	---	---	---

Applications of Funds

Net Fixed Assets

			2	9	9	7	5
--	--	--	---	---	---	---	---

 Investments

			2	0	5	0	0
--	--	--	---	---	---	---	---

Net Current Assets

2	0	6	9	9	3	4	5
---	---	---	---	---	---	---	---

 Misc. Expenditure

					N	I	L
--	--	--	--	--	---	---	---

Accumulated Loss

					N	I	L
--	--	--	--	--	---	---	---

IV Performance of Company (Amount in Rs. Thousands)

Turnover

	2	2	5	9	5	1	5
--	---	---	---	---	---	---	---

 Total Expenditure

	1	4	6	7	0	1	1
--	---	---	---	---	---	---	---

Profit Before Tax

		7	9	2	5	0	4
--	--	---	---	---	---	---	---

 Profit After Tax

		5	8	1	5	2	9
--	--	---	---	---	---	---	---

Earnings per Share in Rs (Annualised)

1	2	.	5	2
---	---	---	---	---

 Dividend Rate (%)

1	0
---	---

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
Partner
(N Krishnamurthy)
(M No.19339)
Firm Reg No.004137S

R Varadarajan
Managing Director

K. Prabhu
Company Secretary

Dr S Karuthiah Pandian
Chairman

S.V. Balasubramanian
Executive Director

Place: Chennai
Date : 29 April 2011

CASH FLOW STATEMENT FOR THE YEAR ENDING MARCH 31, 2011

(Rupees)

A CASH FLOW FROM OPERATING ACTIVITIES

	For the year ended March 31, 2011	For the year ended March 31, 2010
NET PROFIT BEFORE TAX	792,503,986	611,478,340
Adjustments For:		
Depreciation	15,729,957	7,412,995
(Profit)/Loss on Sale of Fixed Assers	(139,908)	71,232
Dividend Received	-	(477,995)
(Profit)/Loss on Sale of Investments	-	659,238
Interest Earned on Deposits	(4,002,094)	(7,041,597)
Provision for Non-Performing Assets/Standard Assets	29,094,466	27,133,154
Provision for Diminution in Value of Investments	-	(6,150,119)
	<u>40,682,421</u>	<u>21,606,908</u>
Operating Profit Before Working Capital Changes	833,186,407	633,085,248
Adjustments For:		
Current Assets	(9,607,821)	(3,615,056)
Current Liabiliteis	68,499,045	(53,853,694)
	<u>58,891,224</u>	<u>(57,468,750)</u>
Cash Generated From Operations	892,077,631	575,616,498
Direct Taxes Paid	(246,639,639)	(155,350,000)
Net Cash From Operating Activities (A)	645,437,992	420,266,498

B CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(28,776,585)	(14,281,184)
Sale of Fixed Assets	555,000	25,486
Purchase of Investments	-	(20,000,000)
Sale of Investments	-	16,228,262
Interest Earned on Deposits	4,002,094	7,041,597
Dividend Received	-	477,995
Net Cash Used in Investing Activities (B)	(24,219,491)	(10,507,844)

C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of Share Capital	-	-
Increase in Secured and Unsecured Loans	5,547,146,345	4,132,250,759
Increase in Housing Loans	(6,671,289,004)	(4,186,076,700)
Dividends Paid	(54,334,571)	(59,661,752)
Net Cash Used in Financing Activities (C)	(1,178,477,230)	(113,487,693)
Net Increase/Decrease in cash and cash equivalent (A+B+C)	(557,258,729)	296,270,961
Cash and Cash Equivalents - Opening Balance (D)	641,808,581	345,537,620
Cash and Cash Equivalents - Closing Balance (E)	84,549,852	641,808,581
Net Increase/(Decrease) in Cash and Cash Equivalents (E-D)	(557,258,729)	(296,270,961)

We have examined the above Cash Flow Statement of Repco Home Finance Ltd., Chennai, for the year ended March 31, 2011. 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
Partner
(N Krishnamurthy)
(M No.19339)
Firm Reg No.004137S
Place: Chennai
Date : 29 April 2011

R Varadarajan
Managing Director

K. Prabhu
Company Secretary

Dr S Karuthiah Pandian
Chairman

S.V. Balasubramanian
Executive Director

Customer's Dreams Completed Projects...





REPCO HOME FINANCE LIMITED

"Corporate Office" , Karumuttu Centre, Second Floor - North Wing
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