


*rightfully
yours*





*To have four walls
Those contain our memories
As much as we contain
Times spent with them
Within our hearts*

*A roof that has seen us
Through shine and storm
Windows that open our minds
To the sky
Beds and sofas
And chairs and resting places
We are glad to be attached to*

*Favourite corners
Secrets shared
And other unforgettable times
with family and friends*

*A simple place treasured
In the head and heart
A haven called home*

Is it too much to ask?

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Cover Visuals :
Our commitment to shape your dreams

Annual General Meeting (AGM)

Day/Date : Wednesday, July 14, 2010

Time : 3.00 p.m.

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

Operational Highlights

	(Rs. in crores)										
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Cumulative
Approvals	6,879.77	9,041.25	11,731.57	15,215.56	19,715.33	25,633.67	33,331.93	42,520.00	49,166.00	60,611.00	298,061.00
Disbursements	5,803.01	7,616.56	9,950.87	12,696.82	16,206.75	20,679.20	26,177.99	32,874.99	39,650.00	50,413.00	242,219.00
Cumulative Investment made possible in the housing sector	64,502.11	82,584.61	103,734.78	134,165.90	173,595.90	224,863.24	291,527.10	376,568.00	474,900.00	596,122.00	

1 Crore = 10 Million

1 Lac = 100,000

Financial Highlights

	(Rs. in crores)										
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	
Gross Income	2,382.35	2,700.15	2,975.62	3,077.85	3,410.44	4,278.39	5,896.26	8,196.05	11,017.66	11,360.83	
Profit After Tax	473.65	580.01	690.29	851.78	1,036.59	1,257.30	1,570.38	2,436.25	2,282.54	2,826.49	
Shareholders' Funds	2,371.94	2,702.84	3,043.86	3,393.79	3,883.10	4,468.33	5,551.40	11,947.34	13,137.39	15,197.66	
Share Capital - Equity	120.08	121.71	244.41@	246.61	249.12	249.56	253.01	284.03	284.45	287.11	
Reserves and Surplus	2,251.86	2,581.13	2,799.45	3,147.18	3,633.98	4,218.77	5,298.39	11,663.31	12,852.94	14,910.55	
Term Borrowings	8,219.95	10,264.67	14,130.73	19,346.39	28,807.31	37,979.93	46,808.61	57,854.97	64,481.41	73,484.17	
Deposits	7,249.83	8,491.02	9,121.55	9,337.65	7,840.09	8,741.42	10,384.42	11,296.25	19,374.67	23,081.14	
Loans Outstanding	13,224.66	17,207.68	21,749.91	27,974.27	36,011.50	44,990.12	56,512.36	73,327.78	85,198.11	97,966.99	
Dividend (%)	125	250*	110®	135	170	200	220	250	300	360	
Book Value per Share (Rs.)#	99	111	125	138	156	179	219	421	462	529	
Earnings per Share (Rs.)#	20	24	28	35	42	50	63	67†	80	99	

Adjusted for bonus.

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

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

† Excluding exceptional income.



One of the earliest longings for a human being is a piece of land and a roof overhead. A place that can be called 'home'. Go anywhere, and you will find this one need common across all man-made boundaries. Only if one is sheltered physically, one can be at home emotionally and spiritually.

Life seeks many necessities – starting with the basic access to light, heat, water and air to other everyday essentials of space, privacy, togetherness, comfort and security. However the price you pay for them is crucial, making 'affordability' the big question for most home seekers.

While the right to basic shelter is not debated by anyone, an affordable home in the middle of nowhere is not of much help. Connectivity, infrastructure, sanitation, green surroundings and many other issues contribute fundamentally to a life of comfort.

At HDFC, we believe you have every right to enjoy life's basic necessities and dream of making this space *rightfully yours*.



right to basics



As a customer, it is your right to know what you are paying for. Here, the credibility of a developer plays a crucial role. This is determined by the quality of construction resulting in the longevity of the house, the ability to aesthetically manage space by providing children ample room to play, timely project completion ensuring peace of mind for the family and also, providing all the basic amenities that enrich life...this is what makes 'home' a worthwhile investment.

Home buying is always a major financial decision. A little assistance from someone you can trust can go a long way in making 'home purchase' a memorable journey. An impartial review of the developer, a fair take on the market scenario, sound technical advice, appropriate legal guidance, assistance in managing the finances and a friendly cheer helps brighten your joyous occasion.

Let there be a renewed hope that your home will soon be more attainable and all aspects of being sheltered will be comfortable - as they should be *rightfully yours*.



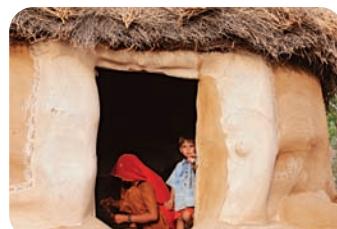
right to comfort



Integrity is essential to success. It is all about knowing yourself - your desires, your needs, your talents, your aspirations, your dreams... and then being true to them. It is within the four walls of your home that you explore yourself, nurture a sound value system.

According to an ancient Chinese saying, “The strength of a nation derives from the integrity of the home.” Homes signify family, love and belonging. It defines who we are and what we stand for. Indeed, happy homes make happy families, and happy families make happy individuals. It is these individuals who bring a sense of passion and purpose to work and life, and make significant contributions to the society.

Thus to make a robust society and a stable nation, we have to provide first, a strong foundation: a home *rightfully yours*.



right to happiness



Being 'with you, right through' has been HDFC's longstanding motto. Inviting reputed developers with budget homes within our office premises, hosting exclusive fairs with affordable homes, initiating discussion at industry forums, pressing your cause with the real estate community and urging them to charge by carpet area or give guarantee of their projects, are some of the activities we have pursued with passion.

While modern technology has helped reduce construction time and improved quality; the only challenge for the developers and all of us from the industry is to innovate technology in delivering the best.

A better quality of life is one of the check-points of a developed society and affordable housing is certainly one of the ways to reach the goal. As emphasis on development increases, HDFC thinks it is important to treat affordable housing as an issue that demands immediate action, in the interest of homeowners.

It is our belief that affordable homes are rightfully yours.



right to home

Board of Directors



Mr. Deepak S. Parekh

Chairman

Mr. Keshub Mahindra

Vice Chairman

Mr. Shirish B. Patel

Mr. B. S. Mehta

Mr. D. M. Sukthankar

Mr. D. N. Ghosh

Dr. S. A. Dave

Dr. Ram S. Tarneja

Mr. N. M. Munjee

Dr. Bimal Jalan

Mr. D. M. Satwalekar

Dr. J. J. Irani

Mr. V. Srinivasa Rangan

Executive Director

(Appointed w.e.f. January 1, 2010)

Ms. Renu Sud Karnad

Managing Director

(Appointed w.e.f. January 1, 2010)

Mr. Keki M. Mistry

Vice Chairman & Chief Executive Officer



Brief Profile of the Directors of the Corporation

Mr. Deepak S. Parekh is the Chairman of the Corporation. He is a Fellow of the Institute of Chartered Accountants (England & Wales). Mr. Parekh joined the Corporation in a senior management position in 1978. He was inducted as a whole-time director of the Corporation in 1985, as the Managing Director of the Corporation (designated as 'Chairman') in 1993 and continued to be appointed as such from time to time. He retired as the Managing Director (designated as 'Chairman') with effect from the close of business hours on December 31, 2009. Mr. Parekh has been appointed as an Additional Director of the Corporation with effect from January 1, 2010 and shall hold office as such up to the date of the next Annual General Meeting of the Corporation pursuant to the provisions of Section 260 of the Companies Act, 1956. Mr. Parekh continues as the Chairman of the Corporation.

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

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

Mr. B. S. Mehta is a graduate in commerce and a Fellow of the Institute of Chartered Accountants of

India. Mr. Mehta is an accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1988. He is also a member of the Compensation Committee and Audit Committee of Directors.

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

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

Dr. S. A. Dave is a Doctorate of economics and holds a Master's degree in economics from the University of Rochester. Dr. Dave was the former chairman of the Securities and Exchange Board of India and the Unit Trust of India. Dr. Dave is a director on the boards of many prominent companies in India. He has been a director of the Corporation since 1990. He is also the Chairman of the Audit Committee of Directors.

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



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

Dr. Bimal Jalan was a former Governor of the Reserve Bank and a nominated Member of Parliament (Rajya Sabha). He has previously held several positions in the Government including those of Finance Secretary and Chairman of the Economic Advisory Council to Prime Minister. He has also been associated with a number of public institutions and is at present Chairman of the Public Interest Foundation, Delhi. He has been appointed as a director of the Corporation with effect from April 30, 2008.

Mr. D. M. Satwalekar holds a Bachelor's degree in technology from the Indian Institute of Technology, Bombay and a Master's degree in business administration from the American University, U.S.A. He was the former managing director and chief executive officer of HDFC Standard Life Insurance Company Limited. He is a director on the boards of many prominent companies in India. He was earlier the managing director of the Corporation and had been working with the Corporation from 1979 to 2000. He is also a member of the Investors' Grievance Committee of Directors.

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

special director of the Corporation with effect from January 18, 2008.

Mr. V. Srinivasa Rangan, Executive Director of the Corporation holds a Bachelor's degree in Commerce and is an associate member of the Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. Mr. Rangan joined the Corporation in 1986 and has served in Delhi and was heading the Corporate Planning & Finance function at head office since 2000. He has been appointed as the Executive Director of the Corporation for a period of 5 years with effect from January 1, 2010, subject to the approval of the Members at the ensuing Annual General Meeting.

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

Mr. Keki M. Mistry, Vice Chairman & Chief Executive Officer of the Corporation, is a Fellow of the Institute of Chartered Accountants of India. He has been employed with the Corporation since 1981 and was appointed as the executive director of the Corporation in 1993, as the deputy managing director in 1999, as the managing director in 2000 and was re-designated as the Vice Chairman & Managing Director of the Corporation in October 2007. He has been re-designated as the Vice Chairman & Chief Executive Officer with effect from January 1, 2010. He is also a member of the Investors' Grievance Committee of Directors.

Senior Executives

SENIOR GENERAL MANAGERS

Mr R Anand
 Mr R Arivazhagan
 Mr Gautam Bhagat
 Mr Conrad D'Souza
 Ms Madhumita Ganguli
 Mr Mathew Joseph
 Mr Suresh Menon
 Mr S N Nagendra
 Mr M Ramabhadran
 Mr S Ramanath

AUDITORS

Deloitte Haskins & Sells
 Chartered Accountants

BRANCH AUDITORS - DUBAI

PKF
 Chartered Accountants

INVESTOR SERVICES DEPARTMENT

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

REGISTERED OFFICE

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

GENERAL MANAGERS

Mr Dilip Apte
 Mr P S Barman
 Mr Praveen Kumar Bhalla
 Mr B M Bhasin
 Mr Girish Bhatia
 Mr Thomas Cherian
 Mr Nikhil Dwivedi
 Mr Dipta Bhanu Gupta
 Mr Prosenjit Gupta
 Mr C V Ignatius
 Mr Sudhir Kumar Jha
 Mr Irfan Koreishi
 Mr K Suresh Kumar
 Ms Sonal Modi
 Mr P K Mukherjee
 Mr Prabhakar Rao
 Mr Subodh Salunke
 Mr R Sankaranarayanan
 Mr Rajeev Sardana
 Mr Dilip Shetty
 Mr S K Vasant

COMPANY SECRETARY

Mr Girish V Koliyote

DEBENTURE TRUSTEES

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

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

TRUSTEES - FCCB

Deutsche Trustee Company Ltd.
 Winchester House,
 1 Great Winchester Street,
 London EC2N 2DB.

SOLICITORS AND ADVOCATES

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

PRINCIPAL BANKERS

Central Bank of India
 HDFC Bank Ltd.
 State Bank of India
 Bank of India
 Canara Bank
 Bank of Baroda

DEPUTY GENERAL MANAGERS

Mr K K Abraham
 Mr Vikas Bajpai
 Mr Vinay P Bhatt
 Mr Satrajit Bhattacharya
 Ms Mala Bhojwani
 Mr Sangram K Bisenz
 Mr Udayan Bose
 Mr S K Chaudhari
 Mr Jagdish Dave
 Mr Shalin J Desai
 Mr Sunil V Desai
 Ms Swati D Deshpande
 Mr Sushant S Dhond
 Ms Rosy Dias
 Mr S Elangovan
 Mr Varghese George
 Ms Trupti Nilesh Gore
 Mr Ankur Gupta
 Mr Arjun Gupta
 Mr Padmaraja Hegde
 Mr C S Israni
 Mr T A Jaishanker
 Mr Sanjay Joshi
 Mr Pradip V Kakad
 Mr Gajanan V Kamat
 Mr Deven Kumar
 Mr S Santha Kumar
 Ms Louiza Middlecote
 Mr Manoj Nair
 Ms Iravati N Narvekar
 Mr L Padmanabhan
 Mr Rajasekharan Panicker
 Mr Dhirendra P Parikh
 Mr Vinayak P Parkhi
 Mr Vimal Prakash
 Mr N Radhakrishnan
 Mr T S Rajagopalan
 Mr S D Ramesh
 Mr N Ramesh
 Mr S Ramesh Kumar
 Mr T Ravishankar
 Mr Hemant J Shah
 Mr Mahesh H Shah
 Mr S V Shaligram
 Mr H S Shamasundara
 Mr R Shankarakrishnan
 Mr P C Srivastava
 Ms Tara Subramaniam
 Mr M M Sundaresan
 Mr Sujir Udayanand
 Mr Ashok Venkatraman
 Mr K Vijayakumaran
 Mr K V Vishwanath
 Mr Aseem Vivek
 Ms Rekha B Vyas

Chairman's Statement

The global financial system is still in the throes of uncertainty, though most countries are now driving efforts towards fortifying their financial systems. India's resilience has been admirable as it demonstrated that a domestic, consumption driven economy is more immune to the vagaries of global uncertainty. India has positioned itself to emerge stronger in the current milieu. For HDFC as well, the same holds true. The surge in individual home loans, particularly in the last quarter of the financial year under review is testimony of the renewed confidence of individuals. Armed with higher disposable incomes, the desire to own a home has intensified.

The aspirations of Indians will continue to rise. The projected growth opportunities in India are translating into mind-boggling numbers. India is expected to quadruple its GDP to US\$ 4 trillion by 2025. From a shorter term perspective, India should be just two years away from reverting to its former GDP growth trajectory of over 9% per annum.

India will ride the wave of urban expansion. Currently, 28% of India's population or 300 million people live in urban areas. It is estimated that by 2030, 40% of the population or approximately 600 million people will be living in India's cities. A recent study by McKinsey Global Institute projects that by 2030, 70% of new jobs and 85% of India's total tax revenue will emanate from cities. This unprecedented pace of urbanisation bodes well for our business as the projected rise in urban households will be a potential customer base for HDFC. The trend is already evident as younger people increasingly aspire to become homeowners. For an institution that has dedicated itself to providing housing finance for over three decades, there is nothing more gratifying than enabling more people to get on to the housing ladder.

Urbanisation: India's Double Edged Sword

Cities will be at the heart of all economic activity. The benefits of urbanisation are proven – increased productivity, commercialisation and sustainable growth. Cities are centres of innovation, ideas, knowledge and wealth creation. They also attract talent and provide life changing opportunities to people. Yet all cities in India are strained by lack of physical infrastructure.

The urban exodus has led to a proliferation of slums, inadequate water and sanitation facilities, clogged up traffic and lack of education and healthcare facilities. Most Indian cities score low on the 'liveability index'.

While the opportunities that rapid urbanisation presents are enormous, the challenges are equally daunting. One cannot rule out the possibility of a long-brewing crisis that could implode given the lack of preparedness of our cities to handle an urban influx. This gives rise to so many questions. Where will the additional people live and work? What kind of settlements can absorb this influx of people? How many new mega cities will emerge and where?

What infrastructure will provide connectivity and mobility for the masses? The choices made on urbanisation today will impact India for the next couple of decades.

Need for Urban Cleansing

India has always under invested in its cities. The urban infrastructure deficit is apparent in every aspect, but more so in transport networks and affordable housing, both of which need vast financial resources. Budgetary allocations for urban infrastructure are minuscule and hence private funds have to be attracted on a large scale.

Indian cities need to be empowered to mobilise their own resources. This would enable them to reduce their reliance on the state and centre whose finances are already constrained. Many cities around the world have the power to levy their own taxes and raise money directly from the markets. With these powers comes accountability to its citizenry.

There are several countries that have made dramatic changes in managing urban growth. China is the most significant example of city transformation in recent times. India can no longer manage urbanisation based on a gradualist, incremental approach. The country needs a thorough urban cleansing – which starts with the need for a change in the mindset. Citizens have to be passionate about the cities they live in. This can be inculcated only if there is a sense of ownership of public goods and civic pride.

Setting the Stage for Urban Transformation

Urban transformation requires bold initiatives. Urban growth can be driven through radical changes in land acquisition policies, improved governance and inculcating skills and innovative capabilities in people.

The basis of increasing urban productivity lies in taking measures to use land more efficiently. We, however, tend to be trapped in a policy paralysis as far as land reforms are concerned. While countries like Singapore, Malaysia and Hong Kong have effectively reclaimed land where often the onus of reclamation rests with private developers, certainly a city like Mumbai has no reason to get cold feet on reclaiming land as long as environmental considerations are taken care of. Another example is that of the Urban Land (Ceiling & Regulation) Act which was repealed by the centre over a decade ago. In Maharashtra, ULCRA was repealed three years ago, but cases related to land disputes filed under this act are still pending in courts. These cases should have been withdrawn immediately after the repeal of the act.

India needs to work quickly on creating at least two dozen satellite cities around Tier I and Tier II cities. Satellite cities have to be built as ‘connected cities’ which means having sophisticated transport networks like trans harbour

links, bridges and underground networks. No Indian city today has a 20-year visionary transportation plan. Significant changes in the Indian urban landscape can only become a reality if there is a strong will to simplify, streamline and de-politicise the process of land acquisition.

Having a system of governance calls for professionalism in the way our cities are run. Citizens need to know who is in charge of their city. The need of the hour is to have directly elected city managers who can function as the chief executive officer of the city. The city CEO has to have a predefined tenure and targets and must be empowered. In India, the actual devolution of power from the state to the local body level has not happened, so city accountability continues to fall between two stools. Clearly this needs to change.

High skilled people are a must to carve out distinctive global cities. India is a services driven economy and its strength lies in its human capital. Cities benefit when there is recognition of human skill sets that provide a competitive advantage. In India, the rise of the IT/BPO industry for instance, changed the face of many Indian cities. Besides creating many new job opportunities for a young workforce, real estate also got a boost with demand for large, high quality commercial space. To gain competitive advantage, India needs to swiftly develop leading positions in many more new niche areas which will help add value over the longer term. These niche markets are needed in both, the services and manufacturing sectors. For this, skill upgradation through continuous vocational and educational training is imperative for higher productivity.

At the urban governance level, there is an acute shortage of professionals such as urban and transportation planners, engineers, architects, civic administrators and technicians. Developing master plans have to be a core function. India needs to look at examples of cities that have imbibed a culture of sustainable urban planning. Effective urban planning facilitates the creation of infrastructure ahead of demand and helps to devise innovative 'future ready solutions'. Singapore for example, is investing ahead to intensify land use through the development of underground space. It is putting in place subterranean land rights with a valuation framework and developing an underground master plan, which will add to the overall land bank. Indian cities will have to learn to think out-of-the-box and plough more efforts into R&D to develop resource and energy efficient city clusters.

They say education is the basis of any change. It has been HDFC's privilege to support and be closely associated with the setting up of the Indian Institute of Human Settlements (IIHS), India's first independent university, dedicated to all aspects of urban practice. The need for trained professionals with

inter-disciplinary skills ranging across urban design, planning, engineering, architecture, ecology, economics and law is imperative for the sustainability and transformation of India's cities.

Building Living Communities

The term 'affordable housing' gets wielded so effortlessly, but it continues to be a misnomer. For a short spell of time real estate prices had corrected to realistic levels, giving many the hope of becoming homeowners. However, as soon as economic conditions improved, residential prices in many pockets of the country increased sharply once again. How can one envisage building globally competitive cities when progressively a larger segment of society keeps getting priced out of the housing market?

On a more positive note, certain recent initiatives by the government have been encouraging. The government, through the Rajiv Awas Yojana is allocating funds to encourage states to move towards slum free cities. This needs a long-term commitment of at least twenty years, but is a laudable initiative. Plans to establish a dedicated debt fund to provide long-term resources for infrastructure projects set up through public-private partnerships is another positive step. This year, Delhi is expected to be the first to put in place a real estate regulator which will protect homebuyers from fly-by-night developers and instances of fraud. Hopefully this should set a precedent for other states to follow suit.

Ultimately, the onus of building vibrant living communities rests not only with the government, but with all stakeholders. The challenges of urbanisation are overwhelming, but I am optimistic enough to believe that India's cities will change – perhaps not at the desired pace, but nonetheless a change for the better. Though for this to happen, vision and will, in no small measure is required. The future will get here faster than we think.



Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Thirty-third Annual Report of your Corporation with the audited accounts for the year ended March 31, 2010.

FINANCIAL RESULTS	For the year ended March 31, 2010 (Rs. in crores)	For the year ended March 31, 2009 (Rs. in crores)
Profit before Tax	3,915.99	3,219.04
Provision for Tax	1,089.50	934.00
Provision for Fringe Benefit Tax	—	2.50
Profit after Tax	2,826.49	2,282.54
Appropriations have been made as under:		
Special Reserve No. II	500.00	400.00
General Reserve	695.01	553.04
Additional Reserve (under Section 29C of the National Housing Bank Act, 1987)	432.00	342.00
Shelter Assistance Reserve	9.00	7.00
Proposed Dividend (at Rs. 36 per share)	1,033.60	853.36
Additional Tax on Proposed Dividend	171.67	140.69
Additional Tax on Dividend - Credit taken	(15.16)	(14.05)
Dividend pertaining to Previous Year paid during the year	0.37	0.50
	2,826.49	2,282.54

Dividend

Your directors recommend payment of dividend for the year ended March 31, 2010 of Rs. 36 per equity share as against Rs. 30 per equity share for the previous year.

The dividend payout ratio for the current year, inclusive of additional tax on dividend will be 42% as compared to 43% for the previous year.

Sub-division of Shares

With the objective of increasing retail participation in the equity shares of the Corporation and considering the

requests received from several individual shareholders, the Board of Directors at its meeting held on May 3, 2010, approved a proposal to sub-divide the nominal face value of the equity shares of the Corporation from Rs. 10 per equity share to Rs. 2 per equity share. The proposal is subject to the approval of the members and the requisite resolutions for approval of the members have been set out in the notice convening the 33rd Annual General Meeting (AGM).

Simultaneous Issue of Warrants and Non-Convertible Debentures

Pursuant to the approval of the Shareholders of the Corporation at the 32nd AGM held on July 22, 2009, the Corporation raised Rs. 4,301 crores through the first ever issue of Warrants simultaneously with Non-Convertible Debentures (NCDs) to Qualified Institutional Buyers (QIBs) on a Qualified Institutions Placement (QIP) basis, in accordance with the provisions of Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

The Corporation issued and allotted 1,09,53,706 Warrants at an issue price of Rs. 275 per Warrant with a right exercisable by the Warrant holders to exchange each Warrant with one equity share of face value of Rs. 10 each of the Corporation, at any time on or before August 24, 2012, at a Warrant Exercise Price of Rs. 3,000 per equity share, to be paid by the Warrant holder at the time of exchange of the Warrants.

Simultaneously, the Corporation also issued and allotted 20,000 zero coupon NCDs of the face value of Rs. 10,00,000 each due August 24, 2011 aggregating to Rs. 2,000 crores at an annualised yield to maturity (YTM) of 7.15% and 20,000 zero coupon NCDs of the face value of Rs. 10,00,000 each due August 24, 2012 aggregating to Rs. 2,000 crores at an annualised YTM of 7.85%.

The Warrants and NCDs are listed on the respective segments of the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The maximum dilution that could take place in future, if all the Warrants are exchanged for equity

shares of the Corporation at the Warrant Exercise Price would be up to 3.5% of the expanded equity share capital of the Corporation.

Lending Operations

Loan approvals during the year were Rs. 60,611 crores as compared to Rs. 49,166 crores in the previous year, representing a growth of 23%. Loan disbursements during the year were Rs. 50,413 crores as against Rs. 39,650 crores in the previous year, representing a growth of 27%.

Cumulative loan approvals and disbursements as at March 31, 2010 were Rs. 2,98,061 crores and Rs. 2,42,219 crores respectively. This is in respect of approximately 3.5 million housing units.

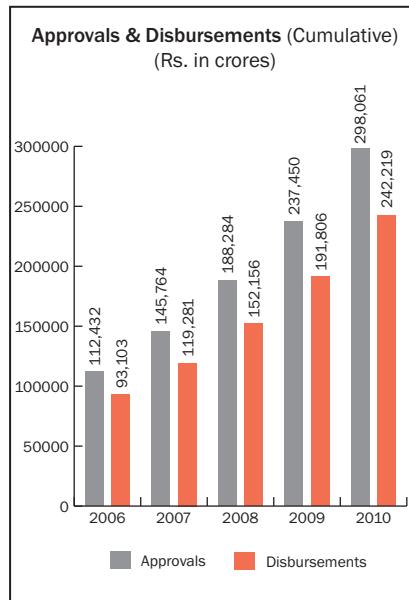
The demand for individual home loans picked up significantly in the second half of the financial year, reflecting rising consumer confidence and overall improvement of economic conditions. Other enabling factors included the strong demand for residential housing, lower interest rates, rising disposable incomes and continued fiscal incentives on housing loans. The average size of individual loans stood at Rs. 16.90 lacs.

Sale of Loans

During the year, the Corporation, under the loan assignment route sold individual loans of Rs. 4,870 crores to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank. Out of the total loans assigned, Rs. 3,258 crores qualify as priority sector advances for the bank.

As at March 31, 2010, loans outstanding in respect of loans sold under the mortgage backed securities and loan assignment route to HDFC Bank and other parties stood at Rs. 9,216 crores.

HDFC continues to service the loans sold under these transactions and is entitled to the residual interest on the loans sold.



During the year, the Corporation also sold Rs. 885 crores of its non-individual loan portfolio. The outstanding amount of the non-individual loans sold by the Corporation as at March 31, 2010 stood at Rs. 1,085 crores. The Corporation, however, continues to hold the security of these loans on a *pari passu* basis with the purchaser.

The residual income on the loans sold is being recognised at the time of actual collections, (i.e. over the life of the underlying loans), and not on an upfront basis. Where individual loans have been sold, the issues carry a rating indicating the highest degree of safety.

Repayments

During the year under review, Rs. 31,872 crores were received by way of scheduled repayment of principal through monthly instalments as well as redemptions

ahead of schedule, as compared to Rs. 23,525 crores received last year.

Loan Book

As at March 31, 2010, the loan book stood at Rs. 97,967 crores as against Rs. 85,198 crores in the previous year – an increase of 15%. The growth in the loan book would have been higher at 22% if the loans sold were included in the loan book.

Foreign Currency Convertible Bonds (FCCB)

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

Up to March 31, 2010, the Corporation had allotted 1,27,92,711 equity shares of Rs. 10 each pursuant to the conversion of the FCCB, representing 81.9% of the bonds.

If the balance bonds are not converted within the above-mentioned conversion period, the remaining bondholders would have the right to redeem the outstanding bonds on September 27, 2010 at a YTM of 4.62% per annum.

Conversion of Warrants Issued by HDFC Bank Limited (HDFC Bank) into Equity Shares

In order for HDFC as a promoter to retain its current shareholding in HDFC Bank pursuant to the merger of Centurion Bank of Punjab with HDFC Bank and having obtained the

requisite approvals, HDFC Bank had made a preferential offer to the Corporation to subscribe to 2,62,00,220 Warrants convertible into 2,62,00,220 equity shares of Rs. 10 each of HDFC Bank, at a price of Rs. 1,530.13 per equity share, in accordance with the provisions of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

In June 2008, under the terms and conditions of the said Warrants, the Corporation had paid a sum of 10% of the price of the equity shares to be issued upon exercise of such Warrants at the time of allotment.

In November 2009, the Corporation exercised its right to convert 2,62,00,220 Warrants into an equivalent number of equity shares of Rs. 10 each of HDFC Bank for an amount of Rs. 3,608.06 crores, being the balance 90% of the subscription amount.

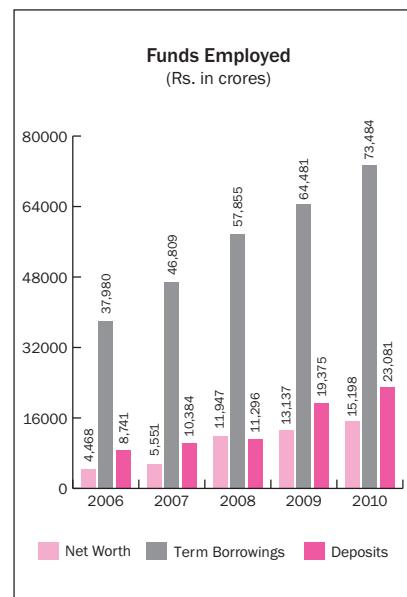
Resource Mobilisation

Subordinated Debt

During the year, the Corporation raised Rs. 500 crores through the issue of long-term Unsecured Redeemable Non-Convertible Subordinated Debentures. The subordinated debt was assigned a 'AAA' rating from both CRISIL Limited (CRISIL) and ICRA Limited (ICRA).

As at March 31, 2010, the Corporation's outstanding subordinated debt stood at Rs. 1,875 crores. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating by CRISIL and ICRA. Based on the balance term to maturity, as at March 31, 2010, Rs. 1,555 crores of the book value of subordinated debt is considered as Tier II under the guidelines issued by the National Housing Bank (NHB)

for the purpose of capital adequacy computation.



Non-Convertible Debentures (NCD)

During the year, the Corporation issued NCDs amounting to Rs. 7,400 crores on a private placement basis (excluding Rs. 4,000 crores of NCDs raised under the Simultaneous Issue of Warrants and Non-Convertible Debentures). The Corporation's NCD issues have been listed on the Wholesale Debt Market segment of the NSE. The Corporation's NCDs have been assigned the highest rating of 'AAA' by both CRISIL and ICRA. As at March 31, 2010, NCDs outstanding stood at Rs. 33,093 crores.

Short-Term Foreign Currency Borrowings by Housing Finance Companies

As a temporary measure, the Reserve Bank of India (RBI) had permitted Housing Finance Companies to raise short-term foreign currency borrowings for a maximum period of three years, under the approval route for refinancing short-term liabilities.

Under this borrowing route, the RBI stipulated that the all-in-cost ceiling should not exceed 6 months LIBOR + 200 bps and the borrowing needs to be fully swapped into Indian Rupees.

During the year, HDFC availed loans amounting to USD 175 million under the said scheme for a period of three years.

Loans from Banks

During the year, the Corporation raised loans amounting to Rs. 25,037 crores from commercial banks, of which Rs. 9,319 crores were under the priority sector category of commercial banks. The Corporation further raised Rs. 2,357 crores from the banking sector as FCNR (B) loans.

HDFC's long-term and short-term bank loan facilities have been assigned the highest rating of 'AAA' and 'PR1+' respectively by CARE, signifying highest safety for timely servicing of debt obligations.

Refinance from National Housing Bank (NHB)

NHB has an internal rating mechanism for Housing Finance Companies (HFCs) and the Corporation has been assigned the highest rating for its refinance schemes by NHB. During the year, the Corporation has drawn refinance amounting to Rs. 239 crores under NHB's Refinance Scheme to Housing Finance Companies, 2003.

Deposits

Deposits continued to grow during the financial year under review despite strong competition from banks. During the year, deposits accounted for 29% of the incremental borrowing of the Corporation. As at March 31, 2010, outstanding deposits stood at Rs. 23,081 crores as against

Rs. 19,375 crores in the previous year – an increase of 19%. The depositor base stood at approximately 9 lac depositors.

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

During the year, the Corporation introduced ‘HDFC Systematic Savings Plan’, which is a monthly savings plan offering a variable rate of interest.

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

Unclaimed Deposits

As of March 31, 2010, public deposits amounting to Rs. 251.78 crores had not been claimed by 38,846 depositors. Since then, 9,277 depositors have claimed or renewed deposits of Rs. 83.88 crores. Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits.

As per the provisions of Section 205C of the Companies Act, 1956, deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, during the year, despite repeated reminders being sent to depositors, an amount of Rs. 31.14 lacs has been transferred to the IEPF. In

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

KfW Lines/Grant

During the year, the Corporation disbursed Rs. 9.14 crores under the KfW Entwicklungsbank (KfW) lines in the area of low-income housing and micro-finance by way of bulk loans to partner non-government organisations (NGOs) and micro-finance institutions (MFIs). These schemes have been approved out of the third line from KfW of Euro 15.3 million. The projects are administered as group or individual loans designed for the economically weaker sections (EWS) of society for improving their access to institutional credit. Against the cumulative loan approvals of Rs. 94.02 crores, the Corporation has disbursed Rs. 86.02 crores as at March 31, 2010.

The surplus funds of Euro 1.12 million available under the fourth line of grant (Euro 10.22 million) were reprogrammed by KfW towards EWS housing projects with objectives and criteria similar to the third line. During the year, HDFC has concluded the utilisation of these surplus funds.

Non-Performing Loans

Despite the financial turbulence during part of the year under review, the recovery performance of the Corporation continued to be very good. Gross non-performing loans as at March 31, 2010 amounted to Rs. 782.85 crores. This is equivalent to 0.79% of the portfolio (as against 0.81% in the previous year) comprising loans as well as debentures issued by corporates and corporate deposits placed for financing their real estate projects. This is the twenty-first consecutive quarter end at which the non-performing loans have been lower

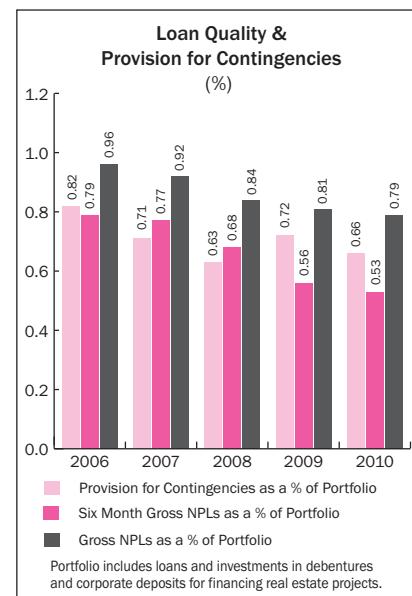
than the corresponding quarter in the previous year.

Based on a six months overdue basis, the non-performing loans as at March 31, 2010 stood at 0.53% of the loan portfolio as against 0.56% in the previous year.

In terms of the prudential norms as stipulated by NHB, the Corporation is required to carry a provision of Rs. 325.29 crores in respect of non-performing assets and general provision on outstanding standard non-housing loans.

The balance in the provision for contingencies account as at March 31, 2010 stood at Rs. 655.57 crores, which is equivalent to 0.66% of the portfolio. As at March 31, 2010, the Corporation’s net non-performing loans stood at 0.13%.

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



Regulatory Guidelines/ Amendments

HDFC has complied with the Housing Finance Companies (NHB) Directions, 2001 prescribed by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy and credit rating. The Corporation is also in compliance with the concentration of investments and capital market exposure norms other than on its investment in HDFC Bank, wherein NHB has granted the Corporation time for such compliance as the Corporation is a promoter of HDFC Bank.

HDFC's capital adequacy ratio stood at 14.6% of the risk weighted assets, as against the minimum requirement of 12%. Tier I capital was 12.8% against a minimum requirement of 6%.

Codes and Standards

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

The Fair Practices Code framed by NHB seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so customers have a better understanding of what

they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the housing finance company and foster confidence in the housing finance system. During the year, the Corporation has adhered to the Fair Practices Code as approved by the Board of Directors.

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

Risk Management Framework

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

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

Marketing and Distribution

To reach out effectively to customers, the Corporation's distribution network now spans 279 outlets, which include 65 offices of the HDFC's wholly owned distribution company, HDFC Sales Private Limited (HSPL). To further augment this network, HDFC covers over 90 additional locations through

its outreach programmes. HDFC has offices in London, Singapore and Dubai. The Dubai office reaches out to its customers across West Asia through its service associates based in Kuwait, Qatar, Oman, Sharjah, Abu Dhabi and Saudi Arabia – Al Khobar, Jeddah and Riyadh.

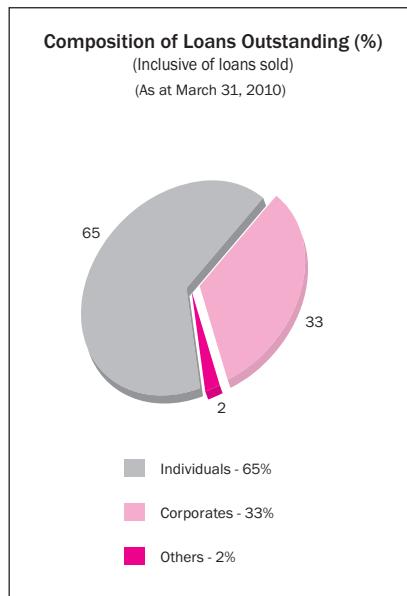
HDFC's reach and presence is also enhanced by its distribution channels, which include HSPL, HDFC Bank and a few third party direct selling associates (DSAs). These channels only source loans, while HDFC continues to retain control over the credit, legal and technical appraisal, thereby ensuring that the quality of loans disbursed is not compromised in any way and is consistent across all distribution channels.

During the year, HDFC ran a key brand campaign – "HDFC - because every family needs a home." The objective of the campaign was to connect with HDFC's existing customers as well as prospective customers, making the HDFC brand synonymous with a home.

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

Cross Selling and Distribution of Financial Products and Services

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



products and services under the 'HDFC' brand.

HDFC is a Composite Corporate Agent for HDFC Standard Life Insurance Company Limited (HDFC-SL) and HDFC ERGO General Insurance Company Limited (HDFC-ERGO).

International Housing Finance Initiatives

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

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

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

In July 2009, the Frankfurt School of Finance & Management and HDFC jointly organised the second '*Housing Finance Summer Academy*' in Germany, which is a course that aims to provide housing finance solutions for emerging markets through a combination of academic knowledge and practical experience.

In November 2009, HDFC conducted its own international training programme '*Housing Finance Management*' at its training centre, Centre for Housing Finance, located at Lonavla, India. Participants from different countries across Asia and Africa attended a weeklong residential training programme.

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

Shelter Assistance Reserve (SAR)

HDFC continued to partner and support worthwhile projects undertaken by NGOs, foundations and local bodies through the SAR. During the year, HDFC has made a commitment of Rs. 10.48 crores and disbursed Rs. 8.48 crores from the SAR towards a wide spectrum of development programmes and activities.

HDFC supported the mid-day meal scheme for children reaching 285 schools in Gandhinagar and Ahmedabad, partnered a society in raising awareness on multiple sclerosis and helped an organisation refurbish a rehabilitation centre for the physically challenged in Bhubaneshwar. Support and financial assistance was also extended towards realisation of 'Adivasi' (tribal) children's right to education through 'ashram shalas' (residential schools) in Raigad, construction of a dormitory in a shelter home for boys in Ajmer and

towards treatment and medical aid for patients suffering from haemophilia in New Delhi. HDFC made corpus contributions from the SAR to the Indian Cancer Society - New Delhi, Vision Research Foundation - Chennai, Society for the Rehabilitation of Crippled Children - Mumbai and the Deep Griha Society - Pune, amongst others.

In addition, the SAR was utilised towards providing relief assistance to victims in the flood-affected areas of Karnataka and Andhra Pradesh during October 2009.

Training and Human Resource Management

The Corporation believes that the HDFC brand comes alive at various touch points where the customer interacts with HDFC. Hence, strong emphasis is placed on appraisal of competencies and upgradation of skills of employees to achieve current and emerging business needs.

During the year, besides the induction training for management trainees, specific orientation programmes were designed for staff members in operations, accounts, recoveries and deposits.

The Corporation also nominated staff members for a variety of external programmes on affordable housing, rural housing, treasury and risk management, taxation, information security, business management and International Financial Reporting Standards.

Other Initiatives

Education

The Corporation is keen to develop sustainable business models in the education space. As an initial step, during the year, the Corporation acquired a 41% stake in the fully

diluted share capital of Credila Financial Services Private Limited, which is a company that exclusively focuses on providing education loans.

Indian Institute for Human Settlements (IIHS)

The urban environment is embedded in increasing density of traffic, insufficient infrastructure and lack of quality amenities – all of which impact the value and joy of housing. In order to improve the urban environment, there is a need for trained professionals.

During the year, the Corporation disbursed Rs. 2 crores out of a commitment of Rs. 4 crores to IIHS. IIHS will establish a privately funded National University focused on urban practice – a new multidisciplinary profession, drawing on transportation and infrastructure planning, architecture, sociology, economics, law and management. IIHS will provide in-service training as well as educate graduates and post graduates to work on planning, implementation and governance for towns and cities. Various reputed international universities and a number of India's leading academicians and practitioners are participating in this venture. The first IIHS campus will be set up in Bengaluru.

Awards and Recognitions

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

- Top Indian Company in the 'Financial Institutions/Non-Banking Financial Companies/Financial Services' category at the Dun & Bradstreet – Rolta Corporate Awards 2009. The Corporation has won this award for four consecutive years.
- Motilal Oswal Financial Services for the second time ranked HDFC

as the 'Most Consistent Wealth Creator' in its 14th Annual Wealth Creation Study that analyses the top 100 wealth creating companies in India.

- HDFC featured amongst the 'Top 50 Best Companies to Work For – 2009' in a study by the Great Place to Work® Institute - India in association with The Economic Times. In addition, HDFC was adjudged as the 'Best Company for Management Credibility'.

Subsidiary Companies

In terms of Section 212(8) of the Companies Act, 1956, the Central Government has granted its approval, exempting the Corporation from the requirement of attaching to its annual report, the balance sheet, profit and loss account and the report of the directors and auditors thereon, in respect of all its fifteen subsidiary companies. Accordingly, a copy of the balance sheet, profit and loss account, report of the Board of Directors and Report of the Auditors of the following subsidiary companies of the Corporation – HDFC Developers Limited, HDFC Investments Limited, HDFC Holdings Limited, HDFC Asset Management Company Limited, HDFC Trustee Company Limited, HDFC Realty Limited, HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, GRUH Finance Limited, HDFC Sales Private Limited, HDFC Ventures Trustee Company Limited, HDFC Venture Capital Limited and HDFC Property Ventures Limited, and the following step-down subsidiary companies - HDFC Asset Management Company (Singapore) Pte. Limited and Griha Investments have not been attached to the balance sheet of the Corporation for the financial year ended March 31, 2010.

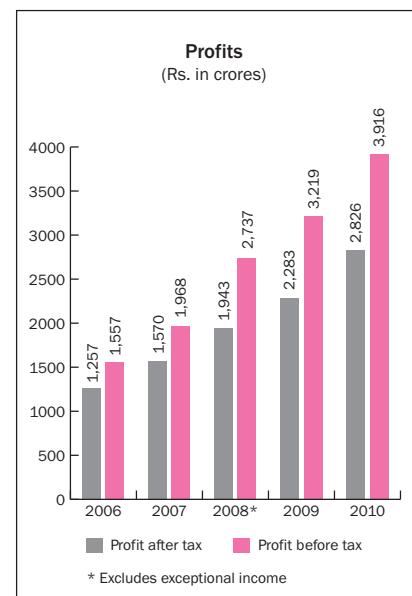
The Annual Report of the Corporation, the annual accounts and the related documents of the Corporation's subsidiary companies are posted on the website of the Corporation, www.hdfc.com. Shareholders who wish to have a copy of the annual accounts and detailed information on any subsidiary company can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

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

Review of Key Subsidiary and Associate Companies

HDFC Bank Limited (HDFC Bank)

HDFC and HDFC Bank continue to maintain an arm's length



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

As at March 31, 2010, gross advances of HDFC Bank stood at Rs. 1,27,262 crores - an increase of 27% over the previous year. As at March 31, 2010, HDFC Bank's distribution network included 1,725 branches and 4,232 ATMs in 779 cities as against 1,412 branches and 3,295 ATMs in 528 cities as of March 31, 2009.

For the year ended March 31, 2010, HDFC Bank reported a profit after tax of Rs. 2,949 crores as against Rs. 2,245 crores in the previous year, representing an increase of 31%. HDFC Bank recommended a dividend of Rs. 12 per share as against Rs. 10 per share in the previous year.

HDFC together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited holds 23.73% of the equity share capital of HDFC Bank.

HDFC Standard Life Insurance Company Limited (HDFC-SL)

Gross premium income of HDFC-SL for the year ended March 31, 2010 stood at Rs. 7,005 crores as compared to Rs. 5,565 crores in the previous year. The sum assured inforce for the current year was Rs. 72,610 crores as compared to Rs. 57,158 crores in the previous year.

The company has a portfolio of 32 retail products and 4 group products covering saving, investment, protection and retirement needs of the customers, along with five optional rider benefits.

HDFC-SL covers approximately 700 cities and towns in India through its 568 distribution points in the country with approximately 2,00,000 financial consultants appointed by the company. HDFC-SL also has a strong association with its bancassurance partners, which has contributed significantly to the growth of the company during the year.

HDFC-SL has reported a loss of Rs. 275 crores for the year ended March 31, 2010. Like most life insurance companies in the initial phase, HDFC-SL has reported losses. This is essentially due to the accounting norms applicable to insurance companies wherein the commission expenses are charged upfront in the year in which they are incurred while the corresponding income is recognised over the entire life of the policies issued. The mismatch between expenses and income has the effect of magnifying the initial losses of HDFC-SL.

HDFC holds 72.56% of the equity share capital in HDFC-SL.

HDFC Asset Management Company Limited (HDFC-AMC)

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

As at March 31, 2010, HDFC-AMC managed 33 debt and equity oriented schemes of HDFC Mutual Fund. During the year, the average assets under management was Rs. 1,00,898 crores (which is inclusive of average assets under discretionary portfolio management/advisory services). The number of investor accounts increased to over 39 lacs as at March 31, 2010 as compared to 34 lacs in the previous year.

As at March 31, 2010, HDFC-AMC has points of acceptances in 206 locations across the country.

For the year ended March 31, 2010, HDFC-AMC reported a profit after tax of Rs. 208.37 crores as against Rs. 129.11 crores in the previous year. HDFC-AMC paid an interim dividend of Rs. 22 per share for the financial year ended March 31, 2010. HDFC holds 60% of the equity share capital of HDFC-AMC.

HDFC ERGO General Insurance Company Limited (HDFC-ERGO)

For the year ended March 31, 2010, HDFC-ERGO emerged as the fifth largest private sector player in the general insurance industry. Following a multi-product and multi-channel strategy, HDFC-ERGO has expanded its branch network to 78 as compared to 50 last year.

The company offers a complete range of insurance products like motor, health, travel, home and personal accident in retail segment and customised products like property, marine, aviation and liability insurance in the corporate segment. In addition, HDFC-ERGO continues to leverage on HDFC group's distribution capability to drive its growth. The company has a balanced portfolio mix with corporate business accounting for 52% for the business and retail accounting for the balance.

The general insurance industry registered a growth of 13% in FY 2009-10 as compared to 9% in the previous year. In comparison, during the year, HDFC-ERGO recorded a growth of 168% as compared to 56% in the previous year with a Gross Written Premium (including cessions from the motor pool) of Rs. 1,004 crores as against Rs. 374 crores in the previous year.

During the year, the company made a loss of Rs. 94 crores. The loss for the year was primarily on account of significant investments in the

scale-up of business, continued pricing pressure as a result of detariffing and higher share of losses from Indian Motor Third Party Pool.

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

HDFC Property Funds

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

HDFC Property Fund currently has two schemes. The first scheme is HDFC India Real Estate Fund (HI-REF), with a corpus of Rs. 1,000 crores, which has been fully invested. Exits are being explored for some of the investments of the scheme.

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

During the year, HVCL made a profit after tax of Rs. 12.73 crores. The directors of HVCL approved the payment of two interim dividends aggregating Rs. 205 per equity share.

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

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

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

GRUH Finance Limited (GRUH)

GRUH is a housing finance company with operations primarily in the states of Gujarat and Maharashtra and has now expanded its network to other states like Karnataka, Madhya Pradesh, Rajasthan, Chhattisgarh and Tamil Nadu. During the year, GRUH disbursed loans amounting to Rs. 780 crores.

For the year ended March 31, 2010, GRUH reported a profit after tax of Rs. 68.96 crores as compared to Rs. 50.28 crores in the previous year - an increase of 37%. The company recommended a dividend of Rs. 6.50 per share as compared to Rs. 4.80 per share in the previous year.

HDFC's holding in GRUH currently stands at 61.36%.

HDFC Sales Private Limited (HSPL)

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

HSPL has a presence in 65 locations. During the period under review, HSPL sourced loans accounting for 46% of individual loans disbursed by HDFC.

HSPL is a wholly owned subsidiary of HDFC.

Particulars of Employees

HDFC had 1,505 employees as of March 31, 2010. During the year, 44 employees employed throughout the year and 1 employee employed for part of the year were in receipt of remuneration of Rs. 24 lacs or more per annum.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out

in the annex to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Corporation excluding the annex. Any shareholder interested in obtaining a copy of the said annex may write to the Corporation.

Employees Stock Option Scheme (ESOS)

Presently, stock options granted by the Corporation to the employees operate under the following schemes: ESOS-05, ESOS-07 and ESOS-08. Further, ESOS-02 was in force up to October 16, 2009 and in accordance with its provisions was inoperative from October 17, 2009. During the year, no new options were granted by the Corporation.

ESOS-05, ESOS-07 and ESOS-08 (Schemes)

During the year, under these Schemes, options vested aggregated to 56,47,778 and options exercised aggregated to 20,31,366. The money realised due to exercise of the said options was Rs. 233.93 crores and consequently, 20,31,366 equity shares of Rs. 10 each have been allotted to the concerned employees.

During the year, under these Schemes, 1,69,458 options lapsed. Options in force as on March 31, 2010 under these Schemes stood at 1,16,09,033. During the financial year under review, there has been no variation in the terms of the options granted earlier.

Listed below are disclosures in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended:

Since options were granted at the market price, the intrinsic value of the option is nil. Consequently, the

accounting value of the option (compensation cost) was also nil. However, if the fair value of the options using the Black-Scholes model was used, considering the assumptions as of the date of grant, the compensation cost (net) would have been Rs. 59.28 crores, the profit after tax would have been lesser by Rs. 59.28 crores and basic and diluted Earnings Per Share (EPS) would have been Rs. 96.72 and Rs. 93.90 respectively.

The diluted EPS is Rs. 95.92 against a basic EPS of Rs. 98.80.

Unclaimed Dividend

As at March 31, 2010, dividend amounting to Rs. 7.52 crores has not been claimed by shareholders of the Corporation. The Corporation has been periodically intimating the concerned shareholders requesting them to encash their dividend before it becomes due for transfer to the IEPF.

As per the provisions of Section 205C of the Companies Act, 1956, unclaimed dividend amounting to Rs. 35.41 lacs for the financial year 2001-02 was transferred to the IEPF on September 23, 2009. Further, the unclaimed dividend amounting to Rs. 37.63 lacs in respect of the financial year 2002-03 must be claimed by August 23, 2010, as it is required to be transferred to the IEPF within a period of 30 days from the said date. In terms of said section, no claim would lie against the Corporation or the IEPF after the transfer.

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

The particulars regarding foreign exchange earnings and expenditure appear as Item No. 13 in the Notes to the Accounts. Since HDFC does

not own any manufacturing facility the other particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

Directors

Mr. Deepak S. Parekh retired as the Managing Director of the Corporation (designated as 'Chairman') with effect from the close of business hours on December 31, 2009. Mr. Parekh had joined the Corporation in a senior management position in 1978. Mr. Parekh was inducted as a whole-time director of the Corporation in 1985 and appointed as the Managing Director of the Corporation (designated as 'Chairman') in 1993 and he continued to be re-appointed as such, from time to time.

The Board of Directors wishes to place on record its appreciation and gratitude for the dedicated service and contributions made by Mr. Parekh during his tenure as the Managing Director of the Corporation (designated as 'Chairman').

The Board of Directors, at its meeting held on December 4, 2009, appointed Mr. Parekh as an additional director of the Corporation with effect from January 1, 2010, to hold office as such, up to the date of the ensuing Annual General Meeting (AGM), pursuant to the provisions of Section 260 of the Companies Act, 1956. Mr. Parekh continues as the Chairman of the Corporation.

Pursuant to receipt of notices from some members under the provisions of Section 257 of the Companies Act, 1956 along with deposits of Rs. 500 each, the Board of

Directors, at its meeting held on May 3, 2010, recommended, for the approval of the members, the appointment of Mr. Parekh as a director of the Corporation, liable to retire by rotation in terms of the provisions of the Companies Act, 1956 and Articles of Association of the Corporation. Mr. Parekh would be eligible for re-appointment and on being re-appointed, would continue to be the Chairman of the Corporation.

At the meeting held on December 4, 2009, the board re-designated Mr. Keki M. Mistry as the Vice Chairman & Chief Executive Officer of the Corporation and subject to the approval of the members at the ensuing AGM, appointed Ms. Renu Sud Karnad as the Managing Director of the Corporation for a period of 5 years with effect from January 1, 2010.

At the said meeting, the board also appointed Mr. V. Srinivasa Rangan as an additional director of the Corporation, to hold office as such up to the date of the ensuing AGM pursuant to the provisions of Section 260 of the Companies Act, 1956 and pursuant to receipt of a notice under the provisions of Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500, approved his appointment as the whole-time director of the Corporation (designated as 'Executive Director') for a period of 5 years with effect from January 1, 2010, subject to the approval of the members at the ensuing AGM.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Corporation, Mr. Keshub Mahindra, Mr. D. M. Sukthankar and Mr. N. M. Munjee are liable to retire by rotation at the ensuing AGM. They are eligible for re-appointment.

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

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

Auditors

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

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

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

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 and based on the

information provided by the management, your directors state that:

- i. In the preparation of annual accounts, the applicable accounting standards have been followed;
- ii. Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Corporation as at the end of March 31, 2010 and of the profit of the Corporation for the year ended on that date;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities;
- iv. The annual accounts of the Corporation have been prepared on a going concern basis.

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

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

Corporate Governance – Voluntary Guidelines

The Board of Directors have taken cognisance of the 'Corporate Governance Voluntary Guidelines

2009' issued by the Ministry of Corporate Affairs (MCA) in December 2009. While the guidelines are recommendatory in nature, the board recognises the importance and need to constantly assess governance practices thereby ensuring a sustainable business environment that generates long-term value to all key stakeholders. The board would consider adopting the relevant provisions of the said guidelines as and when deemed appropriate.

Acknowledgements

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

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

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

On behalf of the Board of Directors

MUMBAI
May 3, 2010

DEEPAK S. PAREKH
Chairman

Report of the Directors on Corporate Governance

As global economies are slowly recovering from the worst financial crisis in recent times, greater focus has now shifted to boardroom discussions on whether the crisis was an outcome of a failure to address an array of issues pertaining to corporate governance. In many countries, new corporate governance norms are being announced to address the key issues pertaining to remuneration, risk management, board practices and the exercise of shareholders' rights. Boards are now constantly assessing and reflecting upon their performance and keeping abreast with the rapidly changing environment.

In India, corporate governance has gained considerable momentum and it is not just on account of regulatory compliance. The market regulator, Securities and Exchange Board of India (SEBI) has been proactive and effective in keeping India's corporate governance rules and regulations in line with best practices across the world. To the credit of the regulators, they recognise that box ticking, stricter compliances and stronger legislation are not the solutions. In December 2009, the Ministry of Corporate Affairs took the initiative of promoting better governance practices by issuing voluntary guidelines on corporate governance. Voluntary adoption of better standards is the way forward as corporate governance is more about abiding by the spirit than mere compliance.

India's strength stems from the fact that many companies have recognised the benefits of voluntary adoption of higher governance standards. With India's dominant presence in the global arena, most boards feel the need to uphold the highest standards of corporate governance. As a result, Indian companies have seen merit in adopting greater transparent board practices and recognise the crucial role that independent directors play.

Corporate Governance at HDFC

At HDFC, governance standards are initiated by senior management who ensure that it is percolated throughout the organisation. HDFC has always understood the importance of ethics amongst its employees and strives to develop a culture that fosters accountability, fairness, integrity and transparency.

HDFC recognises that sustainability of a corporate entity is directly related to its performance and the level of satisfaction or comfort of all its stakeholders. HDFC has always believed in building and nurturing relationships with its several stakeholders, including shareholders, lenders, customers and society at large.

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

Board of Directors

Composition

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

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

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

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

Sr. Nos. 2 to 11 are independent directors.

Sr. Nos. 13 to 15 are whole-time directors. In the case of whole-time directors, the number of directorships include directorships in HDFC group companies.

[^]Mr. Deepak S. Parekh retired as the Managing Director of the Corporation (designated as 'Chairman') with effect from the close of business hours on December 31, 2009. The Board of Directors of the Corporation at its meeting held on December 4, 2009, appointed Mr. Deepak S. Parekh as an Additional Director with effect from January 1, 2010 and to hold office as such till the date of the ensuing Annual General Meeting (AGM). At the same meeting, the board appointed Ms. Renu Sud Karnad as the Managing Director and Mr. V. Srinivasa Rangan as the Executive Director for a period of 5 years with effect from January 1, 2010, subject to the approval of the shareholders at the ensuing AGM. Mr. Keki M. Mistry was re-designated as the Vice-Chairman & CEO with effect from January 1, 2010.

⁺Dr. J. J. Irani is a special director under Articles 125 and 126 of the Articles of Association of the Corporation.

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

Tenure

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

Responsibilities

The Board of Directors represent the interests of the Corporation's stakeholders in optimising long-term value by

providing the management with guidance and strategic direction on their behalf. The board's mandate is to oversee the Corporation's strategic direction, review corporate performance, authorise and monitor strategic investments, ensure regulatory compliance and safeguard interests of all stakeholders.

Role of Independent Directors

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

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

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

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

Board Meetings

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

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

During the year under review, the board has met six times on May 4, 2009, July 22, 2009, October 12, 2009, December 4, 2009, January 20, 2010 and March 22, 2010. The attendance of directors at the last Annual

General Meeting and the above-mentioned board meetings, along with the sitting fees paid to them are listed below:

Directors	Board Meetings		Attendance at the 32nd Annual General Meeting held on July 22, 2009
	No. of Meetings Attended	Sitting Fees Paid (Rs.)+	
Mr. Deepak S. Parekh (Chairman)^	6	30,000	Yes
Mr. Keshub Mahindra (Vice Chairman)	5	65,000	Yes
Mr. Shirish B. Patel	5	65,000	Yes
Mr. B. S. Mehta	6	75,000	Yes
Mr. D. M. Sukthankar	6	75,000	Yes
Mr. D. N. Ghosh	5	60,000	Yes
Dr. S. A. Dave	6	75,000	Yes
Dr. Ram S. Tarneja	6	75,000	Yes
Mr. N. M. Munjee	4	50,000	Yes
Dr. Bimal Jalan	4	50,000	Yes
Mr. D. M. Satwalekar	5	65,000	Yes
Dr. J. J. Irani	6	75,000	Yes
Mr. V. Srinivasa Rangan (Executive Director)	2	-	N.A.
Ms. Renu Sud Karnad (Managing Director)	5	-	Yes
Mr. Keki M. Mistry (Vice Chairman & CEO)	6	-	Yes

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

+The sitting fees paid to the non-executive directors for attending the meetings of the board and committees thereof was increased to Rs. 15,000 from Rs. 10,000 with effect from November 1, 2009.

^Sitting fees paid for attending two meetings of the board in his capacity as non-executive Chairman.

The Board met on May 3, 2010 to approve the audited financial results of the Corporation for the year ended March 31, 2010.

Board Committees

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

Audit Committee

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

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

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

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

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

During the year, the committee *inter alia* reviewed the Corporation's asset liability management profile including its foreign currency and derivative positions, the performance of the loan portfolio, the statement of significant related party transactions, the management discussion and analysis report and the management letter issued by the statutory auditors. The committee periodically reviews investments made by the unlisted Indian subsidiary companies of the Corporation and also reviews their annual financial statements. The committee also reviews matters as mandated under Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreements as and when applicable.

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

During the year under review, the committee met five times. The meetings were held on May 4, 2009, July 22, 2009, October 12, 2009, January 20, 2010 and March 22, 2010. The Chairman of the Audit Committee was present at the 32nd Annual General Meeting.

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

Members	Number of Meetings Attended	Sitting Fees Paid (Rs.)
Dr. S. A. Dave (Chairman)	5	60,000
Mr. B. S. Mehta	5	60,000
Mr. D. N. Ghosh*	4	45,000

*Leave of absence was granted to Mr. D. N. Ghosh who could not attend the meeting.

The committee met on May 3, 2010, to review the audited financial results of the Corporation for the year ended March 31, 2010.

Compensation Committee

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

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

The annual compensation of executive directors is approved by the committee and is subject to the overall limits as approved by the shareholders. The committee met twice during the year under review. The meetings were held on December 2, 2009 and March 22, 2010.

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

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

Investors' Grievance Committee

The Investors' Grievance Committee consists of a majority of independent directors. The members of the committee are Dr. Ram S. Tarneja (Chairman), Mr. D. M. Satwalekar and Mr. Keki M. Mistry. Mr. Girish V. Koliyote, the company secretary of the Corporation, in his capacity as 'compliance officer' is responsible for expediting the share transfer formalities.

The committee is mandated to review the mechanism adopted to redress investor and depositor complaints. During the year, the committee *inter alia* reviewed various services rendered by the Investor Services Department of the Corporation, the adherence to service standards and standard operating procedures and initiatives taken to reduce the quantum of unclaimed dividends. During the year under review, the committee met three times. The meetings were held on October 6, 2009, February 17, 2010 and March 22, 2010.

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

Members	Number of Meetings Attended	Sitting Fees Paid (Rs.)
Dr. Ram S. Tarneja (Chairman)	3	40,000
Mr. D. M. Satwalekar	3	40,000
Mr. Keki M. Mistry	3	-

The Corporation has a designated e-mail address, investorcare@hdfc.com to redress investors' grievances. During the year, the Corporation received a total of 9,918 correspondence from shareholders and other persons *inter alia* relating to dematerialisation of shares, transfer of shares, non-receipt/revalidation of dividend warrants, request for issue of duplicate share certificates and splitting/consolidation of share certificates.

At the beginning of the year under review, there were no investor complaints that were unresolved. During the year, the Corporation received 11 complaints, out of which 10 complaints were resolved and one investor complaint was unresolved as at March 31, 2010, which has since been resolved.

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

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

Employees Stock Option Scheme (ESOS)

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

Code of Conduct

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

Share Dealing Code

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

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

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

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

Disclosures

Transactions with Non-Executive Directors

As at March 31, 2010, deposits held by non-executive directors amounted to Rs. 5.62 crores. The rate of interest on these deposits is the same as applicable to public deposits. The non-executive directors of the Corporation do not have any other material pecuniary relationships or transactions with the Corporation or its directors, senior management, subsidiary or associate companies, other than in the normal course of business.

Related Party Transactions

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

arm's length basis. Details of related party transactions entered into by the Corporation in the normal course of business are included in the Notes to the Accounts.

Accounting Standards

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

Secretarial Standards

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

Risk Management

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

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

Proceeds from Private Placement Issues

During the year under review, the Corporation issued non-convertible debentures. As specified in the respective offer documents, the funds were utilised for the purpose of on lending for housing finance. Details of these issues were provided to the Audit Committee and Board of Directors and are provided in the Directors' Report.

In addition, the Corporation also made an offering through the simultaneous issue of Warrants and Non-Convertible Debentures to Qualified Institutional Buyers on a Qualified Institutions Placement basis, in accordance with the provisions of Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

Remuneration of Directors

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

For the year ended March 31, 2010, the non-executive directors will be paid an amount of Rs. 7,00,000 each as commission, pursuant to the approval of the board, which is within the overall limits as approved by the shareholders. Mr. Deepak S. Parekh will be paid commission as an executive director up to December 31, 2009. In addition, he will be paid a commission of Rs. 31,27,500 being the proportionate amount from the date of his appointment as an additional director of the Corporation i.e. from January 1, 2010 up to March 31, 2010.

Executive Directors

The executive directors of the Corporation have been appointed on a contractual basis in terms of a special resolution passed by the shareholders at the Annual General Meetings, for varying tenors of up to five years. The elements of the remuneration package of executive directors comprise salary, perquisites (equivalent to their respective annual salary or their tenure, as the case may be), other benefits and allowances which include use of

the Corporation's car with a driver, telephones for the Corporation's business (expenses whereof would be borne and paid by the Corporation), house maintenance allowance, house rent allowance, leave travel allowance, contributions to provident funds, superannuation funds and provision towards post retirement pension schemes of the Corporation, other post-retirement benefits in the form of medical benefits and use of the Corporation's car as per the schemes framed and/or to be framed by the Corporation and as approved by the Board/ Compensation Committee, from time to time and all other benefits as are provided to whole-time directors or senior employees of the Corporation and commission which is decided by the Compensation Committee within the overall limits as approved by the shareholders at the Annual General Meeting.

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

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

Name	Salary (Rs.)	Perquisites, other allowances & retirement benefits (Rs.)	Commission payable 2009-10 (Rs.)	Total (Rs.)	Present term expires on
Mr. Deepak S. Parekh*	62,55,000	1,20,26,238\$	1,87,65,000	3,70,46,238	-
Mr. Keki M. Mistry	78,15,000	83,94,523	2,23,50,000	3,85,59,523	November 13, 2010
Ms. Renu Sud Karnad	71,85,000	82,19,010	2,05,50,000	3,59,54,010	December 31, 2014#
Mr. V. Srinivasa Rangan+	9,30,000	10,80,723	18,60,000	38,70,723	December 31, 2014#

*Mr. Deepak S. Parekh retired as the Managing Director of the Corporation (designated as 'Chairman'), with effect from the close of business hours on December 31, 2009. The commission payable as a non-executive director is not included in the above-mentioned table.

\$ Excludes Rs. 3,33,13,167 paid towards gratuity and leave encashment, upon his retirement.

+Mr. V. Srinivasa Rangan would be entitled to commission being the proportionate amount from the date of his appointment as a whole-time director of the Corporation i.e. from January 1, 2010 up to March 31, 2010.

Subject to the approval of the shareholders at the ensuing AGM.

Sitting Fees and Shareholding

Given below are the details of the total sitting fees paid to the non-executive directors for attending the meetings of the board/committees thereof during the year and the shareholding of the directors in the Corporation:

Name	Total Sitting Fees (Rs.)	Shareholding as at April 30, 2010 (Number of shares)
Mr. Deepak S. Parekh (Chairman)#+	75,000	1,90,000
Mr. Keshub Mahindra (Vice Chairman)+	1,25,000	72,000
Mr. Shirish B. Patel	95,000	41,500
Mr. B. S. Mehta+	1,85,000	70,000

Name	Total Sitting Fees (Rs.)	Shareholding as at April 30, 2010 (Number of shares)
Mr. D. M. Sukthankar	75,000	44,550
Mr. D. N. Ghosh	1,05,000	35,687
Dr. S. A. Dave	1,45,000	55,683
Dr. Ram S. Tarneja	1,15,000	71,500
Mr. N. M. Munjee	50,000	8,830
Dr. Bimal Jalan	50,000	-
Mr. D. M. Satwalekar	1,05,000	2,13,960
Dr. J. J. Irani	75,000	10,000

Includes sitting fees paid for attending three meetings of the Committee of Directors constituted by the board for approving non-individual loans.

+ Includes sitting fees paid for attending four meetings of the Committee of Directors constituted to approve the issue and allotment of Warrants and Non-Convertible Debentures in accordance with the provisions of Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

As at April 30, 2010, the number of shares of the Corporation held by the executive directors was as follows: Mr. V. Srinivasa Rangan – 25,400 shares, Ms. Renu Sud Karnad – 2,00,309 shares and Mr. Keki M. Mistry – 75,000 shares.

Management Discussion and Analysis Report

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

Shareholders

The Corporation has over 1,19,000 shareholders. The main channel of communication to the shareholders is through the annual report which *inter alia* includes the Chairman's Statement, the Directors' Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report, the Consolidated Group Accounts with the Auditors' Report, Social Initiatives and Shareholders' Information.

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

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

Regular communication with shareholders ensures that the Corporation's strategy is being clearly understood. Details relating to quarterly performance and financial results are disseminated to the shareholders through press

releases on the Corporation's website. The financial results are also published in leading publications such as The Times of India, The Economic Times, Business Standard, The Hindu Business Line, Mint, Navashakti and Maharashtra Times. The Corporation also communicates the quarterly financial results by email to shareholders who have registered their email address with the Corporation or Depository Participants.

In terms of Clause 52 of the listing agreements, the Corporation has filed its quarterly results, shareholding pattern, quarterly compliance status reports (under Clause 49 VI (ii) of the listing agreements) and other corporate announcement through Corporate Filing & Dissemination System (CorpFiling). The company secretary of the Corporation has been appointed as the compliance officer to ensure the correctness and authenticity of all information filed on CorpFiling. The quarterly results, corporate announcements and shareholding pattern of the Corporation are filed on CorpFiling as soon as the same is disclosed to the stock exchanges. To expedite the process of share transfers, the board has delegated the power of share transfer to the Investors Services Committee. The said Committee attends to the share transfer formalities on a weekly basis.

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

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

Annual General Meetings (AGM)

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

Financial Year	Meeting	Date	Time	Number of Special Resolutions passed
2006-07	30 th AGM	June 27, 2007	3.00 p.m.	3
2007-08	31 st AGM	July 16, 2008	3.00 p.m.	1
2008-09	32 nd AGM	July 22, 2009	3.00 p.m.	2

At the last AGM, shareholders of the Corporation holding in the aggregate 56.51% of the equity share capital had attended either in person or by proxy or through corporate representations as provided under Section 187 of the Companies Act, 1956.

Compliance

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

The statutory auditors have certified that the Corporation has complied with the mandatory requirements as stipulated under Clause 49 of the listing agreements. The said certificate is annexed to the Directors' Report and will be forwarded to the stock exchanges and the Ministry of Corporate Affairs along with the Annual Report.

Non-Mandatory Requirements

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

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

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

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

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

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

Certification of Financial Reporting and Internal Controls

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

Going Concern

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

On behalf of the Board of Directors

MUMBAI
May 3, 2010

DEEPAK S. PAREKH
Chairman

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

KEKI M. MISTRY
Vice Chairman & CEO

Auditors' Certificate

TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE
CORPORATION LIMITED

We have examined the compliance of conditions of corporate governance by HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED ("the Corporation") for the year ended 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Corporation with the stock exchanges.

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

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

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration no. 117366W)

P. R. Ramesh
Partner
(Membership No. 70928)

Review of the Chairman of the Audit Committee of Directors

The Audit Committee of Directors comprises three independent directors. All the members of the committee have requisite management expertise in the fields of finance and accounts. The constitution and the terms of reference of the committee are in accordance with the relevant provisions of the Companies Act, 1956 and Clause 49 of the listing agreements. During the year under review, the committee met five times viz. May 4, 2009, July 22, 2009, October 12, 2009, January 20, 2010 and March 22, 2010.

The committee has reviewed with the management, the un-audited financial results of the Corporation for the quarters ended June 30, 2009, September 30, 2009 and December 31, 2009, which were subject to limited review by the auditors of the Corporation and also the audited financial statements of the Corporation for the financial year 2009-10, before submitting the same to the board for its approval. The committee reviewed the Corporation's financial reporting process and disclosures of its financial information to ensure that the financial statements were correct, sufficient and credible and reviewed with the management, *inter alia* the annual financial statements before submission to the board for approval with specific reference to matters required to be included in the directors' responsibility statements in terms of Section 217 (2AA) of the Companies Act, 1956, compliance with listing and other legal requirements relating to financial statements and disclosure in respect of related party transactions. The committee also noted that there were no changes in the accounting policies and practices or any adjustments were made in the financial year arising out of audit findings.

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

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

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

The committee discussed and reviewed with the statutory auditors of the Corporation, the scope of their audit for the financial year 2009-10, before the commencement of the said audit. The committee also had a discussion with the said auditors to ascertain any area of concern after the said audit.

The committee also approved / ratified the payments made to the statutory auditors of the Corporation for other services rendered by them during the financial year 2009-10.

The committee also noted the performance of the internal auditors and the status of internal audit assignments undertaken by each firm for the financial year 2009-10.

The committee reviewed the performance of Messrs Deloitte Haskins & Sells, Chartered Accountants and Messrs Pannell Kerr Forster, Chartered Accountants and recommended to the board their re-appointment as statutory auditors of the Corporation for the purpose of audit of the Corporation's accounts at the head office, its branches in India and overseas branches at London, United Kingdom and Singapore and as branch auditors of the Dubai branch of the Corporation for the financial year 2010-11, respectively, as also their remuneration towards the same.

Dr. S. A. Dave
Chairman

Audit Committee of Directors

MUMBAI
May 3, 2010

Review of the Chairman of the Investors' Grievance Committee of Directors

The Investors' Grievance Committee of Directors comprise of three directors, majority of them being independent directors. During the year, the committee met thrice on October 6, 2009, February 17, 2010 and March 22, 2010.

During the year, the committee reviewed the initiatives taken by the Secretarial Department to reduce quantum of unclaimed dividend and adherence to the standard operating procedures and the service standards adopted by the Corporation whilst servicing the investors of the Corporation.

The committee also reviewed the status of the investor complaints, the mechanism adopted to redress the same and the status of the legal cases filed by/against the Corporation.

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

Dr. Ram S. Tarneja
Chairman

Investors' Grievance Committee of Directors

MUMBAI
April 30, 2010

Review of the Chairman of the Compensation Committee of Directors

The Committee reviews the compensation payable to all senior executives of the Corporation. It also approves the remuneration payable to the whole-time directors of the Corporation within the overall limits approved by the shareholders.

During the financial year 2009-10, the Committee met twice. The Committee reviewed the performance of the whole-time directors and approved the revision in the remuneration payable to each one of them. The Committee also reviewed the compensation payable to the other senior managerial personnel.

Pursuant to the retirement of Mr. Deepak S. Parekh as the Managing Director of the Corporation with effect from the close of business hours on December 31, 2009, the Committee at its meeting held on December 2, 2009, recommended to the Board the appointment of Mr. Deepak S. Parekh as an Additional Director of the Corporation (designated as 'Chairman') with effect from January 1, 2010, and to hold office as such up to the date of the next Annual General Meeting.

At the said meeting the Committee also recommended to the Board the re-designation of Mr. Keki M Mistry as the Vice Chairman & C.E.O. of the Corporation with effect from January 1, 2010, appointment of Ms. Renu Sud Karnad as the Managing Director of the Corporation and Mr. V Srinivasa Rangan as the Whole time Director of the Corporation (designated as 'Executive Director'), for a period of 5 years with effect from January 1, 2010, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Keshub Mahindra
Chairman

Compensation Committee of Directors

MUMBAI
April 29, 2010

Management Discussion and Analysis Report

Macroeconomic Overview

During the year under review, the Indian economy belied expectations with the speed of its recovery from the global financial crisis. The economy showed great traction with the country's GDP growing at 7.4% in FY 2009-10. The low agricultural output on account of a deficient monsoon was offset by a strong industrial revival and continued buoyancy in the services sector.

One of the key concerns for the authorities during the year was the sharp increase in inflation, predominantly driven by primary commodities. In March 2010, the headline Wholesale Price Index touched 9.9%. Although the surge in inflation was mainly a supply side phenomenon, the Reserve Bank of India (RBI) took various measures to anchor inflationary expectations.

While the RBI has been adopting a measured and calibrated approach towards withdrawing the monetary stimulus package, credit off-take picked up significantly in the last quarter of FY 2009-10, signifying rising optimism and confidence in the economy.

Market Scenario

The real estate sector in India was quick to make its way out of the economic downturn. The revival was led by the demand for affordable residential property. A correction in real estate prices, softening of interest rates, comfortable liquidity conditions and improved economic sentiments led residential buyers back to the market. However, in the second half of the financial year, backed by a strong demand, residential prices particularly in

certain pockets of the country began to increase once again.

Commercial real estate, however, continued to remain subdued on account of an oversupply. There was a significant drop in the absorption of commercial real estate across all major cities. This also led to a sharp drop in rentals.

Interest Rate Scenario

Liquidity conditions remained comfortable during the year. In line with the interest rate movements in the economy, HDFC revised its Retail Prime Lending Rate (RPLR) and its Corporate Prime Lending Rate (CPLR) for non-individual loans during the year under review. The CPLR is a dynamic benchmark based on an index of money market instruments.

Approvals and Disbursements

Total approvals during the year stood at Rs. 60,611 crores as against Rs. 49,166 crores in the previous year, representing a growth of 23%. Disbursements during the year were Rs. 50,413 crores as against Rs. 39,650 crores in the previous year, representing a growth of 27%.

The demand for individual home loan continued to be strong during the year. The average size of individual loans stood at Rs. 16.9 lacs during the year.

Sale of Loans

During the year, the Corporation, under the loan assignment route sold individual loans of Rs. 4,870 crores to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank. Out of the total loans assigned,

Rs. 3,258 crores qualify as priority sector advances for the bank.

As at March 31, 2010, loans outstanding in respect of loans sold under the mortgage backed securities and loan assignment route to HDFC Bank and other parties stood at Rs. 9,216 crores. HDFC continues to service the loans sold under these transactions and is entitled to the residual interest on the loans sold.

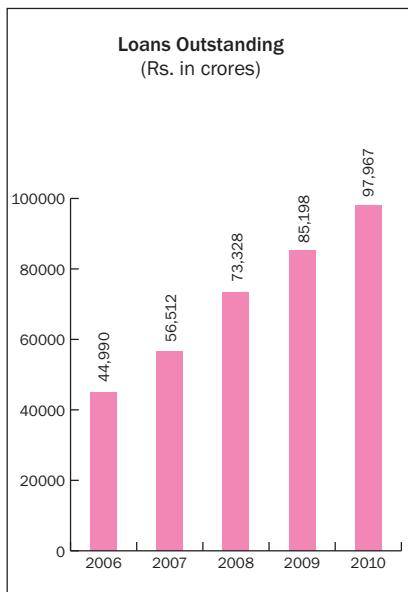
During the year, the Corporation also sold Rs. 885 crores of its non-individual loan portfolio. The outstanding amount of the non-individual loans sold by the Corporation as at March 31, 2010 stood at Rs. 1,085 crores. The Corporation, however, continues to hold the security of these loans on a *pari passu* basis with the purchaser.

The residual income on the loans sold is being recognised at the time of actual collections, (i.e. over the life of the underlying loans), and not on an upfront basis. Where individual loans have been sold, the issues carry a rating, indicating the highest degree of safety.

Loan Portfolio

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

During the year, HDFC's loan book increased to Rs. 97,967 crores from Rs. 85,198 crores in the previous year. In addition to this, loans securitised and/or assigned by the



Corporation and outstanding as on March 31, 2010 amounted to Rs. 10,301 crores.

The net increase in the loan book of Rs. 12,769 crores has been determined after taking into account loan repayments of Rs. 31,872 crores (previous year Rs. 23,525 crores) and net loans written off during the year amounting to Rs. 16.38 crores (previous year Rs. 10.15 crores).

During the year, the Corporation purchased individual loan portfolios from originators amounting to Rs. 121.13 crores. These loans were purchased after the Corporation undertook due diligence and cherry picked the retail loan portfolios. The assignment of all right, title and interest, along with the underlying security of the purchased portfolios are in favour of the Corporation.

The loan book, net of loans sold has grown by 15% during the year. However after considering the loans sold by the Corporation wherein the Corporation continues to service the

loans sold, the increase in the loan book would be 22%.

Marketing and Distribution

HDFC's distribution network spans 279 outlets, which include 65 offices of the wholly owned distribution company, HDFC Sales Private Limited (HSPL). In addition, HDFC covers over 90 locations through outreach programmes.

To ensure a wider geographic reach, third party channels form an integral part of the distribution network. Distribution channels sourcing loans for HDFC include HSPL, which provides HDFC with a dedicated sales force, HDFC Bank and a few third party direct selling associates (DSAs). Distribution channels only source loans, while HDFC continues to retain control over the credit, legal and technical appraisal, ensuring no compromise on the quality of loans disbursed and is consistent across all distribution channels.

Total loans sourced from distribution channels during the year accounted for 82% of individual loans disbursed by HDFC in value terms. The total commission payable to distribution channels amounted to Rs. 151.59 crores. The entire amount has been charged to the profit and loss account against fee income.

During the year, HDFC ran a key brand campaign – “HDFC - because every family needs a home.” The objective of the campaign was to connect with HDFC's existing customers as well as prospective customers, making the HDFC brand synonymous with a home.

HDFC organises property fairs across major cities in the country. The aim of these fairs is to provide a wide spectrum of approved projects under

a single roof. These fairs in turn help customers in making their decision to buy a home. Under '*India Homes Fair*', HDFC brings together eminent builders who showcase their properties for the Indian Diaspora. During the year, HDFC organised '*India Homes Fair*' in London, Singapore and Kuwait.

Cross-selling of financial products and services continued to form the cornerstone of HDFC's marketing strategy, thereby providing a wide range of financial services and products under the 'HDFC umbrella'. HDFC distributes insurance products under a referral fee programme with HDFC Standard Life Insurance Company Limited (HDFC-SL) and HDFC ERGO General Insurance Company Limited (HDFC-ERGO).

Investments

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

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

As at March 31, 2010, the investment portfolio stood at Rs. 10,727 crores as against Rs. 10,469 crores last year. The proportion of investments to total assets was 10%.

Housing Finance Companies (HFCs) are required to maintain a statutory liquidity ratio (SLR) in respect of

public deposits raised. Currently the SLR requirement is 12.5% of public deposits. As at March 31, 2010, HDFC has invested Rs. 1,129 crores in bonds and deposits of the National Housing Bank (NHB) and bank deposits and Rs. 1,139 crores in government securities.

As at March 31, 2010, the treasury portfolio (excluding investments in equity shares) had an average balance period to maturity of 22 months. The average yield on the non-equity portfolio for the year was 8.01% per annum.

HDFC has classified its investments into current and long-term investments. The current investments have been entirely 'marked to market'. In respect of long-term investments, provisions have been made to reflect any permanent diminution in the value of investments. The aggregate provision on account of such current and long-term investments amounts to Rs. 36.41 crores. After considering the opening balance of Rs. 85.33 crores in the diminution in the value of Investments account and the write back of provisions on account of investments sold, a net amount of Rs. 48.92 crores has been written back to the Provision for Contingencies account.

As at March 31, 2010, the market value of quoted investments was higher by Rs. 16,668 crores as compared to the value at which these investments are reflected in the balance sheet. This unrealised gain includes appreciation in the market value of investments held by HDFC's wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited.

Subsidiaries and Associates

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

During the year, HDFC made gross investments in the equity capital of its subsidiary companies, HDFC-SL (Rs. 127.28 crores) and HDFC-ERGO (Rs. 159.10 crores).

In order for HDFC as a promoter to retain its current shareholding in HDFC Bank pursuant to the merger of Centurion Bank of Punjab with HDFC Bank and having obtained the requisite approvals, HDFC Bank made a preferential offer to the

Corporation to subscribe to 2,62,00,220 Warrants convertible into 2,62,00,220 equity shares of Rs. 10 each, at a price of Rs. 1,530.13 per share, in accordance with Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

Under the terms and conditions of the said Warrants, the Corporation paid a sum of 10% of the price of the equity shares to be issued upon exercise of such Warrants at the time of allotment. The Warrants were allotted to the Corporation on June 3, 2008. The Warrants were converted into equity shares of HDFC Bank on December 2, 2009 on payment of the balance consideration of Rs. 3,608.05 crores.

The shareholding of HDFC (together with its nominees) in its key subsidiary and associate companies as at March 31, 2010 is as follows:

Company	Shareholding %
HDFC Developers Limited	100.0
HDFC Investments Limited	100.0
HDFC Holdings Limited	100.0
HDFC Trustee Company Limited	100.0
HDFC Realty Limited	100.0
HDFC Property Ventures Limited	100.0
HDFC Sales Private Limited	100.0
HDFC Ventures Trustee Company Limited	100.0
HDFC Venture Capital Limited	80.5
HDFC Ergo General Insurance Company Limited	74.0
HDFC Standard Life Insurance Company Limited	72.6
GRUH Finance Limited	61.4
HDFC Asset Management Company Limited	60.0
HDFC Bank Limited*	23.7

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

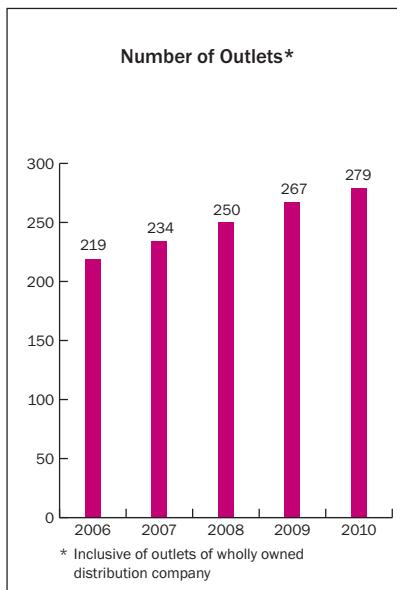
Recoveries

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

Gross non-performing loans outstanding (along with debentures and corporate deposits for financing real estate projects) amounted to Rs. 782.85 crores as at March 31, 2010, constituting 0.79% of the portfolio. The principal outstanding in respect of individual loans where the instalments were in arrears constituted 0.85% of the individual portfolio and the corresponding figure was 0.71% in respect of the non-individual portfolio. HDFC has written off loans aggregating to Rs. 16.67 crores during the year. This pertains to the housing loans outstanding in respect of 1,353 individual borrowers. These loans have been written off pursuant to one-time settlements, where HDFC will continue making efforts to recover the money. During the year, HDFC has written back loans aggregating to Rs. 0.29 crores (these were loans written off in earlier years). The net write off for the year is Rs. 16.38 crores. With this, HDFC has, since inception, written off loans (net of subsequent recovery) aggregating to Rs. 93.17 crores. Thus as at March 31, 2010, the total loan write offs stood at 4 basis points of cumulative disbursements since inception of the Corporation.

Provision for Contingencies

As per the prudential norms prescribed by NHB, HDFC is required to carry a provision of Rs. 325.29



crores as at March 31, 2010 in respect of non-performing assets and provisioning for standard non-housing assets. As a matter of prudence, however, over the years, HDFC has been transferring additional amounts to the provision for contingencies account.

During the year, HDFC has utilised Rs. 23.96 crores out of the balance in provision for contingencies primarily on account of provision in diminution of value of investments and loan write-offs. After taking into account the transfers as well as the net utilisation, the balance in provision for contingencies as at March 31, 2010 stood at Rs. 655.57 crores.

Fixed Assets

Net fixed assets as at March 31, 2010 amounted to Rs. 222.11 crores (previous year Rs. 203.41 crores).

Subordinated Debt

During the year, the Corporation raised Rs. 500 crores through the issue of long-term Unsecured Redeemable Non-Convertible

Subordinated Debentures. The subordinated debt was assigned a 'AAA' rating from both CRISIL Limited (CRISIL) and ICRA Limited (ICRA).

As at March 31, 2010, the Corporation's outstanding subordinated debt stood at Rs. 1,875 crores. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating by CRISIL and ICRA. Based on the balance term to maturity, as at March 31, 2010, Rs. 1,555 crores of the book value of subordinated debt is considered as Tier II under the guidelines issued by the National Housing Bank (NHB) for the purpose of capital adequacy computation.

Foreign Currency Convertible Bonds (FCCB)

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

Up to March 31, 2010, the Corporation had allotted 1,27,92,711 equity shares of Rs. 10 each pursuant to the conversion of the FCCB, representing 81.9% of the bonds.

If the balance bonds are not converted within the above-mentioned conversion period, the remaining bondholders would have

the right to redeem the outstanding bonds on September 27, 2010 at a Yield to Maturity (YTM) of 4.62% per annum.

Borrowings

Borrowings as at March 31, 2010 amounted to Rs. 96,565 crores as against Rs. 83,856 crores in the previous year - an increase of 15%. Borrowings constituted 86% of funds employed as at March 31, 2010. Of the total borrowings, bonds and debentures constituted 42%, domestic term loans 32%, deposits 24%, international borrowings and FCCB 2%.

Foreign Currency Borrowings

The outstanding foreign currency borrowings constitute borrowings from FCNR (B) loans from domestic commercial banks (USD 574.26 million), Asian Development Bank under the Housing Finance Facility Project (USD 75.78 million), International Finance Corporation (USD 100 million), KfW of Germany (Euro 7.67 million), DEG, a member of the KfW Group (USD 10 million)

and Short Term Foreign Currency Borrowings (USD 175 million) raised during the year. The Corporation had also issued Foreign Currency Convertible Bonds in the international markets.

During the year, the Corporation raised Short Term Foreign Currency Borrowings amounting to USD 175 million from international banks. The loans are repayable at the end of 3 years from the date of drawdown. In term of the RBI guidelines, these borrowings have been hedged into Indian Rupees for the entire maturity of the loan.

Deposits

As at March 31, 2010, outstanding deposits stood at Rs. 23,081 crores as against Rs. 19,375 crores in the previous year, representing a growth of 19%. During the year, deposits accounted for 29% of the net incremental borrowing of the Corporation. The depositor base stood at approximately 9 lac depositors.

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

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

deposit. Incentive brokerage is being fully charged to the profit and loss account in the year of payment.

Borrowings from Banks and Financial Institutions

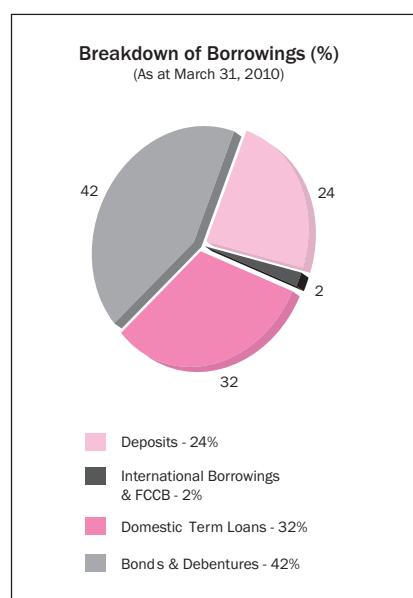
During the year, HDFC raised loans from commercial banks aggregating to Rs. 25,037 crores. Out of this, loans amounting to Rs. 9,319 crores qualify for priority sector allocation. HDFC raised a further Rs. 2,357 crores from the banking sector as FCNR (B) loans.

As at March 31, 2010, the total loans outstanding from banks, financial institutions and the National Housing Bank amounted to Rs. 30,360 crores as compared to Rs. 23,175 crores as at March 31, 2009.

Simultaneous Issue of Warrants and Non-Convertible Debentures

Pursuant to the approval of the Shareholders of the Corporation at the 32nd Annual General Meeting held on July 22, 2009, the Corporation raised Rs. 4,301 crores through the first ever issue of Warrants simultaneously with Non-Convertible Debentures to Qualified Institutional Buyers (QIBs) on a Qualified Institutions Placement (QIP) basis in accordance with the provisions of Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

The Corporation issued and allotted 1,09,53,706 Warrants at an issue price of Rs. 275 per Warrant with a right exercisable by the Warrant holder to exchange the Warrants with one equity share of face value of Rs. 10 each of the Corporation, on or before August 24, 2012, at a Warrant Exercise Price of Rs. 3,000



per equity share, to be paid by the Warrant holder at the time of exchange of the Warrants. The amount of Rs. 301.23 crores received on issue of Warrants has been added to Capital Reserve.

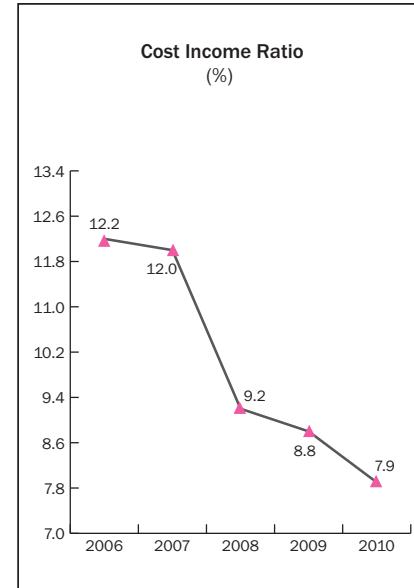
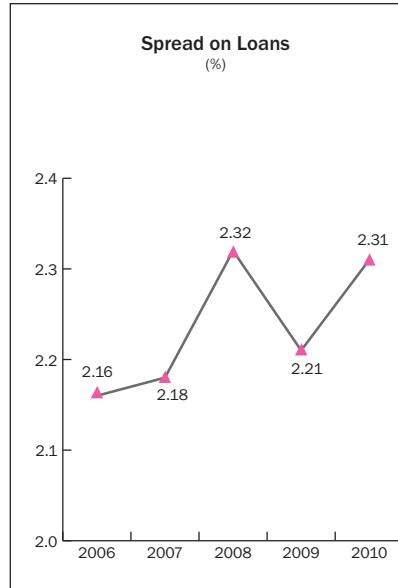
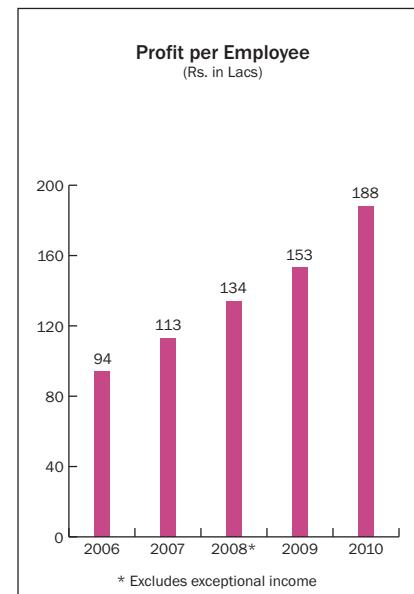
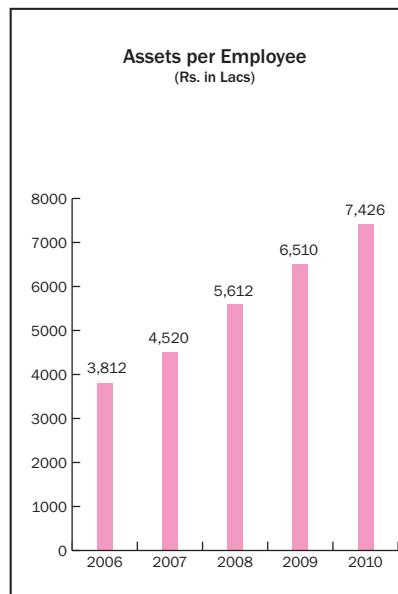
Simultaneously, the Corporation issued and allotted 20,000 zero coupon NCDs of the face value of Rs. 10,00,000 each due August 24, 2011 aggregating to Rs. 2,000 crores at an annualised YTM of 7.15% and 20,000 zero coupon NCDs of the face value of Rs. 10,00,000 each due August 24, 2012 aggregating to Rs. 2,000 crores at an annualised YTM of 7.85%.

The Warrants and NCDs are listed on the respective segments of the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The maximum dilution that could take place in future, if all the Warrants are exchanged for equity shares of the Corporation at the Warrant Exercise Price would be up to 3.5% of the expanded equity share capital of the Corporation.

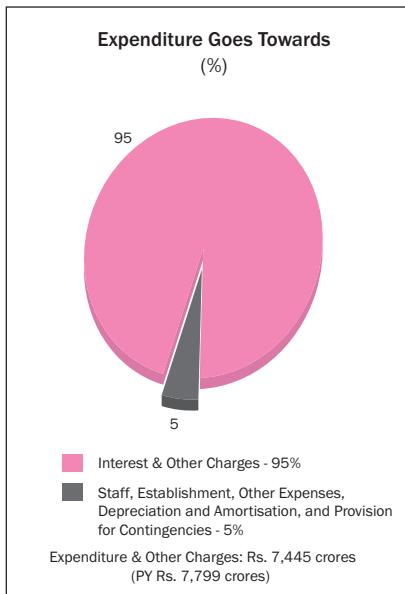
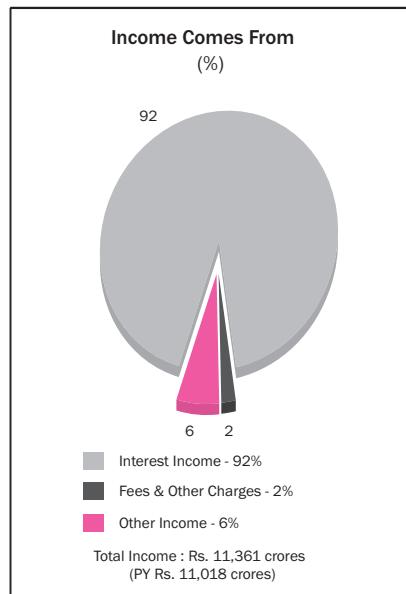
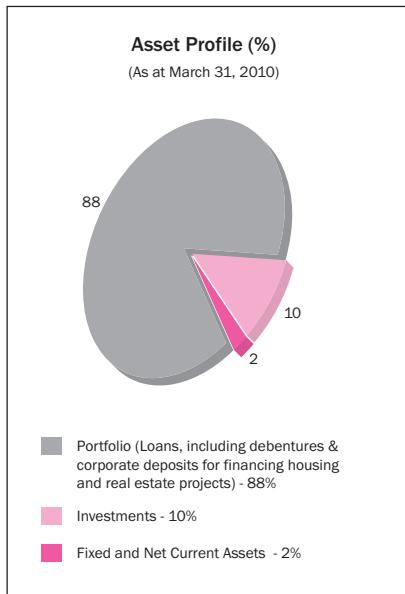
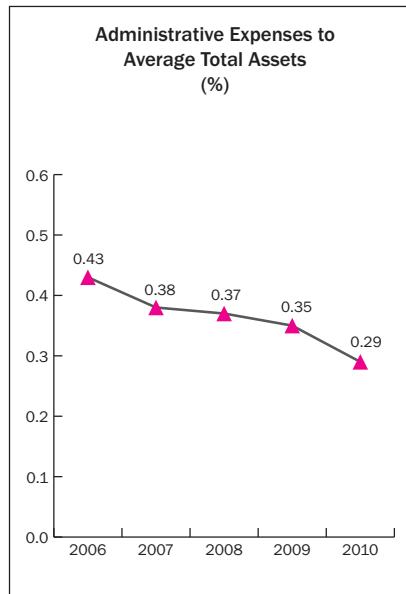
Non-Convertible Debentures (NCDs)

During the year, the Corporation issued NCDs amounting to Rs. 7,400 crores on a private placement basis (excluding Rs. 4,000 crores of zero coupon NCDs raised under the QIP). The Corporation's NCD issues have been listed on the Wholesale Debt Market segment of the National Stock Exchange of India Limited (NSE). The Corporation's NCDs have been assigned the highest rating of 'AAA' by both CRISIL and ICRA.



During the year, Corporation utilised Rs. 198.81 crores out of the Securities Premium Account in accordance with Section 78 of the Companies Act, 1956. Out of the above, Rs. 6.42 crores has been utilised towards expenditure incurred for raising zero coupon NCDs through the QIP route and

Rs. 192.39 crores has been utilised towards the proportionate premium payable on redemption of zero coupon NCDs and FCCBs. The Corporation has written back Rs. 3.46 crores on conversion of FCCBs to the Securities Premium Account, being the provision for premium on redemption of FCCBs



created in the earlier years by debit to the Securities Premium Account.

Risk Management

The Financial Risk Management and Hedging Policy as approved by the Audit Committee sets limits for exposures on currency and interest rates. HDFC manages its interest rate and currency risk in accordance

with the guidelines prescribed. The risk management strategy has been to protect against foreign exchange risk, whilst at the same time exploring any opportunities for an upside, so as to keep the maximum all-in cost on the borrowing in line with or lower than the cost of a borrowing in the domestic market for a similar maturity.

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

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

As at March 31, 2010, the Corporation had foreign currency borrowings of USD 1,036.03 million equivalent. The entire principal on the foreign currency borrowings has been hedged by way of principal only swaps, currency options, forward contracts and risk management arrangements with financial institutions. Further, interest rate swaps on a notional amount of USD 90 million equivalent are outstanding and have been undertaken to hedge the interest rate risk on the foreign currency borrowings. As at March 31, 2010, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements was nil.

As a part of asset liability management and on account of the predominance of HDFC's Adjustable Rate Home Loan product as well as

to reduce the overall cost of borrowings, HDFC has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of Rs. 16,065 crores as at March 31, 2010 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, HDFC has entered into cross currency swaps of a notional amount of USD 693.86 million equivalent wherein it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to benchmarks of the respective currencies.

The total net foreign currency exposure inclusive of cross currency swaps is USD 462.31 million. The open position is at 2.17% of the total borrowings of HDFC.

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

Asset-Liability Management

As at March 31, 2010, assets and liabilities with maturity up to 1 year amounted to Rs. 30,837 crores and Rs. 29,352 crores respectively. Asset and liabilities with maturity of between 2 years and 5 years amounted to Rs. 50,962 crores and Rs. 51,340 crores respectively and assets and liabilities with maturity beyond 5 years amounted to Rs. 34,767 crores and Rs. 35,874 crores respectively.

HDFC does not generally take an interest rate mismatch. As at March 31, 2010, 79% of the assets and 78% of the liabilities were on a

floating rate basis.

Internal Audit and Control

HDFC has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. Internal audit is carried out by independent firms of chartered accountants and cover all the offices and key areas of business. All significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee comprises three independent directors. The committee met five times during the financial year under review.

Profit and Loss Account

Key elements of the profit and loss account for the year ended March 31, 2010 are:

- Profit before tax grew by 22% and profit after tax grew by 24%.
- Income tax provision for the year amounted to Rs. 1,089.50 crores as compared to Rs. 936.50 crores in the previous year. The effective tax rate is 27.8% as compared to 29.1% in the previous year.
- Pre-tax return on average assets was 3.8% and the post-tax return on average assets was 2.7%.
- Return on equity is 20.0% in the current year.
- HDFC's cost to income ratio is 7.9% for the year ended March 31, 2010 as against 8.8% in the previous year. HDFC's cost income ratio continues to be among the lowest in the financial sector in Asia.
- Administrative expenses, as a percentage of average assets was 0.29% as at March 31, 2010 as

against 0.35% in the previous year.

- For the year ended March 31, 2010, a dividend of Rs. 36 per share is being recommended as against Rs. 30 per share in the previous year. HDFC would be paying the distribution tax and education cess on the dividend declared.
- The dividend payout ratio will be 42% as against 43% in the previous year.

Spread on Loans

The average yield on loan assets during the year was 10.90% per annum as compared to 12.20% per annum in the previous year. The average all-inclusive cost of funds was 8.59% per annum as compared to 9.99% per annum in the previous year. The spread on loans over the cost of borrowings for the year was to 2.31% per annum as against 2.21% per annum in the previous year.

Prudential Norms for Housing Finance Companies (HFCs)

NHB has issued guidelines to HFCs on prudential norms for income recognition, provisioning, asset classification, provisioning for bad and doubtful debts, capital adequacy and concentration of credit/investments. HDFC's position with respect to the guidelines is as follows:

- HDFC's capital adequacy ratio stood at 14.6% of the risk weighted assets (of which Tier I capital was 12.8%) as against the minimum requirement of 12%.
- HDFC is in compliance with the limits prescribed by NHB in respect of concentration of credit, exposure to investment in real estate and capital market exposure and

concentration of investments other than on its investment in HDFC Bank, wherein NHB has granted the Corporation time for such compliance as the Corporation is a promoter of HDFC Bank.

Human Resources

Human resources are HDFC's most valuable assets. The efficiency of HDFC's staff is evident from the fact that, the number of offices increased from 41 in 1998 to 214 (excluding offices of HSPL) currently as against the number of employees which increased from 806 to 1,505 during the same period.

Total assets per employee as at March 31, 2010 stood at Rs. 74 crores as compared to Rs. 65 crores in the previous year and net profit

per employee as at March 31, 2010 was Rs. 188 lacs as compared to Rs. 153 lacs in the previous year.

Audited Consolidated Accounts

In accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India, the consolidated financial statements comprise the individual financial statements of the Corporation together with its subsidiaries which are consolidated on a line-by-line basis and its associates which are accounted on the equity method.

Like most life insurance companies in the initial phase, HDFC-SL has reported losses. This is essentially due to the accounting norms applicable to insurance companies

wherein the commission expenses are charged upfront in the year in which they are incurred while the corresponding income is recognised over the entire life of the policies issued. The mismatch between expenses and income has the effect of magnifying the initial losses of HDFC-SL.

On a consolidated basis, the total income for the year ended March 31, 2010 was Rs. 12,356.66 crores as compared to Rs. 11,706.42 crores in the previous year. Profit before tax was Rs. 3,883.63 crores as compared to Rs. 2,862.93 crores in the previous year. Profit after tax was Rs. 3,240.98 crores as compared to Rs. 2,310.50 crores in the previous year. Consolidated return on equity was 18.9%.

Auditors' Report

TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

1. We have audited the attached Balance Sheet of HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED ("the Corporation") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Corporation for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified

in paragraphs 4 and 5 of the said Order.

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

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Dubai Branch not visited by us;

(c) the report on the accounts of the Dubai Branch audited by the Branch Auditors has been forwarded to us and has been dealt with by us in preparing this report;

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

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

(f) in our opinion and to the best of our information and

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

(i) in the case of the Balance Sheet, of the state of affairs of the Corporation as at 31st March, 2010;

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

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

5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.117366W)

P. R. Ramesh
MUMBAI, Partner
May 3, 2010 (Membership No. 70928)

Annexure to the Auditors' Report

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

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

(ii) In respect of its fixed assets:

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

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

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

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

(a) The Corporation has granted loans to twelve parties. At the year end, the outstanding balances of such loans granted aggregated Rs. 1028,26,86,264 (number of parties - seven) and the maximum amount involved during the year was Rs. 1902,43,40,479.

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

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

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

(a) The Corporation has taken loans from fifty nine parties. At the year-end, the outstanding balance of such loans taken aggregated Rs. 2448,95,60,709 (number of parties - fifty two) and the maximum amount involved during the year was Rs. 2978,95,82,951.

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

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

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

(vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements [excluding items reported under paragraphs (iii) and (iv)] that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.

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

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

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

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

(b) There were no undisputed amounts payable in respect of Income-tax, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

(c) Details of disputed Sales-tax, Wealth Tax, Interest on Lease

Tax and Stamp Duty which have not been deposited as on 31st March, 2010 on account of any dispute are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
The West Bengal Sales Tax Act, 1994	Sales Tax	Commissioner of Sales Tax	1994-1995,1999 2000, 2002-2003	3,53,197
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	1998-1999	11,97,432
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on lease Tax	Commissioner of Sales Tax (Appeals)	1999-2000	2,20,794
Indian Stamp Act, 1899	Stamp Duty	Inspector General of Stamps	2004-2005	26,725

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

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

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

(xiii) In our opinion, and according to the information and explanations

given to us, the Corporation has not given any guarantees for loans taken by others from banks and financial institutions.

(xiv) In our opinion and according to the information and explanations given to us, term loans availed by the Corporation were, *prima facie*, applied by the Corporation during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

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

(xvi) The Corporation has made a preferential allotment of shares on exercise of options granted in earlier years under the ESOP Schemes to

parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The prices at which such shares are allotted are not *prima facie* prejudicial to the interests of the Corporation.

(xvii) According to the information and explanations given to us, and during the period covered by our audit report, the Corporation has issued secured non-convertible debentures amounting to Rs.11,400 crores. The Corporation has created security in respect of the debentures issued.

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

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.117366W)

P. R. Ramesh
MUMBAI,
May 3, 2010
Partner
(Membership No. 70928)

Balance Sheet as at March 31, 2010

	Schedule	Rupees	Rupees	March 31, 2009 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	287,10,63,070		284,44,99,950
Reserves and Surplus	2	<u>14910,55,23,520</u>		12852,93,78,563
			15197,65,86,590	13137,38,78,513
LOAN FUNDS	3		96565,30,88,314	83856,08,07,874
			<u>111762,96,74,904</u>	<u>96993,46,86,387</u>
APPLICATION OF FUNDS				
LOANS	4	97966,99,05,923		85198,10,57,761
INVESTMENTS	5		10727,45,45,227	10468,74,98,861
DEFERRED TAX ASSET [Note 26]			285,72,80,715	215,82,10,179
CURRENT ASSETS, LOANS AND ADVANCES	6	7439,14,91,127		5570,83,40,552
Less : CURRENT LIABILITIES AND PROVISIONS	7	<u>4878,46,89,701</u>		4663,44,72,308
NET CURRENT ASSETS			2560,68,01,426	907,38,68,244
FIXED ASSETS	8			
Gross Block		524,45,57,998		493,85,23,820
Less : Depreciation		<u>302,34,16,385</u>		290,44,72,478
Net Block			222,11,41,613	203,40,51,342
			<u>111762,96,74,904</u>	<u>96993,46,86,387</u>
Notes forming part of the Accounts	14			
Significant Accounting Policies	15			
Schedules 1 to 15 annexed hereto form part of the Balance Sheet and the Profit and Loss Account.				

As per our report attached

Bijl

For Deloitte Haskins & Sells
Chartered Accountants

Deepak S. Parekh
Chairman

Kontakt-Magazin

P. S. E. - i

R. S. Tarneja

S. B. Patel

D. M. Satwale

N. M. Munjee

J. J. Irani

Bimal Jalan

P. R. Ramesh
Partner

Keki M. Mistry
Vice Chairman &
Chief Executive Officer

D. N. Ghosh
S. A. Dave
D. M. Sukthankar

J. J. Irani
Bimal Jalan

MUMBAI, May 3, 2010.

Renu Sud Karnad
Managing Director

V. Srinivasa Rangan
Executive Director

Girish V. Koliyote
Company Secretary

Profit and Loss Account for the year ended March 31, 2010

	Schedule	Rupees	Previous Year Rupees
INCOME			
Operating Income	9	10897,22,47,078	10856,48,22,271
Fees and Other Charges [Note 11(vi)]		231,65,61,077	114,93,92,355
Profit on Sale of Investments [Note 11(i)]		209,40,04,966	23,36,76,973
Other Income		22,55,41,385	22,87,08,730
		11360,83,54,506	11017,66,00,329
EXPENDITURE AND CHARGES			
Interest and Other Charges	10	7063,08,16,887	7432,44,98,348
Staff Expenses	11	146,65,28,901	138,61,03,551
Establishment Expenses	12	41,35,47,891	35,96,42,082
Other Expenses	13	117,55,39,556	124,13,64,877
Depreciation and Amortisation		18,20,23,071	17,45,63,928
Provision for Contingencies [Note 18(iii)]		58,00,00,000	50,00,00,000
		7444,84,56,306	7798,61,72,786
PROFIT BEFORE TAX			
Less : Provision for Tax [Note 26]		3915,98,98,200	3219,04,27,543
Less : Provision for Fringe Benefit Tax		1089,50,00,000	934,00,00,000
		—	2,50,00,000
PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION		2826,48,98,200	2282,54,27,543
APPROPRIATIONS:			
Special Reserve No. II		500,00,00,000	400,00,00,000
General Reserve		695,01,52,023	553,04,18,447
Additional Reserve (u/s 29C of the NHB Act)		432,00,00,000	342,00,00,000
Shelter Assistance Reserve		9,00,00,000	7,00,00,000
Proposed Dividend		1033,59,67,992	853,36,17,300
Additional Tax on Proposed Dividend [Note No. 31(i)]		171,66,75,084	140,68,88,809
Additional Tax on Dividend 2008 - 09 Credit taken [Note No. 31(ii)]		(15,16,32,924)	(14,05,33,209)
Dividend [(including tax of Rs. 5,42,705 (Previous Year Rs. 7,31,571)] pertaining to Previous Year paid during the year [Note No. 31(iii)]		37,36,025	50,36,196
		2826,48,98,200	2282,54,27,543
EARNINGS PER SHARE (Face Value Rs. 10) [Note 25] :			
- Basic		98.80	80.10
- Diluted		95.92	78.72
Notes forming part of the Accounts	14		
Significant Accounting Policies	15		
Schedules 1 to 15 annexed hereto form part of the Balance Sheet and the Profit and Loss Account.			

As per our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 3, 2010.

Deepak S. Parekh
Chairman

Keki M. Mistry
Vice Chairman &
Chief Executive Officer

Renu Sud Karnad
Managing Director

Keshub Mahindra

S. B. Patel

B. S. Mehta

D. N. Ghosh

S. A. Dave

D. M. Sukthankar

V. Srinivasa Rangan
Executive Director

R. S. Tarneja

D. M. Satwalekar

N. M. Munjee

J. J. Irani

Bimal Jalan

Girish V. Koliyote
Company Secretary

Cash Flow Statement for the year ended March 31, 2010

	Rupees	Previous Year Rupees
A] CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3915,98,98,200	3219,04,27,543
Adjustments for:		
Depreciation and Amortisation	18,20,23,071	17,45,63,928
Provision for Contingencies	58,00,00,000	50,00,00,000
(Gains)/Loss on translation of foreign currency monetary assets and liabilities and mark to market of derivatives	(29,57,03,919)	261,16,52,309
Employee Stock Option Expense (Net of options exercised)	(43,790)	(48,969)
Provision for Employee Benefits	8,03,82,284	11,09,54,902
Profit on Sale of Investments	(224,83,03,068)	(25,23,00,208)
Surplus from deployment in Cash Management Schemes of Mutual Funds	(189,84,42,216)	(157,97,31,748)
Profit on Sale of Fixed Assets (Net)	(45,87,887)	(58,74,605)
Operating Profit before Working Capital changes	3555,52,22,675	3374,96,43,152
Adjustments for:		
Current Assets	(84,07,19,487)	(282,17,81,029)
Current Liabilities	55,28,21,112	665,27,00,403
Cash generated from operations	3526,73,24,300	3758,05,62,526
Advance tax paid	(110,06,19,403)	(978,15,72,839)
Net cash from operations	2425,67,04,897	2779,89,89,687
Loans disbursed (Net)	(12877,26,20,312)	(11763,20,36,043)
Corporate Deposits (Net)	718,94,13,000	233,66,73,400
Net cash used in operating activities	(9732,65,02,415)	(8749,63,72,956)
B] CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(34,83,09,049)	(12,36,65,189)
Sale of Fixed Assets	1,07,08,086	3,21,60,579
Investments in Subsidiaries	(33,76,00,963)	(9,15,04,610)
Investment in Cash Management Schemes of Mutual Funds	(286,38,00,000)	(415,50,00,000)
Other Investments	(134945,59,87,700)	(87059,00,00,000)
Sale proceeds of Investments :	(8904,64,47,459)	(1070,69,49,930)
- in Cash Management Schemes of Mutual Funds	138859,80,00,886	84890,42,87,525
- in other companies and properties	5422,87,32,324	249,32,73,220
Net cash from / (used) in investing activities	112,28,97,088	(3414,58,93,795)
C] CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital - Equity	2,65,63,120	41,59,250
QIP Warrants	301,22,69,150	-
Securities Premium	324,20,77,645	51,08,76,154
Securities Issue Expenses	(6,41,47,933)	-
Borrowings (Net)	13515,45,24,943	13853,01,35,653
Dividend paid - Equity Shares	(853,68,10,620)	(710,59,85,821)
Tax paid on Dividend	(125,57,98,590)	(106,62,73,179)
Shelter Assistance Reserve - utilisation	(8,48,45,183)	(5,21,59,522)
Net cash from financing activities	13149,38,32,532	13082,07,52,535
Net Increase in cash and cash equivalents	3529,02,27,205	917,84,85,784
Cash and cash equivalents as at the beginning of the year [As per Note 8(ii)]	1695,60,82,911	777,75,97,127
Cash and cash equivalents as at the end of the year [As per Note 8(ii)]	5224,63,10,116	1695,60,82,911
	3529,02,27,205	917,84,85,784

As per our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 3, 2010.

Deepak S. Parekh
Chairman

Keki M. Mistry
Vice Chairman &
Chief Executive Officer

Renu Sud Karnad
Managing Director

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

V. Srinivasa Rangan
Executive Director

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

Girish V. Koliyote
Company Secretary

Schedules

Annexed to and forming part of the Accounts

Schedule 1

SHARE CAPITAL

		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
AUTHORISED			
32,50,00,000	Equity Shares of Rs. 10 each (Previous Year 32,50,00,000 Equity Shares of Rs. 10 each)	325,00,00,000	325,00,00,000
		325,00,00,000	325,00,00,000
ISSUED AND SUBSCRIBED			
28,71,10,222	Equity Shares of Rs. 10 each (Previous Year 28,44,53,910 Equity Shares of Rs. 10 each)	287,11,02,220	284,45,39,100
		287,11,02,220	284,45,39,100
PAID-UP			
28,71,10,222	Equity Shares of Rs. 10 each (Previous Year 28,44,53,910 Equity Shares of Rs. 10 each) (Includes 12,19,60,713 Equity Shares of Rs. 10 each, allotted as fully paid-up Bonus Shares out of Securities Premium Account and Capital Redemption Reserve)	287,11,02,220	284,45,39,100
Less : Allotment money due		39,150	39,150
		287,10,63,070	284,44,99,950

Schedule 2

RESERVES AND SURPLUS [Notes 16(ii), 18(iii), 19 and 20]

		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SPECIAL RESERVE No. I			
SPECIAL RESERVE No. II		51,23,14,700	51,23,14,700
Opening Balance	2895,95,00,000	2495,95,00,000	
Add : Transfer from Profit and Loss Account	500,00,00,000	400,00,00,000	
	3395,95,00,000	2895,95,00,000	
GENERAL RESERVE			
Opening Balance	3720,87,54,723	3167,83,36,276	
Add : Transfer from Profit and Loss Account	695,01,52,023	553,04,18,447	
	4415,89,06,746	3720,87,54,723	
ADDITIONAL RESERVE (u/s 29C of the NHB Act)			
Opening Balance	520,45,78,000	297,27,58,000	
Less : Utilised during the Year	—	118,81,80,000	
[(Net of Deferred Tax of Rs. Nil) (Previous Year Rs. 61,18,20,000)]	520,45,78,000	178,45,78,000	
	432,00,00,000	342,00,00,000	
	952,45,78,000	520,45,78,000	
Carried forward	8815,52,99,446	7188,51,47,423	

Schedule 2 (Continued)
RESERVES AND SURPLUS [Notes 16(ii), 18(iii), 19 and 20]

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Brought forward	8815,52,99,446	7188,51,47,423
SECURITIES PREMIUM		
Opening Balance	5650,76,30,339	5639,13,58,580
Add : Received during the year	324,20,92,662	51,08,76,154
Add : Premium on redemption payable on FCCBs written back on conversion	3,45,91,573	3,66,78,561
	5978,43,14,574	5693,89,13,295
Less : Utilised during the year	198,80,56,461	43,12,82,956
	5779,62,58,113	5650,76,30,339
EMPLOYEE STOCK OPTION OUTSTANDING		
Opening Balance	58,807	1,07,776
Less : Net Charge for the year	43,790	26,750
	15,017	81,026
Less : Options exercised	15,017	22,219
	—	58,807
SHELTER ASSISTANCE RESERVE		
Opening Balance	13,61,28,119	11,82,87,641
Add : Transfer from Profit and Loss Account	9,00,00,000	7,00,00,000
	22,61,28,119	18,82,87,641
Less : Utilised during the year	8,48,45,183	5,21,59,522
	14,12,82,936	13,61,28,119
CAPITAL RESERVE		
Opening Balance	4,13,875	4,13,875
Add : Subscription amount received on Warrants issued under QIP	301,22,69,150	—
	301,26,83,025	4,13,875
	14910,55,23,520	12852,93,78,563

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

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
LOANS		
Asian Development Bank	351,14,17,557	377,66,60,748
DEG - Deutsche Investitions-Und Entwicklungsgesellschaft MbH	45,17,00,000	199,91,12,500
International Finance Corporation	461,36,04,000	959,98,50,000
Kreditanstalt für Wiederaufbau	46,92,96,879	60,88,48,567
National Housing Bank	1084,43,78,000	1178,90,10,000
Short Term Foreign Currency Borrowings from Banks	831,00,00,000	—
Scheduled Banks	27591,86,32,720	19903,18,59,555
	30411,90,29,156	22680,53,41,370
FOREIGN CURRENCY CONVERTIBLE BONDS (Redeemable in 2010) (Unsecured)	428,51,52,000	557,56,12,500
BONDS (Redeemable at par between 2010 and 2022)	100,85,00,000	104,65,00,000
NON-CONVERTIBLE DEBENTURES	33092,90,00,000	32394,90,00,000
Under a Line from Kreditanstalt für Wiederaufbau (Unsecured)	41,17,36,192	41,17,36,192
Loans from Scheduled Banks (Unsecured) - Short Term	1683,82,28,256	2092,59,64,327
Commercial Paper (Unsecured)	5850,00,00,000	5235,00,00,000
Non-Convertible Subordinated Debentures (Unsecured)	1875,00,00,000	1375,00,00,000
DEPOSITS (Unsecured)	23049,43,58,733	19358,64,33,356
Interest Accrued and Due	31,70,83,977	16,02,20,129
	23081,14,42,710	
	96565,30,88,314	83856,08,07,874

Schedule 4**LOANS [Note 7]**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Individuals	61304,54,31,219	54889,43,52,646
Corporate Bodies	35118,69,44,485	28416,52,93,407
Others	1543,75,30,219	1892,14,11,708
	97966,99,05,923	85198,10,57,761

Note :

Investments in Debentures, Pass Through Certificates, Security Receipts and Corporate Deposits amounting to Rs. 631,74,83,240 (Previous Year Rs.1291,19,25,950) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected in Schedule 5 and the Corporate Deposits are shown under Current Assets in Schedule 6.

Schedule 5
INVESTMENTS (At Cost)

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Equity Shares - Subsidiaries and Associate Companies	7669,55,30,166	3367,84,32,716
Equity Shares - Other Companies	848,98,59,726	983,75,89,152
Warrants - Associate Companies	—	400,91,57,664
Convertible Preference Shares	71,31,81,061	63,67,45,261
Cumulative Redeemable Preference Shares	5,99,01,400	20,25,45,900
Convertible Debentures - Associate Companies and Others	32,97,19,900	10,00,00,000
Debentures and Bonds - for Financing Real Estate Projects	63,33,16,500	228,33,16,500
Debentures and Bonds - Others	34,31,61,700	159,57,88,400
Pass Through Certificates and Security Receipts -		
for Financing Real Estate Projects	80,41,66,740	96,09,34,450
Security Receipts - Others	8,80,12,618	8,83,14,749
Government Securities	1139,47,77,500	652,46,47,500
Mutual Funds	2,00,00,000	3732,46,52,031
Venture Funds and Other Funds	652,90,87,429	646,80,06,367
Properties (Net of Depreciation)	153,79,07,279	183,06,25,838
Less : Provision for Diminution in Value of Investments	10763,86,22,019	10554,07,56,528
	36,40,76,792	85,32,57,667
	10727,45,45,227	10468,74,98,861

	Book Value Rupees	Market Value Rupees
Aggregate of Quoted Investments	6099,61,10,497	16982,11,13,603
Previous Year	(2185,99,55,423)	(5942,79,88,044)
Aggregate of Investments listed but not quoted	1222,80,94,000	2,08,00,000
Previous Year	(725,79,64,000)	(3702,70,15,931)
Aggregate of Investments in Unquoted Mutual Funds (Refer Note 2 below)	2,00,00,000	3249,24,33,451
Previous Year	(3732,46,52,031)	(3641,43,01,569)
Aggregate of Unquoted Investments (Others)	3249,24,33,451	153,79,07,279
Previous Year	(3641,43,01,569)	(183,06,25,838)
Properties	10727,45,45,227	(10468,74,98,861)
Previous Year		

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

	Number of Shares	Face Value per Share Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Equity Shares - Subsidiaries and Associate Companies (fully paid)				
Subsidiaries				
GRUH Finance Ltd. *	2,13,07,785	10	60,74,00,667	60,74,00,667
HDFC Asset Management Co. Ltd.	1,50,96,600	10	235,88,41,633	235,88,41,633
HDFC Developers Ltd.	50,000	10	5,00,000	5,00,000
HDFC ERGO General Insurance Co. Ltd. (15,91,00,000 rights shares acquired)	30,71,00,000	10	308,33,29,014	149,23,29,014
HDFC Holdings Ltd.	8,00,070	10	2,40,00,700	2,40,00,700
HDFC Investments Ltd.	2,66,70,500	10	66,14,29,706	66,14,29,706
HDFC Property Ventures Ltd.	10,00,000	10	1,00,00,000	1,00,00,000
HDFC Realty Ltd.	57,50,070	10	5,31,38,347	5,31,38,347
HDFC Sales Pvt. Ltd.	40,10,000	10	4,01,66,853	4,01,66,853
HDFC Standard Life Insurance Co. Ltd. (12,72,80,000 shares acquired)	142,80,56,000	10	1428,05,60,000	1300,77,60,000
HDFC Trustee Co. Ltd.	1,00,000	10	10,00,000	10,00,000
HDFC Venture Capital Ltd.	4,02,500	10	40,25,000	40,25,000
HDFC Ventures Trustee Co. Ltd.	50,000	10	5,00,000	5,00,000
			2112,48,91,920	1826,10,91,920
Associate Companies				
Credila Financial Services Pvt. Ltd.	39,55,335	10	5,97,19,900	—
HDFC Bank Ltd. *	7,86,42,220	10	5549,74,23,809	1540,76,81,180
(2,62,00,220 warrants converted into shares)				
India Value Fund Advisors Pvt. Ltd. (2,47,620 shares offered in buy-back)	7,42,859	4	4,95,237	6,60,316
Indian Association for Savings and Credit	2,99,930	10	29,99,300	29,99,300
RuralShores Business Services Pvt. Ltd. (1,40,541 shares acquired)	3,51,351	10	1,00,00,000	60,00,000
			5557,06,38,246	1541,73,40,796
			7669,55,30,166	3367,84,32,716
* listed shares				
Equity Shares - Other Companies (fully paid)				
Unlisted :				
AEC Cements and Constructions Ltd.	2,80,000	10	28,00,000	28,00,000
Asset Reconstruction Co. (India) Ltd.	16,55,720	10	5,86,60,400	5,86,60,400
Chalet Hotels Ltd.	1,00,00,000	10	35,00,00,000	35,00,00,000
Computer Age Management Services Pvt. Ltd.	18,39,270	10	2,05,38,515	2,05,38,515
Credit Information Bureau (India) Ltd.	25,00,000	10	2,50,00,000	2,50,00,000
Feedback Ventures Pvt. Ltd.	18,10,515	10	8,96,72,140	8,96,72,140
Carried forward			54,66,71,055	54,66,71,055

Schedule 5 (Continued)
INVESTMENTS (At Cost)

	Number of Shares	Face Value per Share Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Brought forward			54,66,71,055	54,66,71,055
GVFL Ltd.	1,50,000	10	27,75,000	27,75,000
IL&FS Education & Technology Services Ltd.	—	—	—	14,07,87,300
INCAB Industries Ltd.	76,188	10	23,24,884	23,24,884
Infrastructure Development Corporation (Karnataka) Ltd.	1,50,000	10	15,00,000	15,00,000
Infrastructure Leasing & Financial Services Ltd.	1,40,49,500	10	94,70,35,429	94,70,35,429
IPFonline Ltd.	1,55,560	10	4,04,45,600	4,04,45,600
IVF Advisors Pvt. Ltd.	2,000	10	50,000	50,000
Kesoram Textile Mills Ltd. (received on demerger in 1999-2000)	22,258	2	—	—
L&T Urban Infrastructure Ltd.	1,49,00,000	10	19,85,61,395	19,85,61,395
Lafarge India Pvt. Ltd.	2,33,33,336	10	50,00,00,040	50,00,00,040
Mahindra First Choice Wheels Ltd.	31,82,000	10	4,83,64,575	4,83,64,575
Maruti Countrywide Auto Financial Services Pvt. Ltd.	1,48,00,000	10	14,80,00,000	14,80,00,000
MIEL e-Security Pvt. Ltd.	1,11,112	10	4,11,11,440	4,11,11,440
National Stock Exchange of India Ltd.	73,750	10	21,44,09,698	21,44,09,698
Next Gen Publishing Ltd. (7,24,151 shares acquired)	19,35,911	10	1,69,96,322	1,69,96,320
Novacel Life Sciences Ltd.	7,50,000	10	75,00,000	75,00,000
OCM India Ltd.	22,56,295	10	3,41,48,880	3,41,48,880
PPN Power Generating Co. Pvt. Ltd. (9,25,933 shares acquired)	34,25,953	100	35,37,06,505	27,50,02,200
Precision Automation & Robotics India Ltd.	—	—	—	1,21,28,110
Prize Petroleum Co. Ltd.	9,99,900	10	99,99,000	99,99,000
SKR BPO Services Pvt. Ltd.	3,858	10	40,99,04,342	40,99,04,342
Softcell Technologies Ltd.	4,99,702	10	2,59,84,504	2,59,84,504
SolutionNET India Pvt. Ltd.	—	—	—	96,00,000
Tamil Nadu Urban Infrastructure Financial Services Ltd.	1,50,000	10	15,00,000	15,00,000
Tamil Nadu Urban Infrastructure Trustee Co. Ltd.	15,000	10	1,50,000	1,50,000
Vayana Enterprises Pvt. Ltd.	10,44,776	10	3,47,49,996	—
			358,58,88,665	363,49,49,772

Listed :

ACC Ltd.	—	—	—	4,56,12,756
Ambuja Cements Ltd.	—	—	—	2,80,86,510
Andhra Cements Ltd.	59,99,700	10	19,22,90,385	19,22,90,385
Axis Bank Ltd.	—	—	—	10,21,89,207
Bharat Bijlee Ltd.	97,480	10	44,23,228	44,23,228
Bharat Heavy Electricals Ltd. (3,30,916 shares sold)	2,96,386	10	27,10,21,860	57,36,18,710
Carried forward			46,77,35,473	94,62,20,796

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

	Number of Shares	Face Value per Share Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Brought forward			46,77,35,473	94,62,20,796
Brigade Enterprises Ltd.	—	—	—	8,03,66,520
Cairn India Ltd.	—	—	—	4,99,96,800
Castrol India Ltd.	1,94,595	10	13,42,24,107	—
Chambal Fertilizers & Chemicals Ltd.	13,30,831	10	2,02,25,023	2,02,25,023
Coromandel International Ltd. (received under Scheme of Arrangement in 2003-04) (Formerly Coromandel Fertilisers Ltd.) (3,32,000 shares sold)	3,34,665	2	—	—
Crompton Greaves Ltd. (1,68,750 bonus shares received)	3,93,750	2	9,95,77,083	—
Development Credit Bank Ltd.	40,47,926	10	16,89,06,600	16,89,06,600
Engineers India Ltd.	17,554	10	3,82,89,159	—
GAIL (India) Ltd.	—	—	—	29,98,60,164
Godrej Properties Ltd.	40,807	10	1,99,95,430	—
Great Offshore Ltd.	—	—	—	43,63,409
Hathway Cable & Datacom Ltd.	2,27,618	10	5,46,28,320	—
Hindustan Oil Exploration Co. Ltd.	1,48,26,303	10	105,49,79,958	105,49,79,958
Hindustan Unilever Ltd.	5,89,909	1	11,89,15,000	11,89,15,000
Hotel Leela Venture Ltd.	—	—	—	6,04,00,000
ICICI Bank Ltd.	2,02,573	10	18,04,12,970	18,04,12,970
Indian Oil Corporation Ltd. (1,51,000 bonus shares received)	3,02,000	10	9,87,97,887	—
Indraprastha Medical Corporation Ltd.	90,00,000	10	38,64,60,000	38,64,60,000
Infosys Technologies Ltd.	—	—	—	14,82,06,386
Infrastructure Development Finance Co. Ltd.	2,10,00,000	10	21,00,00,000	21,00,00,000
Larsen & Toubro Ltd. (2,05,768 shares sold)	3,15,000	2	25,46,39,525	42,09,78,148
Mahindra & Mahindra Ltd.	20,60,000	5	38,40,16,251	38,40,16,251
NMDC Ltd.	1,66,660	1	4,99,98,000	—
Oil & Natural Gas Corporation Ltd.	—	—	—	8,71,92,134
Power Grid Corporation of India Ltd.	—	—	—	63,63,916
Puravankara Projects Ltd.	—	—	—	5,00,00,000
Reliance Communications Ltd.	3,91,307	5	12,68,50,390	12,68,50,390
Reliance Industries Ltd. (36,300 (net) shares sold, 1,41,169 bonus shares received)	1,41,169	10	14,35,86,653	5,15,84,276
Rural Electrification Corporation Ltd.	1,67,994	10	3,41,02,782	—
Sicagen India Ltd.	—	—	—	7,22,09,904
Sical Logistics Ltd.	—	—	—	18,56,82,612
Siemens Ltd.	15,70,664	2	55,45,88,439	55,45,88,439
SRF Ltd.	—	—	—	1,23,46,459
State Bank of India (1,82,047 shares sold)	1,89,342	10	10,58,85,219	20,76,90,875
Carried forward			470,68,14,269	588,88,17,030

Schedule 5 (Continued)
INVESTMENTS (At Cost)

		Number of Shares	Face Value per Share Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
	Brought forward			470,68,14,269	588,88,17,030
Tata Consultancy Services Ltd.		2,40,995	1	9,33,47,395	8,06,00,682
(1,02,958 (net) shares sold, 2,40,995 bonus shares received)					
Tata Steel Ltd.		1,36,448	10	7,90,40,863	6,87,76,663
(17,107 shares received on conversion)					
The Great Eastern Shipping Co. Ltd.		6,40,000	10	2,47,68,534	2,47,68,534
Unitech Ltd.		—	—	—	9,93,60,571
Vishal Retail Ltd.		—	—	—	4,03,15,900
				490,39,71,061	620,26,39,380
				848,98,59,726	983,75,89,152

Warrants -
Associate Companies

HDFC Bank Ltd.	—	—	—	400,91,57,664
			—	400,91,57,664

Convertible Preference Shares
(fully paid)

0.01%	Idhasoft Ltd. (Optionally Fully Convertible Preference Shares)	2,70,270	10	4,70,98,531	4,70,98,531
0.01%	L&T Urban Infrastructure Ltd. (Optionally Fully Convertible Preference Shares)	5,79,38,253	10	57,93,82,530	57,93,82,530
2%	Tata Steel Ltd.	—	—	—	1,02,64,200
0.1%	Value & Budget Housing Corporation (India) Pvt. Ltd. (Compulsorily Fully Convertible Preference Shares)	81,70,000	10	8,17,00,000	—
0.02%	Ziqitza Healthcare Ltd. (Compulsorily Fully Convertible Preference Shares)	2,350	10	50,00,000	—
				71,31,81,061	63,67,45,261

Cumulative Redeemable Preference Shares
(fully paid)

0.001%	BPL Ltd.	5,99,014	100	5,99,01,400	5,99,01,400
5%	IFCI Ltd.	—	—	—	8,26,44,500
6%	The Arvind Mills Ltd.	—	—	—	6,00,00,000
				5,99,01,400	20,25,45,900

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

		Number of Debentures/ Bonds	Face Value per Deben- ture/Bond Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Convertible Debentures					
—	Redeemable (fully paid)				
—	Associates				
8%	Credila Financial Services Pvt. Ltd. (Optionally Fully Convertible Debentures)	39,55,335	20.15	5,97,19,900	—
6%	Indian Association for Savings and Credit (Compulsorily Fully Convertible Debentures)	20,00,000	10	2,00,00,000	2,00,00,000
				7,97,19,900	2,00,00,000
—	Others				
	Andhra Cements Ltd. - Series A (Floating Rate - Optionally Fully Convertible Debentures)	10,00,000	100	10,00,00,000	—
	Andhra Cements Ltd. - Series B (Floating Rate - Optionally Fully Convertible Debentures)	15,00,000	100	15,00,00,000	—
0%	Mission Holdings Pvt. Ltd. (Optionally Fully Convertible Debentures)	—	—	—	8,00,00,000
				25,00,00,000	8,00,00,000
				32,97,19,900	10,00,00,000
Debentures and Bonds - Redeemable					
—	for financing Real Estate Projects (fully paid)				
Held as long term investments					
—	Others				
13.2%	Maharashtra State Police Housing & Welfare Corporation Ltd.	—	—	—	5,00,00,000
8%	West Bengal Infrastructure Development Finance Corporation Ltd.	—	—	—	160,00,00,000
				—	165,00,00,000
—	Zero Coupon Bonds				
	NHB Sumeru Zero Coupon Bonds	1,50,000	10,000	63,33,16,500	63,33,16,500
				63,33,16,500	63,33,16,500
				63,33,16,500	228,33,16,500
Debentures and Bonds - Redeemable - Others (fully paid)					
Held as long term investments					
6.6%	Tax Free ARS Bonds	—	—	—	55,80,26,700
5.5%	National Highways Authority of India	—	—	—	61,00,000
5.5%	Rural Electrification Corporation Ltd.	—	—	—	46,85,00,000
				—	103,26,26,700

Schedule 5 (Continued)
INVESTMENTS (At Cost)

		Number of Debentures/ Bonds	Face Value per Deben- ture/Bond Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Held as current investments					
	Andhra Cements Ltd. (Floating Rate Debenture)	10,00,000	100	10,00,00,000	—
12%	Cholamandalam DBS Finance Ltd.	100	10,00,000	10,00,00,000	10,00,00,000
11.25%	Development Credit Bank Ltd.	100	10,00,000	10,00,00,000	—
12%	Gujarat Urja Vikas Nigam Ltd.	—	—	—	2,00,00,000
	Infrastructure Leasing & Financial Services Ltd. (Floating Rate Debenture)	—	—	—	40,00,00,000
0%	Reliance Industries Ltd.	4,31,617	100	4,31,61,700	4,31,61,700
				34,31,61,700	56,31,61,700
				34,31,61,700	159,57,88,400
 Pass Through Certificates & Security Receipts					
- for financing Real Estate Projects					
	Pass Through Certificates			59,35,30,997	75,02,97,500
	Security Receipts			21,06,35,743	21,06,36,950
				80,41,66,740	96,09,34,450
 - Others					
	Security Receipts			8,80,12,618	8,83,14,749
				8,80,12,618	8,83,14,749
 Government Securities					
Government of India Loans					
				1139,47,77,500	652,46,47,500
 Schemes of Mutual Funds					
Axis Mutual Fund					
				2,00,00,000	—
HDFC Mutual Fund					
				—	3658,54,44,222
ING Mutual Fund					
				—	10,00,00,000
JP Morgan Mutual Fund					
				—	5,00,00,000
Morgan Stanley Mutual Fund					
				—	26,07,37,424
Reliance Mutual Fund					
				—	17,83,00,181
UTI Mutual Fund					
				—	15,01,70,204
				2,00,00,000	3732,46,52,031

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

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Venture Funds and Other Funds		
AIG Indian Sectoral Equity Trust	17,10,849	17,10,849
Gaja Capital India Fund	2,50,00,000	2,00,00,000
HDFC Investment Trust	46,78,41,500	40,97,39,000
HDFC Property Fund	549,68,26,906	549,73,26,906
India Value Fund	37,05,46,875	37,20,68,313
Tamil Nadu Urban Development Fund	16,71,61,299	16,71,61,299
	652,90,87,429	646,80,06,367

Notes:

- 1) Unquoted investments include **Rs. 40,99,04,342** (Previous Year Rs. 40,99,04,342) in respect of equity shares, **Rs. 8,17,00,000** (Previous Year Rs. Nil) in respect of convertible preference shares, **Rs. 25,00,00,000** (Previous Year Rs. Nil) in respect of convertible debentures and **Rs. 10,00,00,000** (Previous Year Rs. Nil) in respect of redeemable debentures, which are subject to a lock-in period. Quoted investments include **Rs. 5399,07,83,809** (Previous Year Rs. 1390,10,41,180) in respect of equity shares which are subject to a lock-in period and include **Rs. 60,74,00,667** (Previous Year Rs. 60,74,00,667) in respect of equity shares, which are subject to restrictive covenant.
- 2) Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.
- 3) Investments in Equity Shares, Convertible Preference Shares, Cumulative Redeemable Preference Shares, Convertible Debentures, Pass Through Certificates, Security Receipts, Government Securities, units of Mutual Funds and Venture Funds and Other Funds are held as long-term investments. Investments in various schemes of Cash Management Fund and Income Fund of Mutual Funds are held as current investments.
- 4) The Corporation acquired and sold 2,42,727 shares of Rs. 10 each of Adani Power Ltd. of Rs. 2.43 crores, 4,99,980 shares of Rs. 10 each of JSW Energy Ltd. of Rs. 5.00 crores, 1,27,088 shares of Rs. 10 each of Mahindra Holidays & Resorts Ltd. of Rs. 3.81 crores, 10,497 shares of Rs. 10 each of Oil India Ltd. of Rs. 1.10 crores, 1,41,169 shares of Rs. 10 each of Reliance Industries Ltd. of Rs. 14.36 crores, 2,40,995 shares of Rs. 10 each of Tata Consultancy Services Ltd. of Rs. 9.33 crores, 88,529 shares of Rs. 10 each of United Bank of India of Rs. 0.58 crores, 6,000 debentures of Rs. 10,00,000 each of GTL Ltd. of Rs. 600 crores.
- 5) During the year, the Corporation acquired and sold units of various schemes of Income Funds aggregating to **Rs. 6,367 crores** (Previous Year Nil). The Corporation also acquired and sold units of Equity Funds aggregating to **Rs. 5 crores** (Previous Year Nil).
- 6) Investments in Mutual Funds include **Rs. Nil** (Previous Year Rs. 3,659 crores) in units of Cash Management Scheme of mutual fund. During the year, the Corporation acquired **Rs. 1,28,563 crores** (Previous Year Rs. 87,059 crores) and sold **Rs. 1,32,222 crores** (Previous Year Rs. 84,732 crores) of units of such schemes of mutual funds invested for the purpose of deployment of overnight cash surpluses.
- 7) NHB Sumero Zero Coupon Bonds are held as Capital Assets under Section 2(48)(c) of the Income Tax Act, 1961.

Schedule 6
CURRENT ASSETS, LOANS AND ADVANCES [Notes 2(iv) and 8]

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
CURRENT ASSETS			
Income Accrued on Investments		53,18,28,882	73,81,94,036
Interest Accrued on Deposits		81,10,99,761	56,03,38,163
Sundry Debtors (Unsecured; Considered good)		73,41,554	27,77,14,558
Cash and Bank Balances :			
Cash and Cheques on Hand	41,36,58,201		69,49,32,706
With Scheduled Banks :			
Current Accounts	247,93,11,886		743,37,43,232
Deposit Accounts	4734,57,39,025		755,43,94,583
With Non-Scheduled Banks in Current Accounts	21,81,347		17,62,384
With Reserve Bank of India	5,85,606		5,85,606
With National Housing Bank	200,00,00,000		150,00,00,000
		5224,14,76,065	
		5359,17,46,262	1876,16,65,268
LOANS AND ADVANCES			
Instalments due from borrowers	416,31,22,799		463,94,23,399
Advances recoverable in cash or in kind or for value to be received	884,72,22,066		1732,84,38,885
Corporate Deposits	778,94,00,000		1497,88,13,000
		2079,97,44,865	
		7439,14,91,127	5570,83,40,552

Schedule 7
CURRENT LIABILITIES AND PROVISIONS [Notes 2(v), 9, 14 and 18(iii)]

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
CURRENT LIABILITIES			
Interest Accrued but not Due	1695,47,72,805		1597,00,42,715
Sundry Creditors	227,87,38,248		663,25,69,204
Advance Payments	142,88,20,380		82,47,73,185
Other Liabilities	589,93,09,414		540,63,02,383
		2656,16,40,847	2883,36,87,487
PROVISIONS			
Proposed Dividend	1033,59,67,992		853,36,17,300
Additional Tax on Dividend	171,66,75,084		140,68,88,809
Provision for premium payable on redemption of Debentures and FCCB	286,14,86,420		97,21,69,465
Provision for Contingencies	655,56,66,871		621,52,39,044
Provision for Employee Benefits	75,32,52,487		67,28,70,203
		2222,30,48,854	
		4878,46,89,701	4663,44,72,308

Schedule 8
FIXED ASSETS

		GROSS BLOCK		DEPRECIATION AND AMORTISATION		NET BLOCK	
As at March 31, 2009		Additions	Deductions	As at March 31, 2010	As at March 31, 2009	Deductions	As at March 31, 2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
TANGIBLE							
Land :							
Freehold	15,70,03,218	—	—	15,70,03,218	—	—	15,70,03,218
Leasehold	3,44,67,752	—	—	3,44,67,752	45,70,318	3,65,949	2,95,31,485
Buildings :							
Own Use	176,26,54,645	23,65,00,687	17,41,080	199,74,14,252	29,09,98,802	3,25,50,830	3,12,176
Leasehold Improvements	8,48,61,342	62,74,728	6,08,994	9,05,24,076	5,73,43,346	6,08,994	6,88,67,808
Computer Hardware	44,45,64,956	3,72,14,223	2,01,06,516	46,16,72,663	37,69,29,849	4,42,63,617	2,00,68,049
Furniture and Fittings, Office Equipment etc.:							
Own Use	81,86,35,264	2,75,93,775	1,30,79,156	83,31,49,883	58,12,99,714	4,47,76,003	97,28,343
Under Operating Lease	1,54,00,170	—	4,22,064	1,49,78,106	1,10,13,255	5,11,638	3,94,563
Vehicles :							
Owned	7,87,23,232	2,31,54,502	63,17,061	9,55,60,673	4,36,00,982	1,47,57,879	50,42,547
Leased Assets :							
Plant & Machinery *	135,60,20,485	—	—	135,60,20,485	135,60,20,485	—	135,60,20,485
Vehicles *	16,37,50,969	—	—	16,37,50,969	16,37,50,969	—	16,37,50,969
INTANGIBLE							
Computer Software	2,24,41,787	1,75,74,134	—	4,00,15,921	1,89,44,758	57,39,207	—
	493,85,23,820	34,83,09,049	4,22,74,871	524,45,57,998	290,44,72,478	15,50,98,579	3,61,54,672
Previous Year	488,56,75,147	12,36,65,189	7,08,16,516	493,85,23,820	280,07,34,750	14,82,65,269	4,45,30,541
* Assets held for disposal							

Notes :

- 1) Buildings include **Rs. 1,22,250** (Previous Year Rs. 1,22,250) being the cost of shares in Co-operative Housing Societies and Limited Companies.
- 2) Depreciation charge for the financial year, excludes **Rs. 2,69,24,492** (Previous Year Rs. 2,62,95,659) being depreciation charge on Investment in Properties.
- 3) Freehold land includes Properties amounting to **Rs. 76,59,211** (Previous Year Rs. 76,59,211) acquired in satisfaction of debts.

Schedule 9
OPERATING INCOME [Note 11]

	For the year ended March 31, 2010 Rupees	Previous Year Rupees
Interest Income :		
Interest on Loans	9978,99,22,497	9931,03,72,136
(Net of Exchange Difference Rs. 91,39,38,127 DR - Previous Year Includes Exchange Difference Rs. 3,21,13,932 CR)		
Other Interest	471,59,33,761	555,22,95,728
(Tax deducted at source Rs. 65,05,296 - Previous Year Rs. 4,24,49,863)		
	10450,58,56,258	10486,26,67,864
Surplus from deployment in Cash Management Schemes of Mutual Funds	189,84,42,216	157,97,31,748
Dividends	232,70,93,273	195,65,65,535
Income from Leases	24,08,55,331	16,58,57,124
	10897,22,47,078	10856,48,22,271

Schedule 10
INTEREST AND OTHER CHARGES [Note 17(i)]

	For the year ended March 31, 2010 Rupees	Previous Year Rupees
INTEREST		
Loans	1997,21,16,057	2331,64,20,512
(Includes Exchange Difference Rs. 239,48,85,438 DR - Previous Year Rs.238,26,75,494 DR)		
Deposits	1784,13,18,412	1470,79,52,260
Bonds	3203,40,38,888	3570,39,90,981
	6984,74,73,357	7372,83,63,753
OTHER CHARGES		
(Includes Exchange Difference Rs. 47,96,947 DR - Previous Year Rs. 9,00,578 DR)	78,33,43,530	59,61,34,595
	7063,08,16,887	7432,44,98,348

Schedule 11
STAFF EXPENSES [Notes 14,16(i) and 19(iii)]

	For the year ended March 31, 2010 Rupees	Previous Year Rupees
Salaries and Bonus	122,42,13,398	111,80,37,231
Contribution to Provident Fund and Other Funds	18,59,90,897	20,66,24,813
Staff Training and Welfare Expenses	5,63,24,606	6,14,41,507
	146,65,28,901	138,61,03,551

Schedule 12**ESTABLISHMENT EXPENSES**

	For the year ended March 31, 2010 Rupees	Previous Year Rupees
Rent	23,26,06,387	20,05,55,788
Rates and Taxes	3,91,02,797	2,90,11,895
Repairs and Maintenance - Buildings	3,29,82,841	2,97,58,759
General Office Expenses	1,76,56,667	1,21,06,535
Electricity Charges	8,61,40,875	8,31,26,982
Insurance Charges	50,58,324	50,82,123
	41,35,47,891	35,96,42,082

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

	For the year ended March 31, 2010 Rupees	Previous Year Rupees
Travelling and Conveyance	11,02,91,896	11,11,26,733
Printing and Stationery	4,70,45,145	5,82,67,060
Postage, Telephone and Fax	14,43,73,571	14,18,49,064
Advertising	27,67,06,548	35,38,03,953
Repairs and Maintenance - Other than Buildings	4,34,65,946	4,97,06,140
Office Maintenance	9,66,52,744	8,48,27,215
Legal Expenses	9,98,53,225	11,11,40,094
Computer Expenses	6,08,76,331	6,22,93,074
Directors' Fees and Commission	1,20,27,500	63,90,000
Miscellaneous Expenses	26,59,14,339	24,41,02,333
Auditors' Remuneration	1,83,32,311	1,78,59,211
	117,55,39,556	124,13,64,877

Schedule 14**NOTES FORMING PART OF THE ACCOUNTS**

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

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

- 2 (i) The Corporation had raised USD 500 million through the issue of zero coupon Foreign Currency Convertible Bonds (FCCBs). The bonds are convertible at any time into equity shares of the Corporation of the face value of Rs. 10 each from August 24, 2006 upto July 29, 2010, at the option of the holders, at Rs. 1399.148 per equity share representing a conversion premium of 50% over the initial reference share price. The premium payable on redemption of the bonds is charged to Securities Premium Account over the life of the bonds. The bonds are redeemable on September 27, 2010 with a yield to maturity of 4.62% per annum. Upto March 31, 2010, **81.88%** (Previous Year 77.88%) of the bonds amounting to **USD 409.40 million** (Previous Year USD 389.40 million) representing **1,27,92,711** (Previous Year 1,21,67,765) Equity shares, have been converted pursuant to the exercise of options by the bondholders of the Corporation. As on March 31, 2010, the FCCB outstanding was **USD 90.60 million** (Previous Year USD 110.60 million). The Corporation has undertaken currency options and forward contracts amounting to **USD 75 million** (Previous Year USD 110.60 million) to cover the net foreign currency exposure in the outstanding FCCBs.
- (ii) During the year, the Corporation raised USD 175 million under the Short Term Foreign Currency Borrowing scheme of the Reserve Bank of India (RBI) under the "approval route" in terms of the RBI Press Release No. 2008-2009/700 dated 17th November, 2008, with a maturity of three years. In term of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps.
- (iii) As on March 31, 2010, the Corporation has foreign currency borrowings (excluding FCCBs) of **USD 945.43 million** equivalent (Previous Year USD 984.62 million). The Corporation has undertaken principal only swaps, currency options and forward contracts on a notional amount of **USD 787.99 million** equivalent (Previous Year USD 892.86 million) to hedge the foreign currency risk. Further, interest rate swaps on a notional amount of **USD 90 million** equivalent (Previous Year USD 215 million) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings. As on March 31, 2010, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

As a part of asset liability management and on account of the increasing response to the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **Rs. 16,065 crores** (Previous Year Rs. 11,815 crores) as on March 31, 2010 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into cross currency swaps of a notional amount of **USD 694 million** equivalent (Previous Year USD 733 million) wherein it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

- (iv) Monetary assets and liabilities denominated in foreign currencies net of risk management arrangement are revalued at the rate of exchange prevailing at the yearend. Cross currency swaps have been marked to market at the year end. For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. Loss on mark to market of cross currency interest rate swaps is recognised in the Profit and Loss Account and

Schedule 14 (Continued)

NOTES FORMING PART OF THE ACCOUNTS

the net gains is not recognised keeping in view the principles of prudence as enumerated in Accounting Standard (AS 1) notified by the Companies (Accounting Standard) Rules, 2006.

The amount of exchange difference in respect of such contracts to be recognised as expense in the Profit and Loss Account over subsequent accounting periods is **Rs. 1.85 crores** (Previous Year Rs. 761.73 crores). The period is ranging upto 2 years.

- (v) A net gain of **Rs. 29.57 crores** (Previous Year Net Loss of Rs. 261.16 crores) has been recognised in the Profit and Loss Account being net gain on year end translation of foreign currency monetary assets and liabilities and mark to market gain on derivatives as shown below:

		Current Year	Previous Year
	Rs. in crores	Rs. in crores	Rs. in crores
Gain on derivatives revaluation not recognised in earlier years		—	(293.59)
Amortisation of Premium on Options and Forward Contracts		(34.80)	326.64
Net loss/(gain) on Translation of Foreign Currency Denominated assets and Foreign Currency Borrowings		95.88	(117.99)
Mark to Market Loss/(gain) on Derivatives (Cross Currency swaps, Interest Rate Swaps etc.)	(142.94)		346.10
Less: Amounts retained in Advance Payments (as per note below)	52.29	(90.65)	
Net (Gain)/Loss		(29.57)	261.16

The net gain of **Rs 52.29 crores** (Previous Year Rs. Nil) on mark to market of Cross Currency Swaps (after setting off **Rs. 90.65 crores** (Previous Year Rs. Nil) arising on account of translation loss on foreign currency denominated assets) is included under Advance Payments (Schedule No. 7) and not recognized in the Profit and Loss Account in view of the announcement by the Institute of Chartered Accountants of India (ICAI) which requires the principle of prudence to be followed in accounting for mark to market gains/losses on derivatives.

- 3 (i) Out of the total Bonds issued by the Corporation, Bond certificates aggregating to **Rs. Nil** (Previous Year Rs. 150.00 crores) have been purchased under a buy-back arrangement. These certificates have been extinguished in the current year.
- (ii) The maximum amount of Commercial Paper outstanding at any time during the year was **Rs. 8,280 crores** (Previous Year Rs. 7,055 crores).
- 4 Save and except the floating charge created in favour of the depositors in respect of 'public deposits' as defined in Paragraph 2(1)(w) of the Housing Finance Companies (NHB) Directions, 2001, on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987;
 - (i) Loans are secured by Promissory Notes and/or a negative lien on all the assets of the Corporation.
 - (ii) Bonds are in the nature of Promissory Notes and are secured by a negative lien on all the assets of the Corporation.
 - (iii) Non-Convertible Debentures amounting to **Rs. 33,092.90 crores** (Previous Year Rs. 32,394.90 crores) are secured by a negative lien on all the assets of the Corporation and by a mortgage. These debentures are redeemable at par between 2010 and 2019.
- 5 During the year, the Corporation raised **Rs. 500 crores** (Previous Year Rs.Nil) through issue of long term Unsecured Redeemable Non-Convertible Debentures (subordinated debt). As at March 31, 2010, the Corporation's outstanding subordinated debt is **Rs. 1,875 crores** (Previous Year Rs. 1,375 crores). These

Schedule 14 (Continued)

NOTES FORMING PART OF THE ACCOUNTS

Debentures are redeemable at par between 2011 and 2020. The debt is subordinated to present and future senior indebtedness of the Corporation and qualifies as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2010, **82.93%** (Previous Year 82.55%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

- 6 (i) Loan Funds include **Rs. 8,63,18,061** (Previous Year Rs. 11,02,45,311) from Directors.
- (ii) Deposits include **Rs. 14,509.05 crores** (Previous year Rs. 11,339.58 crores) due within one year.
- (iii) Deposits include **Rs. 25,79,00,000** (Previous Year Rs. 31,85,25,000) due to subsidiary companies.
- 7 (i) Loans granted by the Corporation are secured or partly secured by :
 - (a) Equitable mortgage of property and / or
 - (b) Pledge of shares, units, other securities, assignment of life insurance policies and / or
 - (c) Hypothecation of assets and / or
 - (d) Bank guarantees, company guarantees or personal guarantees and / or
 - (e) Negative lien and / or
 - (f) Assignment of hire purchase receivables and / or
 - (g) Undertaking to create a security.
- (ii) In respect of loans aggregating to **Rs. Nil** (Previous Year Rs. 135.81 crores), the Corporation has been assigned the right to future receivables along with a power of attorney authorising the Corporation, *inter-alia*, to obtain possession of the property in case of default.
- (iii) Loans include **Rs. 34.78 crores** (Previous year Rs. 33.41 crores) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- 8 (i) There are no Sundry Debtors which are outstanding for a period over six months. Sundry Debtors include amounts due from subsidiary companies **Rs. 58,77,128** (Previous Year Rs. 26,35,28,986).
- (ii) Cash and cash equivalents represents:

Particulars	As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees
Cash and Bank Balances (As per Schedule 6)	5224,14,76,065	1718,54,18,511
Current Accounts held for Unclaimed Dividends	(7,51,94,803)	(6,51,67,608)
Exchange difference on Cash and cash equivalents	8,00,28,854	(16,41,67,992)
Cash and cash equivalents as at the end of the year	5224,63,10,116	1695,60,82,911

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

Name of the Bank	Balance as on March 31, 2010	Maximum amount outstanding at any time during the year ended March 31, 2010	Balance as on March 31, 2009	Maximum amount outstanding at any time during the year ended March 31, 2009
	Rupees	Rupees	Rupees	Rupees
HSBC Bank Plc, London	6,67,443	66,30,516	5,73,815	17,01,767
DBS Bank Ltd., Singapore	15,13,904	1,43,04,467	11,88,569	34,34,176
Total	21,81,347		17,62,384	

Schedule 14 (Continued)

NOTES FORMING PART OF THE ACCOUNTS

- (iv) Out of the total Loans and Advances (Schedule 6), amounts aggregating to **Rs. 627,64,00,476** (Previous Year Rs. 1308,61,64,094) are secured.
- Advances recoverable in cash or in kind includes Advance Tax (net of Provision for Taxation) **Rs. 372,88,10,994** (Previous Year Rs. 308,20,48,742), **Rs. 7,44,19,755** (Previous Year Rs. 13,67,82,110) towards advances of capital nature, and **Rs. 8,85,35,298** (Previous Year Rs. 98,58,546) due from subsidiary companies.
- (v) Corporate Deposits include **Rs. 20,00,00,000** (Previous Year Rs. 402,05,00,000) due from subsidiary companies.
- (vi) Interest Accrued on Deposits includes **Rs. Nil** (Previous Year Rs. 12,15,36,986) due from subsidiary companies.
- 9 (i) Sundry Creditors include **Rs. Nil** (Previous Year Rs. Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the Corporation during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Corporation for this purpose.
- (ii) As required under Section 205C of the Companies Act, 1956, the Corporation has transferred **Rs. 66,55,580** (Previous Year Rs. 64,07,098) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2010, no amount was due for transfer to the IEPF.
- (iii) Sundry Creditors include **Rs. 19,911** (Previous Year Rs. 4,03,09,035) due to a subsidiary company.
- (iv) Interest Accrued but not due includes **Rs. 7,48,03,734** (Previous Year Rs. 4,79,84,021) due to Subsidiary Companies and **Rs. 53,99,783** (Previous Year Rs. 47,78,652) due to the Directors of the Corporation.
- 10 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is **Rs. 304.69 crores** (Previous Year Rs. 279.03 crores).
- 11 (i) Profit on sale of investments includes profit of **Rs. 16,44,000** (Previous Year Rs. Nil) in respect of investments held as current investments.
- (ii) Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to **Rs. 189,84,42,216** (Previous Year Rs. 157,97,31,748) is in respect of investments held as current investments.
- (iii) Dividend income includes **Rs. 97,02,94,818** (Previous Year Rs. 108,22,75,140) received from subsidiary companies and **Rs. 31,26,62,788** (Previous Year Rs. Nil) in respect of current investments.
- (iv) Other Interest includes Interest on Investments amounting to **Rs. 157,28,02,047** (Previous Year Rs. 146,24,59,036), including **Rs. 3,86,05,659** (Previous Year Rs. 14,51,81,576) in respect of current investments.
- (v) In accordance with the Guidance Note on accounting for Leases issued by the Institute of Chartered Accountants of India, an amount of **Rs. Nil** (Previous Year Rs. 2,17,27,220) towards Lease Equalisation has been reduced from Income from Leases, in respect of Leases entered prior to the applicability of Accounting Standard on 'Leases' (AS 19) notified by the Companies (Accounting Standards) Rules, 2006.
- (vi) Fees and Other Charges is net of the amounts paid to Direct Selling Agents **Rs. 151.59 crores** (Previous Year Rs. 109.14 crores).
- 12 Other Income includes rent of **Rs. 11,71,47,500** (Previous Year Rs. 12,65,82,207), of which **Rs. 24,00,000** (Previous Year Rs. 24,00,000) is in respect of rent for certain assets given on operating lease and also includes sub-lease payments received **Rs. 93,84,150** (Previous Year Rs. 1,54,26,000) in respect of a property acquired under operating lease as per Note 24(ii).

Schedule 14 (Continued)
NOTES FORMING PART OF THE ACCOUNTS
13 (i) Earnings in foreign currency (Cash basis):

Amount in Rupees

	Current year	Previous Year
Interest on Bank Deposits	5,92,78,024	9,98,63,287
Consultancy and other fees	17,41,78,305	8,04,03,010

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

Amount in Rupees

	Current year	Previous Year
Interest and Other Charges on Loans	67,34,14,330	85,77,77,714
Others	11,32,81,690	9,35,27,098

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

- (i) Salaries and Bonus include **Rs. 3,18,78,173** (Previous Year Rs. 8,77,66,575) towards provision made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the AS 15 (Revised).
- (ii) The Corporation has recognised the following amounts in the Profit and Loss Account which are included under Contributions to Provident Fund and Other Funds :

Particulars	Current year Rupees	Previous Year Rupees
Provident Fund	5,70,39,794	5,03,21,193
Superannuation Fund	3,95,97,432	3,26,24,239
Employees' Pension Scheme-1995	99,30,400	99,91,771

The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. Having regard to the assets of the Fund and the return on the investments, the Corporation does not expect any deficiency in the foreseeable future. There has also been no such deficiency since the inception of the Fund.

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

Particulars	Current Year Rupees	Previous Year Rupees
Change in the Benefit Obligations:		
Liability at the beginning of the year	69,59,67,492	55,87,26,275
Current Service Cost	3,01,53,839	3,82,84,255
Interest Cost	5,28,34,887	4,70,35,875
Past Service Cost (Vested benefit)	3,34,76,920	—
Benefits Paid	(4,19,72,934)	(1,81,24,201)
Actuarial loss	4,35,83,331	7,00,45,288
Liability at the end of the year *	81,40,43,535	69,59,67,492

* The Liability at the end of the year **Rs. 81,40,43,535** (Previous Year Rs.69,59,67,492) includes **Rs. 24,72,40,739** (Previous Year Rs.18,17,92,142) in respect of an un-funded plan.

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

Particulars	Current Year Rupees	Previous Year Rupees
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	46,92,99,407	35,36,59,997
Expected Return on Plan Assets	4,35,59,369	3,71,55,635
Contributions	9,68,48,873	11,98,47,496
Benefits Paid	(4,19,72,934)	(1,81,24,201)
Actuarial loss on Plan Assets	(2,90,53,756)	(2,32,39,520)
Fair Value of Plan Assets at the end of the year	53,86,80,959	46,92,99,407
Total Actuarial loss to be recognised	(7,26,37,087)	(9,32,84,808)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	4,35,59,369	3,71,55,635
Actuarial loss on Plan Assets	(2,90,53,756)	(2,32,39,520)
Actual Return on Plan Assets	1,45,05,613	1,39,16,115
Expense Recognised in the Profit and Loss Account:		
Current Service Cost	3,01,53,839	3,82,84,255
Interest Cost	5,28,34,887	4,70,35,875
Expected Return on Plan Assets	(4,35,59,369)	(3,71,55,635)
Net Actuarial loss to be recognised	7,26,37,087	9,32,84,808
Past Service Cost (Vested benefit)	3,34,76,920	—
Expense recognised in the Profit and Loss Account under "Staff Expenses".	14,55,43,364	14,14,49,303
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	22,66,68,085	20,50,66,278
Expense recognised	14,55,43,364	14,14,49,303
Contribution by the Corporation	9,68,48,873	11,98,47,496
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	27,53,62,576	22,66,68,085

Schedule 14 (Continued)
NOTES FORMING PART OF THE ACCOUNTS

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

Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	12.79	25.35
State Government securities / securities guaranteed by State / Central Government	3.82	4.89
Public Sector / Financial Institutional Bonds	40.22	24.23
Private Sector Bonds	14.41	17.34
Special Deposit Scheme	4.09	4.70
Certificate of Deposits	0.59	0.24
Commercial Papers	0.00	0.78
Deposits with Banks and Financial Institutions	5.69	6.18
Equity Shares	13.16	14.19
Others (including bank balances)	5.23	2.10
Total	100.00	100.00

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

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	8.25	7.50
Return on Plan Assets	8	8
Salary Escalation	5	5

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

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

Particulars	Current Year Rupees	Previous Year Rupees
Salaries and Commission	8,57,10,000	8,05,05,000
Corporation's contribution to Provident and Superannuation Funds	59,89,950	53,41,950
Perquisites and other allowances	5,70,44,211	2,16,56,857

Managerial Remuneration amounting to **Rs. 1,41,84,475** (Previous Year Rs. 47,05,150) is subject to the shareholders' approval at the ensuing Annual General Meeting.

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

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

	Rupees	Rupees
Profit Before Tax	3915,98,98,200	
Add: Provision for Contingencies	58,00,00,000	
Managerial Remuneration	14,87,44,161	
Directors' Fees and Commission	1,20,27,500	
Accrued Loss on Redemption of Investments	6,44,31,317	
	3996,51,01,178	
Less: Profit on Sale of Investments	209,40,04,966	
Surplus from deployment in Cash Management Schemes of Mutual Funds	189,84,42,216	
Amounts utilised out of Shelter Assistance Reserve	8,48,45,183	
Capital Profit on sale of Leased Properties/Fixed Assets	14,23,27,345	
	421,96,19,710	
Net Profit as per Section 198	3574,54,81,468	
i) Commission payable to whole-time Directors :		
At 3% of net profit to the whole-time Directors	107,23,64,444	
Restricted to	6,35,25,000	
ii) Commission payable to non whole-time Directors :		
At 1% of net profit for all non whole-time Directors	35,74,54,815	
Restricted to	1,08,27,500	

- 16 (i) Expenditure shown in Schedule 11 is net of recovery from a subsidiary company in respect of Salaries **Rs. 1,32,85,336** (Previous Year Rs. 1,32,05,916) and expenditure shown in Schedule 13 is net of recovery from a subsidiary company in respect of Miscellaneous Expenses **Rs. 4,00,000** (Previous Year Rs. Nil).
- (ii) Miscellaneous Expenses under Schedule 13 exclude **Rs. 8,48,45,183** (Previous Year Rs. 5,21,59,522) in respect of amounts utilised out of Shelter Assistance Reserve during the year.
- 17 (i) Interest on Deposits include **Rs. 7,89,108** (Previous Year Rs.11,97,637) payable to the Chief Executive Officer of the Corporation.
- (ii) Other Expenses include Provision for Wealth Tax amounting to **Rs. 65,00,000** (Previous Year Rs. 65,00,000) and Securities Transaction Tax amounting to **Rs. 71,97,658** (Previous Year Rs. 11,78,680).

Schedule 14 (Continued)
NOTES FORMING PART OF THE ACCOUNTS

(iii) Auditors' Remuneration:

	Current Year Rupees	Previous Year Rupees
Audit Fees	62,47,000	62,79,600
Tax Matters	21,00,000	53,34,000
Other Matters	99,63,000	47,45,000
Reimbursement of Expenses	22,311	2,57,401
Service Tax	18,65,662	12,43,210
	2,01,97,973	1,78,59,211
Less: Service Tax Input Credit	18,65,662	—
	1,83,32,311	1,78,59,211

Audit Fees include **Rs. 2,47,000** (Previous Year Rs. 2,79,600) paid to Branch Auditors and Other matters includes fees of **Rs. 55,15,000** (Previous Year Rs. Nil) including service tax of **Rs. 5,15,000** (Previous Year Rs. Nil) paid towards expenditure incurred for raising Zero Coupon Secured Redeemable Non-Convertible Debentures to Qualified Institutional Buyers on a Qualified Institutional Placement Basis.

- 18 (i) The Corporation has only one reportable segment of business viz. Housing Finance business for the purposes of paragraph 25(2) of the Housing Finance Companies (NHB) Directions, 2001 and all other activities revolve around the main business of Housing Finance.
- (ii) As per the Housing Finance Companies (NHB) Directions, 2001, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 25 (2) of the Housing Finance Companies (NHB) Directions, 2001 and NHB circular NHB(ND)/DRS/Pol-No.09/2004-05 dated May 18, 2005 in respect of Housing and Non-Housing Loans is as follows:

	Rs. in crores			
	Sub-Standard Assets		Doubtful Assets	
	Current Year	Previous Year	Current Year	Previous Year
Housing	53.72	70.90	106.03	101.83
Non-Housing	29.13	32.79	20.80	8.42

- (iii) During the year, in addition to the charge of **Rs. 58 crores** (Previous Year Rs. 50 crores) to the Profit and Loss Account an amount of **Rs. NIL** [(Previous Year Rs. 118.82 crores) (net of Deferred Tax of Rs. 61.18 crores)], has been transferred from Additional Reserve created as per Section 29C of the National Housing Bank Act, 1987 pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 to Provision for Contingencies Account.
- (iv) Provision for Contingencies debited to the Profit and Loss Account includes Provision for Diminution in the Value of Investments amounting to **Rs. 7.23 crores** (Previous Year Rs. 23.80 crores). The balance of the Provision represents provision made against non-performing assets and other contingencies.
- 19 (i) Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Corporation. Special Reserve No. I relates to the amounts transferred upto Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.
- (ii) As per Section 29 C of the National Housing Bank Act, 1987, the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of **Rs. 500 crores** (Previous Year Rs. 400 crores) to Special Reserve II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of **Rs. 432 crores** (Previous Year Rs. 342 crores) to "Additional Reserve (u/s 29C of the NHB Act)".

Schedule 14 (Continued)

NOTES FORMING PART OF THE ACCOUNTS

- (iii) During the year an amount of **Rs. 43,790** (Previous Year Rs. 26,750) has been written back on account of **8,185** (Previous Year 5,000) stock options lapsed under Employee Stock Option Scheme 2002. The same has been included in the Accounts under Salaries and Bonus.
 - (iv) During the year, the Corporation has made a simultaneous issue of Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) aggregating to Rs. 4,000 crores and 1,09,53,706 warrants at a warrant issue price of Rs. 275 per warrant aggregating to Rs. 301.23 crores. Each of the warrants entitles the holder to acquire one equity share of the Corporation at an exercise price of Rs. 3,000 per share on or before August 23, 2012. The said issue of ZCD and Warrants was made under Chapter XIII-A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The Subscription amount received on Issue of warrants has been credited to Capital Reserve as the same is not refundable / adjustable in future.
 - 20 During the year, Corporation utilised **Rs. 198,80,56,461** (Previous Year Rs. 43,12,82,956) out of the Securities Premium Account in accordance with Section 78 of the Companies Act, 1956. Out of the above, **Rs. 6,41,47,933** (Previous Year Rs. Nil) has been utilised towards expenditure incurred for raising Zero Coupon Secured Redeemable Non Convertible Debentures (ZCD) to Qualified Institutional Buyers on a Qualified Institutions Placement (QIP) basis and **Rs. 192,39,08,528** (Previous Year Rs. 43,12,82,956) has been utilised towards the proportionate premium payable on redemption of ZCD and FCCB. The Corporation has written back **Rs. 3,45,91,573** (Previous Year Rs. 3,66,78,561) on conversion of FCCBs to the Securities Premium Account, being the provision for premium on redemption of FCCBs created in the earlier years by debit to the Securities Premium Account.
 - 21 (i) Contingent Liability in respect of guarantees provided by the Corporation aggregated to **Rs. 29.79 crores** (Previous Year Rs. 156.56 crores).
 - (ii) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to **Rs. 298.56 crores** (Previous Year Rs. 315.11 crores). The matters in dispute are under appeal. The said amount has been paid/adjusted and will be received as refund if the matters are decided in favour of the Corporation.
 - (iii) Contingent Liability in respect of corporate undertakings provided by the Corporation for securitisation of receivables aggregated to **Rs. 1,081.15 crores** (Previous Year Rs. 594.85 crores). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.
 - (iv) Contingent Liability in respect of disputed sales tax and stamp duty dues not provided for by the Corporation amounts to **Rs. 3,79,922** (Previous Year Rs. 3,79,922).
 - 22 The Corporation's main business is to provide loans for the purchase or construction of residential houses in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17), notified by the Companies (Accounting Standards) Rules, 2006.
 - 23 As per the Accounting Standard on 'Related Party Disclosures' (AS 18), notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Corporation are as follows :
- A) **Subsidiary Companies**
- | | |
|---|--|
| HDFC Developers Ltd. | HDFC Investments Ltd. |
| HDFC Holdings Ltd. | HDFC Asset Management Company Ltd. |
| HDFC Trustee Company Ltd. | HDFC Realty Ltd. |
| HDFC Standard Life Insurance Company Ltd. | HDFC ERGO General Insurance Company Ltd. |
| GRUH Finance Ltd. | HDFC Sales Pvt Ltd. |
| HDFC Venture Capital Ltd. | HDFC Property Ventures Ltd. |
| HDFC Ventures Trustee Company Ltd. | Griha Investments |
| HDFC Asset Management Company (Singapore) Pte. Ltd.
(Subsidiary of HDFC Asset Management Company Ltd.) | (Subsidiary of HDFC Holdings Ltd.) |

Schedule 14 (Continued)
NOTES FORMING PART OF THE ACCOUNTS
B) Associate Companies

HDFC Bank Ltd.

India Value Fund Advisors Pvt. Ltd.

Indian Association for Savings and Credit

RuralShores Business Services Pvt. Ltd.

Credila Financial Services Pvt. Ltd.

(w.e.f. December 24, 2009)

C) Entities over which control is exercised

HDFC PROPERTY FUND – SCHEME – HDFC IT Corridor Fund

HDFC Investment Trust

D) Key Management Personnel

Mr. Deepak S Parekh (Non Executive Chairman w.e.f. January 01, 2010)

Mr. Keki Mistry

Ms. Renu Sud Karnad

Mr. V Srinivasa Rangan (from January 01, 2010)

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

Ms. Smita D Parekh*	Mr. Aditya D Parekh*	Mr. Siddharth D Parekh*
Ms. Amaya Ann Aditya Parekh*	Ms. Harsha S Parekh*	Ms. Arnaaz K Mistry
Mr. Rishi R Sud	Ms. Swarn Sud	Mr. Ashok Sud
Ms. Riti Karnad	Mr. Ketan Karnad	Ms. Abinaya S Rangan

* Upto December 31, 2009.

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

Rs. in Crores

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
INCOME										
Dividend	97.03	108.23	52.50	44.93	—	—	—	—	—	—
Interest	12.34	32.75	1.17	4.56	16.78	15.33	—	—	—	—
Consultancy & Other Fee	24.92	27.25	0.03	0.05	—	—	—	—	—	—
Rent	5.15	6.13	0.87	0.67	—	—	—	—	0.23	0.28
Other Income	0.37	0.16	5.99	1.87	—	—	—	—	—	—
EXPENDITURE										
Interest	18.73	12.43	0.03	—	—	—	0.57	0.25	0.24	0.18
Bank and Other Charges	—	—	1.65	1.97	—	—	—	—	—	—
Remuneration	—	—	—	—	—	—	14.87	10.75	—	—
Other Expenses	65.01	47.48	75.40	54.53	—	—	—	—	0.06	0.05
ASSET										
Investments	2,112.49	1,826.11	5,565.04	1,944.65	497.20	491.39	—	—	—	—
Deposits	20.00	402.05	1,502.00	4.90	—	—	—	—	—	—
Bank Balance	—	—	—	601.54	—	—	—	—	—	—
Sundry Debtors	0.58	26.35	—	—	—	—	—	—	—	—
Others	8.86	13.14	1.89	0.18	—	—	—	—	—	—
LIABILITIES										
Deposits	25.79	31.85	4.17	0.02	—	—	3.01	5.51	0.69	2.68
Short Term Loans	—	—	126.15	—	—	—	—	—	—	—
Others	8.00	8.83	0.03	0.01	—	—	0.28	0.19	0.04	0.17

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

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

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel		Rs. in Crores
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
INCOME											
Dividend											
– HDFC Asset Management Co. Ltd.	33.21	45.29	—	—	—	—	—	—	—	—	—
– HDFC Investments Ltd.	21.34	32.00	—	—	—	—	—	—	—	—	—
– HDFC Holdings Ltd.	18.00	—	—	—	—	—	—	—	—	—	—
– HDFC Bank Ltd.	—	—	52.44	44.58	—	—	—	—	—	—	—
Interest											
– HDFC Asset Management Co. Ltd.	10.41	30.04	—	—	—	—	—	—	—	—	—
– HDFC IT Corridor Fund	—	—	—	—	16.78	15.33	—	—	—	—	—
Consultancy and Other Fees											
– HDFC Asset Management Co. Ltd.	19.35	23.96	—	—	—	—	—	—	—	—	—
– HDFC ERGO General Insurance Co. Ltd.	4.79	—	—	—	—	—	—	—	—	—	—
Rent											
– HDFC Asset Management Co. Ltd.	3.90	4.43	—	—	—	—	—	—	—	—	—
– HDFC Property Ventures Ltd.	0.94	1.54	—	—	—	—	—	—	—	—	—
– HDFC Bank Ltd.	—	—	0.87	—	—	—	—	—	—	—	—
Other Income											
– HDFC Bank Ltd.	—	—	5.99	1.87	—	—	—	—	—	—	—
EXPENDITURE											
Interest											
– HDFC Standard Life Insurance Co. Ltd.	16.77	9.23	—	—	—	—	—	—	—	—	—
– HDFC Investments Ltd.	—	2.10	—	—	—	—	—	—	—	—	—
Bank and Other Charges											
– HDFC Bank Ltd.	—	—	1.66	1.97	—	—	—	—	—	—	—
Remuneration											
– Mr. Deepak S Parekh	—	—	—	—	—	—	—	7.04	4.55	—	—
– Mr. Keki M Mistry	—	—	—	—	—	—	—	3.86	3.21	—	—
– Ms. Renu Sud Karnad	—	—	—	—	—	—	—	3.60	2.99	—	—
Other Expenses											
– HDFC Sales Pvt. Ltd.	62.48	45.22	—	—	—	—	—	—	—	—	—
– HDFC Bank Ltd.	—	—	75.40	54.53	—	—	—	—	—	—	—
ASSETS											
Investments											
– HDFC Standard Life Insurance Co. Ltd.	1,428.06	1,300.78	—	—	—	—	—	—	—	—	—
– HDFC Bank Ltd.	—	—	5,549.74	—	1,941.68	—	—	—	—	—	—
– HDFC IT Corridor Fund	—	—	—	—	—	450.41	—	—	—	—	—
Deposits											
– HDFC Asset Management Co. Ltd.	—	383.00	—	—	—	—	—	—	—	—	—
– HDFC Bank Ltd.	—	—	1,500.00	—	—	—	—	—	—	—	—
Bank Balances											
– HDFC Bank Ltd.	—	—	—	601.54	—	—	—	—	—	—	—
Sundry Debtors											
– HDFC ERGO General Insurance Co. Ltd.	0.52	—	—	—	—	—	—	—	—	—	—
– HDFC Standard Life Insurance Co. Ltd.	0.07	—	—	—	—	—	—	—	—	—	—
– HDFC Asset Management Co. Ltd.	—	25.54	—	—	—	—	—	—	—	—	—
Others											
– HDFC Standard Life Insurance Co. Ltd.	7.56	—	—	—	—	—	—	—	—	—	—
– HDFC Asset Management Co. Ltd.	—	12.08	—	—	—	—	—	—	—	—	—
– HDFC Bank Ltd.	—	—	1.59	—	—	—	—	—	—	—	—
LIABILITIES											
Deposits											
– HDFC Holdings Ltd.	21.84	30.43	—	—	—	—	—	—	—	—	—
– HDFC Developers Ltd.	3.95	—	—	—	—	—	—	—	—	—	—
– Credila Financial Services Pvt. Ltd.	—	—	4.00	—	—	—	—	—	—	—	—
Short Term Loan											
– HDFC Bank Ltd.	—	—	126.15	—	—	—	—	—	—	—	—
Others											
– HDFC Standard Life Insurance Co. Ltd.	7.54	4.33	—	—	—	—	—	—	—	—	—
– HDFC Developers Ltd.	—	4.03	—	—	—	—	—	—	—	—	—

Schedule 14 (Continued)

NOTES FORMING PART OF THE ACCOUNTS

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

- (i) Income from Leases net of lease terminal adjustment of **Rs. Nil** (Previous Year Rs. 2,17,27,220), includes **Rs. 8,65,44,228** (Previous Year Rs. 16,89,49,109) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

Period	Current Year Rupees	Previous Year Rupees
Not later than one year	1,65,64,254	12,20,66,114
Later than one year but not later than five years	3,62,67,384	24,60,31,566
Later than five years	1,88,24,653	—

- (ii) The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 36 months to 108 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to **Rs. 3,27,40,531** (Previous Year Rs. 3,30,01,530). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof included under Other Income amount to **Rs. 93,84,150** (Previous Year Rs. 1,54,26,000). The future minimum lease payments in respect of the properties acquired under non-cancellable operating leases are as follows:

Period	Current Year Rupees	Previous Year Rupees
Not later than one year	2,42,00,598	2,85,50,135
Later than one year but not later than five years	1,18,81,500	3,56,44,500

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

- (i) In calculating the Basic Earnings Per Share the Profit After Tax of **Rs. 2826,48,98,200** (Previous Year Rs. 2282,54,27,543) has been adjusted for amounts utilised out of Shelter Assistance Reserve of **Rs. 8,48,45,183** (Previous Year Rs. 5,21,59,522).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of **Rs. 2818,00,53,017** (Previous Year Rs. 2277,32,68,021) and the weighted average number of shares during the year of **28,52,35,358** (Previous Year 28,42,96,490).

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

Particulars	Current Year Rupees	Previous Year Rupees
Basic Earnings Per Share	98.80	80.10
Effect of outstanding Stock Options and FCCBs	(2.88)	(1.38)
Diluted Earnings Per Share	95.92	78.72

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

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	28,52,35,358	28,42,96,490
Diluted effect of outstanding Stock Options and FCCBs	85,32,246	50,22,315
Weighted average number of shares for computation of Diluted Earnings Per Share	29,37,67,604	28,93,18,805

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

- 26 In compliance with the Accounting Standard relating to 'Accounting for Taxes on Income' (AS 22), notified by the Companies (Accounting Standards) Rules, 2006, the Corporation has taken credit of **Rs. 1,50,00,000** (Previous Year credit of Rs. 8,00,00,000) in the Profit and Loss Account for the year ended March 31, 2010 towards deferred tax asset (net) for the year, arising on account of timing differences.

The major components of deferred tax assets and liabilities are:

Particulars	Assets		Liabilities	
	Current Year Rupees	Previous Year Rupees	Current Year Rupees	Previous Year Rupees
a) Depreciation			49,98,26,208	51,90,41,224
b) Provision for Contingencies	243,64,73,993	238,84,63,964		
c) Provision for Employee Benefits	16,05,46,079	16,56,88,966		
d) Accrued Redemption Loss (net)	6,91,30,084	7,07,37,760		
e) Others (net)	69,09,56,767	5,23,60,713		
Total	335,71,06,923	267,72,51,403	49,98,26,208	51,90,41,224
Net Deferred Tax Asset	285,72,80,715	215,82,10,179		

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

Rs. in Crores

Names of Companies	Percentage of Share- holding	Amount of Interest based on the last Audited Accounts for the year ended March 31, 2010					
		Assets	Liabilities	Income	Expenditure	Capital Commitment	Contingent Liability
HDFC Standard Life Insurance Co. Ltd.	72.56	15,518.95	15,101.53	58.89	258.58	141.59	221.31
Previous Year	72.43	8,274.85	7,802.19	81.45	445.73	60.10	108.46
HDFC ERGO General Insurance Co. Ltd.	74.00	664.18	480.74	(69.87)	0.03	1.02	—
Previous Year	74.00	312.11	218.01	(18.66)	—	2.11	—

- 28 (i) Provision for Contingencies as on March 31, 2010 amounting to **Rs. 655.57 crores** (Previous Year Rs. 621.52 crores) includes provisions for non-performing assets, Standard Assets and all other contingencies. In addition to the provisions against non performing assets, vide the National Housing Bank circular No. NHB(ND)/DRS/DIR-18-07/1336/2007 dated March 26, 2007, all housing finance companies are required to carry a general provision at the rate of 0.40% of the total outstanding amount of non-housing loans which are Standard Assets. Accordingly, the Corporation is required to carry a minimum provision of **Rs. 325.29 crores** (Previous Year Rs. 316.64 crores) towards non performing assets and standard assets, as per the prudential norms of the National Housing Bank.

Schedule 14 (Continued)

NOTES FORMING PART OF THE ACCOUNTS

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

Particulars	Rs. in Crores	
	Current Year	Previous Year
Opening Balance	621.52	470.30
Additions during the year	58.00	230.00
Utilised during the year – towards loans write offs, Dimunition in Value of Investments etc.	(23.95)	(78.78)
Closing Balance	655.57	621.52

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

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

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

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **96,541 options** (Previous Year 51,99,240 options) were vested [including **76,569 options** (Previous Year 34,244 options) vested and lapsed]. The options can be exercised over a period of five years from the date of respective vesting.

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

In terms of the ESOS-05, the options would vest over a period of 2-3 years from the date of grant, but not later than October 24, 2008, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **Nil options** (Previous Year 1,68,691 options) were vested [including **16,388 options** (Previous Year 6,631 options) vested and lapsed]. The options can be exercised over a period of five years from the date of respective vesting.

Method used for accounting for share based payment plan:

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

Schedule 14 (Continued)**NOTES FORMING PART OF THE ACCOUNTS****Movement in the options under ESOS-08, ESOS-07 and ESOS-05:**

Particulars	ESOS-08		ESOS-07		ESOS-05	
	Options Current year	Options Previous year	Options Current year	Options Previous year	Options Current year	Options Previous year
Outstanding at the beginning of the year	57,89,650	—	53,11,118	53,82,981	29,21,425	31,07,714
Granted during the year	—	57,90,000	—	—	—	—
Exercised during the year	6,16,398	—	1,75,350	—	12,36,811	1,77,417
Lapsed during the year	64,918	350	79,967	71,863	16,388	8,872
Outstanding at the end of the year	51,08,334	57,89,650	50,55,801	53,11,118	16,68,226	29,21,425
Unvested at the end of the year	1,77,145	57,89,650	46,183	1,46,122	—	—
Exercisable at the end of year	49,31,189	—	50,09,618	51,64,996	16,68,226	29,21,425
Weighted average price per option	Rs.1350.60		Rs. 2,149.00		Rs. 912.90	

Fair Value Methodology:

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

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

Particulars	ESOS-2008	ESOS-2007	ESOS-2005
Risk-free interest rate (p.a.)	6.94%	7.70%	6.38%
Expected life	Upto 2 years	Upto 2 years	2 to 3 years
Expected volatility of share price	29%	19%	30%
Expected growth in dividend (p.a.)	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	Rs. 238.79	Rs. 307.28	Rs. 105.50

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

Particulars	Current Year	Previous Year	Rs. in Crores
Net profit (as reported)	2,826.49	2,282.54	
Less : Stock-based compensation expense determined under fair value based method, net of tax: [Gross Rs. 89.80 crores (Previous Year Rs. 120.59 crores)] (pro forma)	59.28	79.60	
Net profit (pro forma)	2,767.21	2,202.94	
Less : Amounts utilised out of Shelter Assistance Reserve	8.48	5.22	
Net Profit considered for computing EPS (pro forma)	2,758.73	2,197.72	

Schedule 14 (Continued)

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Current Year Rupees	Previous Year Rupees
Basic earnings per share (as reported)	98.80	80.10
Basic earnings per share (pro forma)	96.72	77.30
Diluted earnings per share (as reported)	95.92	78.72
Diluted earnings per share (pro forma)	93.90	75.97

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

Particulars	Current Year Annual	Previous Year Annual
Year to which the dividend relates	2008-09	2007-08
Number of non-resident shareholders	2735	2259
Number of shares held by them	21,35,32,073	21,61,65,406
Gross amount of dividend	Rs. 640,59,62,190	Rs. 540,41,35,150

- 31 (i) The additional Tax on Proposed Dividend, **Rs. Nil** (Previous Year Rs. 140,68,88,809) has been calculated @16.995% on the Proposed Dividend after netting off an amount of **Rs. Nil** (Previous Year Rs. 4,33,99,451), being the dividend tax paid by the Subsidiary companies of the Corporation on the dividends paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.
- (ii) Additional Tax on dividend 2008-09 credit taken, **Rs. 15,16,32,924** (Previous Year Rs. 14,05,33,209), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.
- (iii) In respect of equity shares issued pursuant to Employee Stock Option Schemes and conversion of FCCBs, the Corporation paid dividend of **Rs. 31,93,320** for the year 2008-09 (Rs. 43,04,625 for the year 2007-08) and tax on dividend of **Rs. 5,42,705** (Previous Year Rs. 7,31,571) as approved by the shareholders at the Annual General Meeting held on July 22, 2009.

- 32 Figures for the previous year have been regrouped wherever necessary.

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES

1 ACCOUNTING CONVENTION

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

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

2 SYSTEM OF ACCOUNTING

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

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

Schedule 15 (Continued)
SIGNIFICANT ACCOUNTING POLICIES
3 INFLATION

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

4 INTEREST ON HOUSING LOANS

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

5 INCOME FROM LEASES

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

6 INCOME FROM INVESTMENTS

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

7 BROKERAGE AND SERVICE CHARGES ON DEPOSITS

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

8 TRANSLATION OF FOREIGN CURRENCY

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

9 INVESTMENTS

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

10 FIXED ASSETS

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

11 INTANGIBLE ASSETS

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

12 DEPRECIATION AND AMORTISATION
Fixed Assets

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

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

Depreciation on Buildings, Computers, Leased Assets and Leasehold Improvements, is calculated as per the straight-line method; and on other assets as per the reducing balance method. All assets except Computers

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

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

Intangible Assets

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

13 INVESTMENT IN PROPERTIES

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

14 PROVISION FOR CONTINGENCIES

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

15 EMPLOYEE BENEFITS**Provident Fund and Superannuation Fund Contributions**

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

Gratuity and Post Retirement Pension

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

Other Employee Benefits

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

16 INCOME-TAX

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

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

17 SECURITISED ASSETS

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

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I. Registration Details

Registration No.

1 9 9 1 6

State Code

1 1

Balance Sheet Date

3 1 3 2 0 1 0

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

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

6 2 4 9

Stock Options

2 0 3 1 4

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

Total Liabilities

1 1 6 6 4 1 4 3 6 5

Total Assets

1 1 6 6 4 1 4 3 6 5

SOURCES OF FUNDS

Paid-up Capital

2 8 7 1 0 6 3

Reserves and Surplus

1 4 9 1 0 5 5 2 4

Secured Loans

6 3 6 0 5 6 5 2 9

Unsecured Loans

3 2 9 5 9 6 5 5 9

APPLICATION OF FUNDS

Loans

9 7 9 6 6 9 9 0 6

Net Fixed Assets

2 2 2 1 1 4 2

Investments

1 0 7 2 7 4 5 4 5

Net Current Assets

2 5 6 0 6 8 0 1

Deferred Tax Asset

2 8 5 7 2 8 1

Miscellaneous Expenditure

Accumulated Losses

N I L

N I L

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

Total Income

1 1 3 6 0 8 3 5 4

Total Expenditure

7 4 4 4 8 4 5 6

Profit Before Tax

3 9 1 5 9 8 9 8

Profit After Tax

2 8 2 6 4 8 9 8

Earnings per Share (in Rs.)

9 8 . 8 0

Dividend %

3 6 0 %

V. Generic Names of three Principal Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

N I L

Product Description

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

Item Code No. (ITC Code)

N I L

Product Description

C O N S U L T A N C Y S E R V I C E S

Item Code No. (ITC Code)

N I L

Product Description

L E A S I N G

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

Names of the subsidiary companies	HDFC Developers Ltd.	HDFC Holdings Ltd.	HDFC Investments Ltd.	HDFC Asset Management Co. Ltd.	HDFC Trustee Co. Ltd.	HDFC Life Insurance Co. Ltd.	HDFC Standard Life Insurance Co. Ltd.	GRUH Finance Ltd.	HDFC ERGO General Insurance Co. Ltd.	HDFC Venture Capital Co. Ltd.	HDFC Ventures Co. Ltd.	HDFC Property Ventures Ltd.	HDFC Sales Pvt. Ltd.	Griha Investments Co. (Singapore) Pte. Ltd.	HDFC Asset Management Co. (Singapore) Pte. Ltd.
The financial year of the subsidiary companies ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010

The financial year of the subsidiary companies ended on

Number of shares of the subsidiary companies held by HDFC Limited at the above date	50,000	2,66,70,500	8,00,070	1,50,96,600	1,00,000	57,50,070	142,50,56,000	2,13,07,785	30,71,00,000	4,02,500	50,000	10,00,000	40,10,000	40,000	1,25,000
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The net aggregate of profits of the subsidiary companies so far as these concern the members of HDFC Limited:

(i) dealt with in the accounts of HDFC Limited amounted to:

- (a) for subsidiaries' financial year ended on March 31, 2010 21,33,64,000 12,45,53,214 33,21,25,200 - - - - 8,25,12,500 - 6,00,00,000
 - (b) for previous financial years of the subsidiaries since these became subsidiaries of HDFC Limited 2,44,50,000 96,56,70,981 5,54,62,536 69,09,41,407 - - - 41,17,33,377 - 24,15,00,000 50,00,000 9,00,00,000
- (ii) not dealt with in the accounts of HDFC Limited amounted to:
- (a) for subsidiaries' financial year ended on March 31, 2010 8,82,606 15,60,01,079 - 91,80,83,716 41,633 (57,494) (199,67,38,006) 42,31,29,772 (69,78,37,760) 1,99,30,121 26,55,955 3,77,89,270 3,63,90,021 32,74,51,558 (6,58,704)
 - (b) for previous financial years of the subsidiaries since these became subsidiaries of HDFC Limited 4,10,27,239 19,65,22,630 24,70,34,756 120,75,87,581 6,27,609 (5,61,24,639) (824,29,82,886) 27,59,11,089 (53,90,52,260) 8,97,13,113 25,08,954 2,49,69,151 (1,99,83,646) 3,78,76,230 (18,53,165)

Directors

Deepak S. Parekh Chairman	Keshub Mahindra	R. S. Tarneja
	S. B. Patel	D. M. Satwalekar
	B. S. Mehta	N. M. Munjee
	D. N. Ghosh	J. J. Irani
	S. A. Dave	Bimal Jalan
	D. M. Sukthankar	

Renu Sud Karnad
Managing Director
MUMBAI, May 3, 2010

V. Srinivasa Rangan
Executive Director
Girish V. Koliyote
Company Secretary

CONSOLIDATED GROUP ACCOUNTS



Report of the Auditors

Balance Sheet

Profit and Loss Account

Cash Flow Statement

Schedules to the Accounts

CONSOLIDATED GROUP ACCOUNTS

Auditors' Report

TO THE BOARD OF DIRECTORS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

1. We have audited the attached Consolidated Balance Sheet of HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED ("the Corporation"), and its subsidiaries (the Corporation, and its subsidiaries constitute "the Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements). These financial statements are the responsibility of the Corporation's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets (net) of Rs. 3,483.17 crores as at March 31, 2010, total revenues of Rs. 1,016.18 crores and net cash outflows amounting to Rs. 203.38 crores for the year ended on that date, as considered in the Consolidated Financial Statements. We have also not audited the accounts of three associates whose financial statements include the Corporation's share of Profit of Rs. 605.66 crores. These financial statements have been audited by other auditors whose reports have been furnished to us and in our opinion in so far as it relates to the amounts included in respect of these subsidiaries and associates are based solely on the reports of the other auditors.
4. The consolidated financial statements include unaudited financial statements of one associate, which include the Corporation's share of Profit of Rs. 0.33 crores.
5. We report that the Consolidated Financial Statements have been prepared by the Corporation in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on

consideration of the separate audit reports on individual financial statements of the Corporation, its subsidiaries and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

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

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

P. R. Ramesh
MUMBAI, Partner
May 3, 2010 (Membership No. 70928)

**Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2010**

	Schedule	Rupees in crores	Rupees in crores	March 31, 2009 Rupees in crores
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	287.11		284.45
Reserves and Surplus	2	17,895.12		14,669.65
			18,182.23	14,954.10
POLICY LIABILITIES (Policyholders' Funds) [Note 5(ii)]			19,564.46	9,869.68
LOAN FUNDS	3		98,463.33	85,940.64
MINORITY INTEREST			523.08	455.07
			1,36,733.10	1,11,219.49
APPLICATION OF FUNDS				
LOANS	4		1,00,485.19	87,292.57
INVESTMENTS	5		32,743.06	21,003.04
DEFERRED TAX ASSET [Note 16]			314.49	225.06
CURRENT ASSETS, LOANS AND ADVANCES	6	9,770.51		7,992.56
Less : CURRENT LIABILITIES AND PROVISIONS	7	7,192.69		5,971.15
NET CURRENT ASSETS			2,577.82	2,021.41
FIXED ASSETS	8			
Gross Block		1,130.33		1,082.71
Less : Depreciation		688.02		575.71
Net Block			442.31	507.00
GOODWILL ON CONSOLIDATION			170.23	170.23
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)				
Preliminary Expenditure			—	0.18
			1,36,733.10	1,11,219.49
Notes forming part of the Accounts	14			
Significant Accounting Policies	15			

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

As per our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Ramesh
Partner

Deepak S. Parekh
Chairman

V. Srinivasa Rangan
Executive Director

MUMBAI, May 3, 2010.

Keki M. Mistry
Vice Chairman &
Chief Executive Officer

Renu Sud Karnad
Managing Director

**Housing Development Finance Corporation Limited
Consolidated Profit and Loss Account for the year ended March 31, 2010**

	Schedule	Rupees in crores	Rupees in crores	Previous Year Rupees in crores
INCOME				
Operating Income	9		11,795.20	11,509.64
Fees and Other Charges			297.86	144.68
Profit on Sale of Investments [Note 7(ii)]			225.10	21.76
Other Income			38.50	30.34
			<u>12,356.66</u>	<u>11,706.42</u>
EXPENDITURE AND CHARGES				
Interest and Other Charges	10		7,288.86	7,647.05
Staff Expenses	11		316.57	270.70
Establishment Expenses	12		69.16	59.23
Other Expenses	13		182.89	205.73
Amounts transferred to policyholders' account [Note 7(vi)]			309.85	535.85
Operating Loss from General Insurance Business [Note 7(vii)]			119.74	35.86
Depreciation			91.44	36.64
Preliminary expenses written off			0.18	0.18
Provision for Contingencies [Note 10(ii) and (iv)]			94.34	52.25
			<u>8,473.03</u>	<u>8,843.49</u>
Profit Before Tax (before profit of associates and adjustment for minority interest)			3,883.63	2,862.93
Less : Provision for Tax (net of Deferred Tax Asset, Rs.21.01 crores - Previous Year Rs.7.37 crores) [Note 16]			1,254.52	1,064.02
Less: Provision for Fringe Benefit Tax			—	3.79
Profit After Tax (before profit of associates and adjustment for minority interest)			2,629.11	1,795.12
Add : Net share of profit of associates (Equity method)			605.74	438.19
Add : Share of loss of minority interest			6.13	77.19
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION			<u>3,240.98</u>	<u>2,310.50</u>
APPROPRIATIONS:				
Special Reserve No. II		517.50		407.38
Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)		2.49		6.08
General Reserve		729.97		395.21
Additional Reserve (under Section 29C of the National Housing Bank Act, 1987)		432.00		342.00
Shelter Assistance Reserve		9.00		7.00
Proposed Dividend		1,033.60		853.36
Additional Tax on Dividend [Note 18(i)]		194.27		159.70
Additional Tax on Dividend 2008-09 Credit taken [Note 18(ii)]		(15.16)		(14.05)
Dividend [including tax of Rs. 0.05 crores (Previous Year Rs. 0.07 crores)] pertaining to previous year paid during the year [Note 18 (iii)]		0.37		0.50
			<u>2,904.04</u>	<u>2,157.18</u>
BALANCE CARRIED TO SCHEDULE 2			<u>336.94</u>	<u>153.32</u>
EARNINGS PER SHARE (Face Value Rs. 10) [Note 15]:				
— Basic (Rs.)			113.33	81.09
— Diluted (Rs.)			110.04	79.68
Notes forming part of the Accounts	14			
Significant Accounting Policies	15			

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

As per our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Ramesh
Partner

Deepak S. Parekh
Chairman

V. Srinivasa Rangan
Executive Director

MUMBAI, May 3, 2010.

Keki M. Mistry
Vice Chairman &
Chief Executive Officer

Renu Sud Karnad
Managing Director

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2010

	Rupees in crores	Previous Year Rupees in crores
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit After tax Attributable to the Corporation	3,240.98	2,310.50
Add: Provision for Taxation	<u>1,254.52</u>	<u>1,067.81</u>
Profit Before Tax	<u>4,495.50</u>	<u>3,378.31</u>
Adjustments for:		
Depreciation and Amortisation (including depreciation debited in Amounts Transferred to Policyholders' Account and Operating Loss from General Insurance Business)	145.58	87.42
Preliminary expenses written off	0.18	0.18
Provision for Contingencies	94.34	52.25
(Gain)/Loss on translation of foreign currency monetary assets and liabilities and mark to market of derivatives	(32.32)	261.16
Employee Stock Option Expense (net of options exercised)	3.51	4.43
Provision for Unexpired Risk	188.49	14.83
Provision for Employee Benefits	18.64	22.41
Policy Liabilities (net)	9,694.78	1,443.78
Surplus from Deployment in Cash Management Schemes of Mutual Funds	(189.96)	(158.76)
Profit on Sale of Investments	(225.10)	(21.76)
Provision for Dimunition in Value of Investments	(17.45)	10.57
Bad debts written off	2.71	1.50
Profit on Sale of Fixed Assets (net)	(3.60)	(0.78)
Operating Profit before Working Capital changes	<u>14,175.30</u>	<u>5,095.54</u>
Adjustments for:		
Current Assets	(493.91)	(386.37)
Current Liabilities	<u>823.29</u>	<u>882.13</u>
Cash generated from operations	<u>14,504.68</u>	<u>5,591.30</u>
Taxes Paid	(1,326.80)	(1,167.19)
Net cash from operation	<u>13,177.88</u>	<u>4,424.11</u>
Loans disbursed (net)	(13,303.71)	(12,413.42)
Corporate Deposits (net)	<u>802.39</u>	<u>496.55</u>
Net cash from / (used in) operating activities	<u>676.56</u>	<u>(7,492.76)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(82.17)	(103.52)
Sale of Fixed Assets	8.08	3.87
Goodwill (net)	2,972.90	(10.33)
Capital Reserve on acquisition	-	32.30
Investments (net)	(13,515.15)	(4,506.94)
Net cash used in investing activities	<u>(10,616.34)</u>	<u>(4,584.62)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital - Equity	2.66	0.42
QIP Warrants Issue	301.23	
Securities Premium received during the year	324.88	51.09
Borrowings (net)	13,328.91	14,173.37
Dividend paid - HDFC Ltd.	(853.68)	(710.60)
Taxes paid on Dividend	(144.43)	(134.41)
Securities Issue Expenses	(6.45)	(0.15)
Increase in Minority Interest	66.15	13.97
Shelter Assistance Reserve - utilisation	(8.48)	(5.21)
Net cash from financing activities	<u>13,010.79</u>	<u>13,388.48</u>
Net Increase in cash and cash equivalents	<u>3,071.01</u>	<u>1,311.10</u>
Cash and cash equivalents as at the beginning of the year [As per Note 4(ii)]	<u>3,205.55</u>	<u>1,894.45</u>
Cash and cash equivalents as at the end of the year [As per Note 4(ii)]	<u>6,276.56</u>	<u>3,205.55</u>
As per our report attached.	<u>3,071.01</u>	<u>1,311.10</u>

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Ramesh
Partner

Deepak S. Parekh
Chairman

V. Srinivasa Rangan
Executive Director

MUMBAI, May 3, 2010.

Keki M. Mistry
Vice Chairman &
Chief Executive Officer

Renu Sud Karnad
Managing Director

Schedules

Annexed to and forming part of the Consolidated Accounts

Schedule 1

SHARE CAPITAL

		As at March 31, 2010 Rupees in crores	As at March 31, 2009 Rupees in crores
AUTHORISED			
32,50,00,000	Equity Shares of Rs. 10 each (Previous Year 32,50,00,000 Equity Shares of Rs. 10 each)	325.00	325.00
		<u>325.00</u>	<u>325.00</u>
ISSUED, SUBSCRIBED AND PAID-UP			
28,71,10,222	Equity Shares of Rs. 10 each (Previous Year 28,44,53,910 Equity Shares of Rs. 10 each)	287.11	284.45
		<u>287.11</u>	<u>284.45</u>

Schedule 2

RESERVES AND SURPLUS

		As at March 31, 2010 Rupees in crores	As at March 31, 2009 Rupees in crores
SPECIAL RESERVE No. I		51.23	51.23
SPECIAL RESERVE No. II			
Opening Balance	2,944.99	2,537.61	
Less: Opening Adjustments [Note 1(iv)]	0.13	—	
	<u>2,944.86</u>	<u>2,537.61</u>	
Add : Transfer from Profit and Loss Account	517.50	407.38	
	<u>3,462.36</u>	<u>2,944.99</u>	
SPECIAL RESERVE			
Under Section 45-IC(1) of the RBI Act, 1934			
Opening Balance	6.18	0.10	
Add : Transfer from Profit and Loss Account	2.49	6.08	
	<u>8.67</u>	<u>6.18</u>	
GENERAL RESERVE			
Opening Balance	4,414.80	4,209.60	
Add / (Less): Opening Adjustments [Notes 1(iv) and 2 (d)]	772.53	(190.01)	
	<u>5,187.33</u>	<u>4,019.59</u>	
Add : Transfer from Profit and Loss Account	729.97	395.21	
	<u>5,917.30</u>	<u>4,414.80</u>	
ADDITIONAL RESERVE (under Section 29C of the National Housing Bank Act, 1987)			
Opening Balance	520.46	297.28	
Add : Transfer from Profit and Loss Account	432.00	342.00	
	<u>952.46</u>	<u>639.28</u>	
Less : Utilised during the year	-	118.82	
[Net of Deferred Tax of Rs. Nil (Previous Year Rs. 61.18 crores)]	<u>952.46</u>	<u>520.46</u>	
[Note 10(ii)]			
Carried forward	10,392.02	7,937.66	

Schedule 2 (Continued)
RESERVES AND SURPLUS

	As at March 31, 2010 Rupees in crores	As at March 31, 2009 Rupees in crores
Brought forward	10,392.02	7,937.66
REVALUATION RESERVE [Note 3(ii)]		
Opening Balance	40.12	44.39
Add/(Less): Opening Adjustments [Note 1 (iv)]	0.08	(4.27)
	40.20	40.12
SECURITIES PREMIUM		
Opening Balance	5,654.62	5,643.14
Less: Opening Adjustments [Note 1(iv)]	0.08	—
	5,654.54	5,643.14
Add : Received during the year	324.88	51.09
Add : Premium on redemption payable on FCCBs written back on conversion [Note 3(i)]	3.46	3.67
	5,982.88	5,697.90
Less : Utilised during the year [Notes 3 (i)]	198.84	43.28
[Net of Tax Rs. 0.01 crores (Previous Year Rs. 0.07 crores)]	5,784.04	5,654.62
EMPLOYEE STOCK OPTION OUTSTANDING		
Opening Balance	4.94	0.51
Add : Net Charge for the year	3.51	4.43
	8.45	4.94
CAPITAL REDEMPTION RESERVE	26.24	26.24
SHELTER ASSISTANCE RESERVE		
Opening Balance	13.61	11.82
Add : Transfer from Profit and Loss Account	9.00	7.00
	22.61	18.82
Less : Utilised during the year	8.48	5.21
	14.13	13.61
FOREIGN CURRENCY TRANSLATION RESERVE	(1.72)	1.03
CAPITAL RESERVE		
Opening Balance	0.04	0.04
Add: Subscription amounts received on warrants issued under QIP	301.23	—
	301.27	0.04
CAPITAL RESERVE ON CONSOLIDATION		
Opening Balance	48.30	16.00
Add : Transfer during the year on acquisition	—	32.30
	48.30	48.30
PROFIT AND LOSS ACCOUNT (of subsidiaries and associates)	336.94	153.32
Add : Opening profit of subsidiaries and associates (net)	943.09	789.77
Add : Opening Adjustments [Note 1(iv)]	2.16	—
	1,282.19	943.09
	17,895.12	14,669.65

Schedule 3
LOAN FUNDS

	As at March 31, 2010 Rupees in crores	As at March 31, 2009 Rupees in crores
LOANS		
Asian Development Bank	351.14	377.67
DEG - Deutsche Investitions - Und Entwicklungsgesellschaft mbH	45.17	199.91
International Finance Corporation	461.36	959.99
Kreditanstalt für Wiederaufbau	46.93	60.88
National Housing Bank	2,053.26	2,251.37
Short Term Foreign Currency Borrowings from Banks	831.00	—
Scheduled Banks	28,491.86	20,660.69
Others (Finance Lease) [Note 14(ii)(a)]	0.70	1.20
	32,281.42	24,511.71
FOREIGN CURRENCY CONVERTIBLE BONDS (Redeemable in 2010) (Unsecured)	428.52	557.56
BONDS	100.85	104.65
(Redeemable at par between 2010 and 2022)		
NON CONVERTIBLE DEBENTURES	32,827.90	32,389.90
Under a Line from Kreditanstalt für Wiederaufbau (Unsecured)	41.17	41.17
Loans from Scheduled Banks (Unsecured) - Short Term	1,683.82	2,092.66
Commercial Paper (Unsecured)	5,850.00	5,235.00
Non-Convertible Subordinated Debentures (Unsecured)	1,915.00	1,415.00
DEPOSITS (Unsecured)	23,302.60	19,576.63
Interest Accrued and Due	32.05	16.36
	23,334.65	
	98,463.33	85,940.64

Schedule 4
LOANS

	As at March 31, 2010 Rupees in crores	As at March 31, 2009 Rupees in crores
Individuals	63,686.20	56,904.90
Corporate Bodies	35,255.24	28,495.53
Others	1,543.75	1,892.14
	1,00,485.19	87,292.57

Schedule 5
INVESTMENTS

	As at March 31, 2010 Rupees in crores	As at March 31, 2009 Rupees in crores
INVESTMENT IN ASSOCIATES :		
Equity Shares		
Equity Investments in Associates by the Holding Company	1,469.16	431.18
Equity Investment in Associate by Subsidiaries	73.32	73.32
	1,542.48	504.50
Add : Goodwill on acquisition of associates (share of pre-acquisition losses)	3,895.85	918.51
	5,438.33	1,423.01
Less: Capital Reserve on acquisition of an associate (Share of pre-acquisition profit)	0.13	0.13
	5,438.20	1,422.88
Add : Adjustments for post-acquisition share of profit of associates (Equity method)	3,913.58	2,618.39
	9,351.78	4,041.27
Warrants (at cost)	—	400.92
Convertible Debentures (at cost)	7.98	2.00
	(A) 9,359.76	4,444.19
 OTHER INVESTMENTS :		
Insurance Companies		
Equity Shares	11,204.15	4,771.42
Debentures and Bonds	3,586.10	1,770.92
Pass Through Certificates	46.50	—
Government and other Approved Securities	3,909.34	2,645.14
Mutual Funds	564.44	248.57
Commercial Paper	38.69	113.49
Certificate of Deposits	510.51	174.33
Treasury Bills	119.74	22.99
Properties	75.75	75.75
	20,055.22	9,822.61
Add/ (Less) : Fair Value Change	(18.48)	7.75
	(B) 20,036.74	9,830.36
	Current Year	Previous Year
Investments related to Policy Holders	4,341.54	3,005.01
Investments to cover Linked Liabilities	14,519.12	6,150.45
Investments related to Shareholders	1,176.08	674.90
	20,036.74	9,830.36

Schedule 5 (Continued)

INVESTMENTS

	As at March 31, 2010 Rupees in crores	As at March 31, 2009 Rupees in crores
OTHER INVESTMENTS :		
Other than Insurance Companies		
Equity Shares	877.22	1,008.80
Preference Shares	5.99	32.06
Convertible Preference Shares	78.15	63.67
Convertible Debentures and Bonds	419.29	417.30
Debentures and Bonds ¹	101.11	391.37
Pass Through Certificates and Security Receipts ²	89.22	104.92
Government Securities	1,171.73	664.04
Mutual Funds and Other Funds ³	490.55	3,969.39
Properties	153.79	183.06
	3,387.05	6,834.61
Less : Provision for Diminution in Value of Investments	40.49	106.12
	(C)	3,346.56
	6,728.49	
	Current Year	Previous Year
Aggregate Book Value of Quoted Investments	526.58	600.00
Aggregate Market Value of Quoted Investments	1,420.24	723.07
Aggregate Book Value of Investments listed but not quoted	1,222.81	725.80
Aggregate Book Value of Investments in Unquoted Mutual Funds	329.57	3,769.79
Aggregate Repurchase Price of Investments in Unquoted Mutual Funds	331.36	3,740.02
Aggregate Book Value of Unquoted Investments (Others)	1,113.81	1,449.83
Properties	153.79	183.07
Aggregate of Book Value of Investments	3,346.56	6,728.49
Amounts held as current investments		
¹ Debentures and Bonds	34.32	71.32
² Pass Through Certificates and Security Receipts	—	23.45
³ Mutual Funds and Other Funds	331.57	3,754.79
	365.89	3,849.56
	[(A) + (B) + (C)]	32,743.06
		21,003.04

Schedule 6
CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2010 Rupees in crores	As at March 31, 2009 Rupees in crores
CURRENT ASSETS		
Income Accrued on Investments	267.71	259.63
Interest Accrued on Deposits	137.16	46.71
Sundry Debtors (Unsecured)	259.57	282.91
Cash and Bank Balances :		
Cash and Cheques on Hand	114.27	183.07
With Scheduled Banks	420.51	932.99
- Current Accounts	5,541.43	1,952.33
- Deposit Accounts	0.22	0.18
With Non-Scheduled Banks	0.06	10.26
With Reserve Bank of India	200.00	150.00
Stock in trade	6,276.49	3,818.49
0.16	0.41	
	6,941.09	
LOANS AND ADVANCES		
Instalments due from borrowers	425.57	478.03
Advances recoverable in cash or in kind or for value to be received (Note 4)	1,644.91	2,134.71
Corporate Deposits	758.94	1,561.33
	2,829.42	7,992.56
	9,770.51	

Schedule 7
CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2010 Rupees in crores	As at March 31, 2009 Rupees in crores
CURRENT LIABILITIES		
Interest Accrued but not Due	1,701.17	1,610.67
Sundry Creditors	931.49	1,239.22
Advance Payments	206.32	146.11
Other Liabilities	1,745.65	1,047.59
	4,584.63	4,043.59
PROVISIONS		
Proposed Dividend - HDFC Ltd.	1,033.60	853.36
Additional Tax on Proposed Dividend [Note 18 (i)]	175.42	140.69
Provision for premium payable on redemption of FCCBs	286.15	97.22
Provision for Contingencies [Note 10 (iii)]	713.48	643.84
Provision for Tax (Net of Advance Tax)	0.40	0.57
Provision for Employee Benefits [Note 8]	110.52	91.88
Reserve for Unexpired Risk [Note 5(i)]	288.49	100.00
	2,608.06	
	7,192.69	5,971.15

Schedule 8
FIXED ASSETS

Rupees in crores

Schedule 8
FIXED ASSETS

	As at March 31, 2009	Additions (³) Adjustments	Deductions	As at March 31, 2010	GROSS BLOCK			DEPRECIATION AND AMORTISATION			NET BLOCK
					As at March 31, 2009	Adjustments (³) Adjustments	March 31, 2010	For the Year	Deductions	As at March 31, 2010	
TANGIBLE											
Land :					16.67	-	-	16.67	-	-	16.67
Freehold	16.67	-	-	3.44	3.44	0.46	0.46	0.04	-	0.50	2.94
Leasehold	3.44	-	-	-	-	-	-	-	-	-	2.98
Buildings :					0.37	206.17	30.19	-	3.39	0.14	33.44
⁽²⁾ Own Use	182.19	24.35	-	1.13	42.50	19.54	-	6.79	0.93	25.40	172.73
Leasehold Improvements	41.06	2.57	-	18.44	176.83	128.43	-	6.76	10.08	125.11	51.72
Computer Hardware	176.70	18.57	-	-	-	-	-	-	-	-	21.52
Furniture & Fittings /					10.26	293.62	152.72	-	7.99	(34.36)	195.07
Office Equipment etc.	295.90	7.98	-	0.04	1.51	1.11	-	0.05	0.04	1.12	98.55
Own Use	1.55	-	-	0.04	-	-	-	-	-	0.39	143.18
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	0.44
Vehicles :					1.00	12.05	5.60	-	1.97	0.82	6.75
Owned	10.00	3.05	-	0.05	0.97	0.21	-	-	(0.12)	0.33	5.30
Under Finance Lease	0.69	0.33	-	-	-	-	-	-	-	0.64	4.40
Leased Assets :					-	137.07	137.07	-	-	-	-
Plant & Machinery(*)	137.07	-	-	-	-	16.37	16.37	-	-	-	-
Vehicles(*)	16.37	-	-	-	-	2.69	0.20	-	-	0.20	-
Computers(*)	2.89	-	-	-	-	-	-	-	-	-	0.73
INTANGIBLE											
Computer Software					0.40	73.52	36.49	-	1.96	(3.64)	42.06
Owned	48.09	25.83	-	0.68	-	0.56	-	-	0.56	-	31.46
Under Finance Lease	0.68	-	-	-	149.41	44.80	-	59.80	-	104.60	11.60
Goodwill	149.41	-	-	-	-	-	-	-	-	-	0.12
Previous Year	1,082.71	82.68	-	35.06	1,130.33	575.71	- ⁽²⁾ 88.75	(⁽¹⁾ 23.56)	-	688.02	442.31
	991.15	103.52	0.03	11.99	1,082.71	499.81	0.01	34.01	(41.88)	575.71	507.00
											491.34

(*) Assets held for disposal

Notes

(1) Net of depreciation for the year amounting to **Rs. 49.40 crores** (Previous Year Rs. 46.20 crores) included in amounts transferred to policyholders' account and **Rs. 4.74 crores** (Previous Year Rs. 4.58 crores) included in Operating Loss from General Insurance Business.

(2) Depreciation for the financial year excludes **Rs. 2.69 crore** (Previous Year Rs. 2.63 crores) being depreciation charge on Investment in Properties.

(3) Represents acquisition of Subsidiary in the previous year.

Schedule 9
OPERATING INCOME [Note 7]

	Rupees in crores	For the year ended March 31, 2010	Previous Year Rupees in crores
INTEREST INCOME:			
Interest on Loans	10,291.97	10,193.23	
(Net of Exchange Difference Rs. 91.39 crores DR			
- Previous Year Includes Exchange Difference Rs. 3.21 crores CR)			
Other Interest	539.64	627.79	
		10,831.61	10,821.02
Dividends	95.54	58.88	
Management and Trusteeship Fees	653.99	456.26	
Income from Leases	24.10	14.72	
Surplus from deployment in Cash Management Schemes of Mutual Funds	189.96	158.76	
		11,795.20	11,509.64

Schedule 10
INTEREST AND OTHER CHARGES

	Rupees in crores	For the year ended March 31, 2010	Previous Year Rupees in crores
INTEREST			
Loans	2,127.96	2,486.55	
(Includes Exchange Difference Rs. 239.49 crores DR			
- Previous Year - Rs. 238.27 crores DR)			
Deposits	1,810.73	1,487.23	
Bonds	3,205.16	3,589.03	
		7,143.85	7,562.81
OTHER CHARGES			
(Includes Exchange Difference Rs. 0.40 crores			
- Previous Year Rs. 0.41 crores DR)			
		145.01	84.24
		7,288.86	7,647.05

Schedule 11
STAFF EXPENSES [Notes 8]

	Rupees in crores	For the year ended March 31, 2010	Previous Year Rupees in crores
Salaries and Bonus			
Contribution to Provident Fund and Other Funds	284.96	236.98	
Staff Training and Welfare Expenses	25.19	27.60	
	6.42	6.12	
	316.57	270.70	

Schedule 12

ESTABLISHMENT EXPENSES

	For the year ended March 31, 2010 Rupees in crores	Previous Year Rupees in crores
Rent	46.33	39.34
Rates and Taxes	4.40	2.99
Repairs and Maintenance - Buildings	4.05	3.32
General Office Expenses	1.95	1.29
Electricity Charges	11.71	11.59
Insurance Charges	0.72	0.70
	69.16	59.23

Schedule 13

OTHER EXPENSES

	For the year ended March 31, 2010 Rupees in crores	Previous Year Rupees in crores
Travelling and Conveyance	16.35	17.02
Printing and Stationery	8.41	9.42
Postage, Telephone and Fax	19.66	19.18
Advertising	50.82	47.94
Repairs and Maintenance - Other than Buildings	9.85	9.61
Office Maintenance	12.72	11.48
Legal Expenses	9.99	11.22
Computer Expenses	6.21	6.23
Directors' Fees and Commission	1.87	1.26
Miscellaneous Expenses [Note 10(v)]	44.14	69.96
Auditors' Remuneration [Note 9]	2.87	2.41
	182.89	205.73

Schedule 14

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. The consolidated financial statements comprise the individual financial statements of Housing Development Finance Corporation Limited (HDFC Ltd.), its subsidiaries and associates as on March 31, 2010 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Corporation and its subsidiaries have been combined on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions, resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006.
- The Corporation's investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits / losses is reflected as goodwill / capital reserve in the carrying value of investments in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006.
- The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Corporation, i.e. March 31, 2010.
- The excess of cost to the Corporation, of its investment in the subsidiaries over the Corporation's portion of equity is recognised in the financial statements as Goodwill.
- The excess of the Corporation's portion of equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.
- Minority Interest in the net assets of consolidated subsidiaries consists of:
 - a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - b) The minorities' share of movements in equity since the date the relationship came into existence.
- Minority interest's share of net profit/loss for the year of the consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- (i) The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21) notified by the Companies (Accounting Standards) Rules, 2006.

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

Name of Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Developers Ltd.	100.00	100.00
HDFC Investments Ltd.	100.00	100.00
HDFC Holdings Ltd.	100.00	100.00
HDFC Asset Management Co. Ltd.	60.00	60.00
HDFC Trustee Co. Ltd.	100.00	100.00
HDFC Realty Ltd.	100.00	100.00
GRUH Finance Ltd.	61.36	61.49

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Name of Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Venture Capital Ltd.	80.50	80.50
HDFC Ventures Trustee Co. Ltd.	100.00	100.00
HDFC Sales Pvt. Ltd.	100.00	100.00
HDFC Property Ventures Ltd.	100.00	100.00
HDFC Investment Trust	100.00	100.00
HDFC Property Fund – Scheme - HDFC IT Corridor Fund	97.98	97.98
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	100.00	100.00*
HDFC Asset Management Company (Singapore) Pte. Ltd. (Subsidiary of HDFC Asset Management Co. Ltd.)	60.00	60.00*

Previous Year being first year of operation, the financial statements of HDFC Asset Management Company (Singapore) Pte. Ltd. are for the period April 10, 2008 to March 31, 2009.

* Consequent to the acquisition / formation of these subsidiaries, the consolidated net worth of the previous year was higher by Rs. 54.62 crores and the consolidated profit of the previous year was higher by Rs. 21.29 crores.

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

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

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

Name of Subsidiary (Jointly Controlled Entity)	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Standard Life Insurance Co. Ltd.	72.56	72.43
HDFC ERGO General Insurance Co. Ltd.	74.00	74.00

- (iv) Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the 'Reserves and Surplus' as 'Opening Adjustments'.
2. HDFC Ltd.'s investments in the following associates, have been accounted for, under the equity method, in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006:

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Name of Associate	Nature of Business	Proportion of Ownership Interest (%)	
		Current Year	Previous Year
HDFC Bank Ltd.	Banking Services	23.73	19.38*
Indian Association for Savings and Credit	Micro Finance	49.99	49.99
India Value Fund Advisors Pvt. Ltd.	Venture Capital	21.51	21.51
RuralShores Business Services Pvt. Ltd.	BPO	36.74	26.00
Credila Financial Services Pvt. Ltd. (w.e.f. December 24, 2009)	Education Loans	25.64	—

* Previous year consolidated by virtue of significant influence as evidenced by the representation on the Board of Directors of the Associate Company.

- a) HDFC Ltd.'s share of profit in HDFC Bank Ltd. has been accounted for based on their consolidated financial statements.
 - b) HDFC Ltd.'s share of profit in India Value Fund Advisors Pvt. Ltd. has been accounted for based on unaudited financial statements prepared by the Management of the said company.
 - c) Previous year being first year of operation, the financial statements of RuralShores Business Services Pvt. Ltd. were for the period May 6, 2008 to March 31, 2009.
 - d) Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the 'General Reserve' as 'Opening Adjustments'.
3. (i) During the year, **Rs. 198.84 crores** (Previous Year Rs. 43.28 crores) has been utilised out of the Securities Premium Account in accordance with Section 78 of the Companies Act, 1956. Out of the above, **Rs. 0.03 crores** (Previous Year Rs. 0.15 crores) has been utilised by one of the subsidiary companies towards debenture issue expenses, **Rs. 6.41 crores** (Previous Year Rs. Nil) has been utilised by HDFC Ltd. towards expenditure incurred for raising Zero Coupon Secured Redeemable Non Convertible Debentures (ZCD) to Qualified Institutional buyers on an Qualified Institutions Placement (QIP) basis and **Rs. 192.40 crores** (Previous Year Rs.43.13 crores) towards the proportionate premium payable on the redemption of ZCD and FCCB of HDFC Ltd. HDFC Ltd. has also written back **Rs. 3.46 crores** (Previous Year Rs. 3.67 crores) on conversion of FCCBs to the Securities Premium account being the provision for premium on redemption of FCCBs created in the earlier years by debit to the Securities Premium account.
- (ii) The premises owned by one of the subsidiary companies (HDFC Standard Life Insurance Co. Ltd.) used as an office in the past had been reclassified during the year 2005-06 as Investment in Properties – Real Estate. Following the policy to revalue the Investment Property once in three years, the property was not revalued during the year.
4. (i) Advances recoverable in cash or in kind includes Advance Tax (net of Provision for Taxation) **Rs. 466.02 crores** (Previous Year Rs. 364.42 crores)
- (ii) Cash and cash equivalents represents:

Particulars	Rs. in crores	
	Current Year	Previous Year
Cash and Bank Balances (As per Schedule 6)	6,276.49	3,228.83
Current Accounts held for Unclaimed Dividends	(7.93)	(6.86)
Exchange difference on Cash and cash equivalents	8.00	(16.42)
Cash and cash equivalents as at the end of the year	6,276.56	3,205.55

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

5. (i) Reserve for Unexpired Risk represents proportion of net premium written relating to the period of insurance subsequent to the Balance Sheet date, calculated on the basis of 1/365th method, or as required under Section 64V(1)(ii)(b) of the Insurance Act, 1938, whichever is higher in respect of a subsidiary company [HDFC ERGO General Insurance Co. Ltd.].
- (ii) The balance in the funds for future appropriation account amounting to **Rs. 255.48 crores** (Previous Year Rs. 111.84 crores) included under Policy Liabilities (Policyholders' Fund) represents funds, the allocation of which, either to participating policyholders or to the shareholders, has not been determined at the balance sheet date.
6. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is **Rs. 308.77 crores** (Previous Year Rs. 363.27 crores).
7. (i) Dividend income includes **Rs. 42.59 crores** (Previous Year Rs. 15.92 crores) in respect of current investments.
- (ii) Profit on sale of investments includes **Rs. 6.44 crores** (Previous Year net of Loss of Rs. 1.74 crores) in respect of current investments.
- (iii) Other Interest includes interest on investments amounting to **Rs. 233.08 crores** (Previous Year Rs. 232.66 crores) including **Rs. 11.01 crores** (Previous Year Rs. 30.83 crores) in respect of current investments.
- (iv) Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to **Rs. 189.96 crores** (Previous Year Rs. 158.76 crores) is in respect of investments held as current investments.
- (v) In accordance with the Guidance Note on accounting for Leases issued by the Institute of Chartered Accountants of India, an amount of **Rs. Nil** (Previous Year Rs. 2.18 crores) towards Lease Equalisation has been reduced from Income from Leases, in respect of Leases entered prior to the applicability of Accounting Standard on 'Leases' (AS 19) notified by the Companies (Accounting Standards) Rules, 2006.
- (vi) Amounts transferred to policyholder's account has been arrived at as follows:

Particulars	Current Year	Previous Year
Premium Income from Life Insurance Business	6,955.63	5,518.38
Other Operating Income	5,753.11	(1,687.59)
Claims paid	(1,337.89)	(6,81.27)
Other expenses	(11,679.49)	(3,684.92)
Inter Group adjustments	(1.21)	(0.45)
Amount transferred to policyholder's account	309.85	535.85

- (vii) Operating losses from General Insurance business has been arrived at as follows:

Particulars	Current Year	Previous Year
Premium Income from General Insurance Business	400.05	179.47
Other Operating Income	33.12	17.83
Claims paid	(395.86)	(144.89)
Other expenses	(145.36)	(87.17)
Inter Group adjustments	(11.69)	(1.10)
Operating loss from General Insurance	119.74	35.86

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

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

- (i) Salaries and Bonus include **Rs. 3.51 crores** (Previous Year Rs. 9.19 crores) towards provision made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the AS 15 (Revised).
- (ii) The following amounts are recognised in the Profit and Loss Account which are included as under:

Particulars		Rs. in crores	
	Contributions to Provident Fund and Other Funds under Staff Expenses	Amounts transferred to Policyholders' Account	Operating Loss from General Insurance Business
Provident Fund	9.23 (8.46)	17.78* (19.66)	2.03 (0.95)
Superannuation Fund	4.23 (3.41)	0.46 (0.35)	0.05 (0.04)
Employees' Pension Scheme-1995	1.17 (1.00)	— —	— —
Employees' State Insurance Corporation	1.13 (1.16)	0.21 (0.45)	— —
Contribution to EDLI	— —	0.49 (0.70)	— —
Labour Welfare Fund	— —	0.04 (0.04)	— —

Figures in brackets pertain to the Previous Year.

* Net of write back of **Rs. 1.50 crores** (Previous Year net of provision of Rs. 0.63 crores) towards difference in the opening and the closing balance of the Defined Benefit Obligation towards guaranteed return on Provident Fund Investments as per actuarial valuation.

The Rules of the Provident Fund in respect of certain companies which are administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the respective companies. Having regard to the assets of the Fund and the return on the investments, the group does not expect any deficiency in the foreseeable future.

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

Particulars		Rs. in crores
	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	80.88	61.51
Current Service Cost	6.94	6.60
Interest Cost	6.15	5.14
Past Service Cost (Vested benefit)	3.35	-
Benefits Paid	(4.50)	(2.63)
Actuarial Loss	3.24	10.26
Liability at the end of the year *	96.06	80.88

* Including **Rs. 25.82 crores** (Previous Year Rs. 18.80 crores) in respect of unfunded plans

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Particulars	Current Year	Rs. in crores Previous Year
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	52.36	40.05
Expected Return on Plan Assets	4.94	4.17
Contributions	16.20	13.33
Benefits Paid	(4.50)	(2.63)
Actuarial Loss on Plan Assets	(2.40)	(2.56)
Fair Value of Plan Assets at the end of the year	66.60	52.36
Total Actuarial Loss to be recognised	(5.64)	(12.82)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	4.94	4.17
Actuarial Loss on Plan Assets	(2.40)	(2.56)
Actual Return on Plan Assets	2.54	1.61
Amount Recognised in the Balance Sheet:¹		
Liability at the end of the year	96.06	80.88
Fair Value of Plan Assets at the end of the year	66.60	52.36
Amount recognised in the Balance Sheet under “Provision for Employee Benefits”	29.46	28.52
Expense Recognised in the Profit and Loss Account:		
Current Service Cost	6.94	6.60
Interest Cost	6.15	5.14
Expected Return on Plan Assets	(4.94)	(4.17)
Net Actuarial Loss to be recognised	5.64	12.82
Past Service Cost (Vested benefit)	3.35	-
Expense recognised in the Profit and Loss Account		
included under Contribution to Provident Fund and Other Funds	15.82	15.96
included under Amounts transferred to Policyholders’ Account	0.67	4.12
included under Operating Loss from General Insurance	0.65	0.31
	17.14	20.39
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	28.52	21.46
Expense recognised	17.14	20.39
Contribution by the Group	16.20	13.33
Amount recognised in the Balance Sheet under “Provision for Employee Benefits”	29.46	28.52
Experience Adjustment:¹		
On Plan Liabilities	7.50	5.05
On Plan Assets	(2.40)	(2.56)
Estimated Contribution for next year (excluding two subsidiaries)	9.27	6.65

Schedule 14 (Continued)
NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS
Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	13.13	26.70
State Government securities / Securities guaranteed by State / Central Government	3.97	5.16
Public Sector / Financial Institution Bonds	40.65	25.40
Private Sector Bonds	11.65	15.72
Special Deposit Scheme	3.33	4.23
Certificate of Deposit	0.48	0.22
Commercial Papers	—	0.70
Deposit with Banks and Financial Institutions	4.68	5.75
Investment in Equity Shares	11.73	13.30
Investment in Liquid / Mutual Funds	—	0.06
Others (including bank balances) ²	10.38	2.76
Total	100.00	100.00

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

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	8 to 8.25	7 to 8
Return on Plan Assets	8 to 9.25	7 to 9.25
Salary Escalation	4 to 6.25	4 to 6.25

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

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

²Includes investments in insurer managed funds of one of the subsidiaries amounting to 4.71% in the current year, since the details are not available with the said subsidiary.

9. Auditors' Remuneration:

Particulars	Current Year Rupees	Previous Year Rupees
Audit Fees	1.58	1.45
Tax Matters	0.31	0.60
Other Matters	1.31	0.59
Reimbursement of Expenses	0.03	0.04
Service Tax	0.22	0.15
	3.45	2.83
Less: Included under Amounts transferred to policyholders' account	0.20	0.22
Included under Operating Loss from Insurance Business	0.18	0.18
Service Tax Input Credit	0.20	0.02
	2.87	2.41

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

10. (i) As per the Housing Finance Companies (NHB) Directions 2001, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by HDFC Ltd. and one of the subsidiaries in terms of paragraph 25 (2) of the Housing Finance Companies (NHB) Directions 2001 and NHB circular NHB(ND)/DRS/Pol-No.09/2004-05 dated May 18, 2005 in respect of Housing and Non-Housing Loans is as follows:

Particulars	Rs. in crores			
	Sub-Standard Assets		Doubtful Assets	
	Current Year	Previous Year	Current Year	Previous Year
Housing	68.71	80.85	116.86	110.50
Non-Housing	30.35	33.09	20.90	8.58

- (ii) During the year, in addition to the charge of **Rs. 94.34 crores** (Previous Year Rs. 52.25 crores) to the Profit and Loss Account an amount of **Rs. Nil** [(Previous Year Rs. 118.82 crores) (net of Deferred Tax of Rs. 61.18 crores)], has been transferred from Additional Reserve created as per Section 29C of the National Housing Bank Act, 1987 pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 to Provision for Contingencies Account.
- (iii) a) Provision for Contingencies as on March 31, 2010 includes provision for non-performing assets, standard assets and all other contingencies amounting to **Rs. 713.48 crores** (Previous Year Rs. 643.84 crores). In accordance with the prudential norms of National Housing Bank, the provision required to be carried forward is **Rs. 331.04 crores** (Previous Year Rs. 321.15 crores).
- b) Movement in Provision for Contingencies Account during the year is as under:

Particulars	Rs. in crores	
	Current Year	Previous Year
Opening Balance	643.84	490.84
Additions during the year	94.34	232.25
Utilised during the year towards loan write offs, Dimunition in Value of Investments, etc.	(24.70)	(79.25)
Closing Balance	713.48	643.84

- (iv) Provision for Contingencies debited to the Profit and Loss Account in respect of HDFC Ltd. and Gruh Finance Ltd. includes Provision for Dimunition in Value of Investments amounting to **Rs. 7.97 crores** (Previous Year Rs. 24.27 crores).
- (v) Miscellaneous Expenses include Provision for Dimunition in value of Investments amounting to **Rs. Nil** (Previous Year Rs. 10.57 crores).
11. (i) Contingent liability in respect of guarantees provided aggregated to **Rs. 29.79 crores** (Previous Year Rs. 156.56 crores).
- (ii) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed, amounts to **Rs. 546.87 crores** (Previous Year Rs. 430.88 crores). The matters in dispute are under appeal. Out of the above an amount of **Rs. 340.56 crores** (Previous Year Rs. 336.09 crores) has been paid/adjusted against refund and the same will be received as refund if the matters are decided in the favour of HDFC Ltd. and the respective subsidiary companies.

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

- (iii) Contingent liability in respect of Interest tax demands, net of amount provided for and disputed in respect of one of the subsidiary companies amounts to **Rs. 0.30 crores** (Previous Year Rs. 0.23 crores). The matter in dispute is under appeal. The Company expects to succeed in the proceedings and hence no additional provision is considered necessary.
- (iv) One of the subsidiary companies has received show cause cum demand notices, amounting to **Rs. 63.29 crores** (Previous Year Rs. 42.66 crores), from the Office of the Commissioner, Service Tax, Mumbai on various grounds. The Company has filed appeals to the appellate authorities on the said show cause notices. The Company has been advised by an expert that their grounds of appeal are well supported in law. As a result, the Company is confident to defend the appeal against the demand and does not expect the demand to crystalise into a liability.
- (v) Contingent Liability in respect of corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to **Rs. 1,081.15 crores** (Previous Year Rs. 594.85 crores). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.
- (vi) Proportionate share of claims not acknowledged as debt in respect of associate companies amounts to **Rs. 142.26 crores** (Previous Year Rs. 120.63 crores) and in respect of a subsidiary company amounts to **Rs. 0.64 crores** (Previous Year Rs. 0.52 crores).
- (vii) Contingent Liability in respect of disputed sales tax and stamp duty dues not provided for by HDFC Ltd. amounts to **Rs. 0.04 crores** (Previous Year Rs. 0.04 crores).

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

12. As per the Accounting Standard 17 on 'Segment Reporting' notified by the Companies (Accounting Standards) Rules, 2006, the main segments and the relevant disclosure relating thereto are as follows:

	Rs. in crores																	
	Rs. in crores																	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	CY	PY	CY	CY	PY
Segment Revenue	11,669.89	11,312.94	33.86	27.77	13.63	9.55	783.83	553.16	136.64	129.92	(281.19)	(326.92)	—	—	—	12,356.66	11,706.42	
Segment Result	4,010.41	3,288.62	(275.19)	(502.97)	(94.46)	(25.22)	431.81	276.78	62.66	74.90	(251.60)	(249.18)	—	—	—	3,883.63	2,862.93	
Income tax (Current)													1,275.53	1,071.39	1,275.53	1,071.39	(7.37)	
Deferred Tax													(21.01)	(21.01)	(21.01)	(21.01)	—	
Fringe Benefit Tax													3.79	3.79	3.79	3.79	—	
Total Result	4,010.41	3,288.62	(275.19)	(502.97)	(94.46)	(25.22)	431.81	276.78	62.66	74.90	(251.60)	(249.18)	(1,254.52)	(1,067.81)	2,629.11	1,795.12		
Capital Employed																		
Segment Assets																		
Loans	100,420.69	87,289.55	4.03	3.02	—	—	60.47	—	—	—	—	—	—	—	—	100,485.19	87,292.57	
Investments	10,760.17	10,481.53	19,870.56	9,716.31	574.08	247.98	735.14	491.05	98.30	90.39	704.81	(24.22)	—	—	—	32,743.06	21,003.04	
Current Assets																		
Loans and Advances																		
(Net of Tax)																		
Fixed Assets	7,218.43	5,666.77	1,536.70	1,551.15	295.89	160.45	299.52	714.94	40.04	42.63	(86.09)	(507.80)	466.02	364.42	9,770.51	7,992.56		
Goodwill On Consolidation	231.63	212.54	113.61	144.21	24.30	13.16	44.96	78.00	3.53	2.31	24.28	56.78	—	—	442.31	507.00		
Deferred Tax Asset																170.23	170.23	
Miscellaneous Expenditure																314.49	225.06	225.06
Total Assets	118,630.92	103,650.39	21,524.90	11,414.87	895.50	422.82	1,307.71	1,451.61	143.25	136.71	643.00	(475.24)	780.51	589.48	1,43,925.79	117,190.64	0.18	
Segment Liabilities																		
Loan Funds	98,888.42	86,101.29	—	—	0.70	1.20	—	383.00	20.00	19.05	(445.79)	(563.90)	—	—	98,463.33	85,940.64		
Current Liabilities and Provisions (Net of Tax)	4,958.41	4,731.88	1,450.13	907.93	648.94	293.41	173.46	106.87	11.31	4.23	(49.96)	(73.74)	0.40	0.57	7,192.69	5,971.15		
Policholders' Funds																19,554.46	9,889.68	
Minority Interest	110.97	91.46	152.76	181.90	64.43	33.07	194.92	148.64	—	—	—	—	—	—	523.08	456.07		
Total Liabilities	103,957.80	90,924.63	21,167.35	10,959.51	714.07	327.68	368.38	638.51	31.31	23.28	(495.75)	(637.64)	0.40	0.57	1,25,743.56	102,236.54		
Net Assets	14,673.12	12,725.76	357.55	455.36	181.43	95.14	939.33	813.10	111.94	113.43	1,138.75	162.40	780.11	588.91	18,182.23	14,954.10		
Other Information																		
Capital Expenditure	36.95	13.97	21.94	57.60	16.16	6.59	4.96	23.64	2.67	1.72	—	—	—	—	82.68	103.52		
Depreciation	19.64	18.42	449.40	146.20	24.74	24.58	37.93	13.48	0.86	0.67	33.01	4.07	—	—	145.58	87.42		
Non cash expenses																		
other than Depreciation	46.49	327.02	0.07	3.99	0.54	0.01	15.99	24.03	0.59	0.23	—	—	—	—	63.68	355.28		

a) Asset Management segment includes portfolio management, mutual fund and property investment management.

b) Others includes project management, investment consultancy and property related services.

c) The group does not have any material operations outside India and hence disclosure of geographic segments not given.

1 Included in Amounts transferred to policyholders' account

2 Included in Operating Loss from General Insurance Business

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

13. As per the Accounting Standard 18 on 'Related Party Disclosures' notified by the Companies (Accounting Standards) Rules, 2006, the related parties are as follows :

A) Associate Companies

HDFC Bank Ltd.	India Value Fund Advisors Pvt. Ltd.
Indian Association for Savings and Credit	RuralShores Business Services Pvt. Ltd.
Credila Financial Services Pvt. Ltd. (w.e.f. December 24, 2009)	

B) Investing Party and its Group Companies

Standard Life Investments Ltd.	Standard Life Assurance Company
Standard Life (Mauritius Holdings) 2006 Ltd.	ERGO International AG
ERGO AG	Munich Re

C) Key Management Personnel

Mr. Deepak S Parekh (Non Executive Chairman w.e.f. January 01, 2010)
Mr. Keki M Mistry
Ms. Renu Sud Karnad
Mr. V Srinivasa Rangan (from January 01, 2010)

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

Ms. Smita D. Parekh*	Mr. Aditya D. Parekh*	Mr. Siddharth D. Parekh*
Ms. Amaya Ann Aditya Parekh*	Ms. Harsha S. Parekh*	Ms. Arnaaz K Mistry
Ms. Tinaz Mistry	Mr. Rishi R. Sud	Ms. Swarn Sud
Ms. Riti Karnad	Mr. Ketan Karnad	Mr. Ashok Sud
Mr. Bharat Karnad	Ms Abinaya S Rangan	Ms. V Rajalakshmi

Mr. V Jayam

* Upto December 31, 2009.

The nature and volume of transactions during the year with the above related parties were as follows:

Rs. in crores

Particulars	Associate Companies		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
INCOME								
Dividend	82.50	70.43	—	—	—	—	—	—
Interest	1.57	7.11	—	—	—	—	—	—
Consultancy and Other Fees	0.03	0.05	2.64	0.70	—	—	—	—
Rent	1.16	1.30	—	—	—	—	0.23	0.28
Reinsurance	—	—	1.29	2.97	—	—	—	—
Miscellaneous Services	49.73	28.40	—	—	0.01	0.01	0.14	0.04
EXPENDITURE								
Interest	0.05	—	—	—	0.57	0.25	0.25	0.18
Bank and Other Charges	3.66	4.02	—	—	0.24	0.05	—	—
Remuneration	—	—	—	—	15.06	10.87	—	—
Reinsurance	—	—	5.71	9.20	—	—	—	—
Dividend	—	—	22.14	15.10	—	—	—	—
Other Expenses	653.85	624.62	—	—	—	—	0.06	0.05

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The nature and volume of transactions during the year with the above related parties were as follows:

Particulars	Associate Companies		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel		Rs. in crores
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
ASSETS									
Investments	5,638.36	2,017.98	—	—	—	—	—	—	—
Deposits	1,630.33	96.68	—	—	—	—	—	—	—
Bank Balance	4.59	603.63	—	—	—	—	—	—	—
Reinsurance	—	—	0.29	1.46	—	—	—	—	—
Loans	4.89	—	—	—	—	—	—	—	—
Others	25.58	28.92	0.21	0.35	—	—	—	—	—
LIABILITIES									
Deposits	5.29	0.18	—	—	3.01	5.51	0.69	2.68	
Reinsurance	—	—	1.02	4.33	—	—	—	—	—
Proposed Equity Dividend	—	—	—	—	—	—	—	—	—
Short Term Loans	126.15	—	—	—	—	—	—	—	—
Others	107.94	86.29	—	0.17	0.28	0.19	0.04	0.17	

The nature and volume of material transactions during the year with the above related parties were as follows:

Particulars	Associate Companies		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel		Rs. in crores
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
INCOME									
Dividend									
- HDFC Bank Ltd.	82.44	70.08	—	—	—	—	—	—	—
Interest									
- HDFC Bank Ltd.	1.16	7.03	—	—	—	—	—	—	—
- Credila Financial Services Pvt. Ltd.	0.17	—	—	—	—	—	—	—	—
Consultancy and Other Fees									
- Standard Life Investments Ltd.	—	—	2.64	0.70	—	—	—	—	—
Rent									
- HDFC Bank Ltd.	1.16	1.30	—	—	—	—	—	—	—
- Mr. Aditya D Parekh	—	—	—	—	—	—	0.20	0.27	
Reinsurance									
- Munich Re	—	—	1.29	2.97	—	—	—	—	—
Miscellaneous Services									
- HDFC Bank Ltd.	49.73	28.40	—	—	—	—	—	—	—

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

The nature and volume of material transactions during the year with the above related parties were as follows:

Rs. in crores

Particulars	Associate Companies		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
EXPENDITURE								
Interest								
- Mr. Deepak S Parekh	—	—	—	—	0.22	0.12	—	—
- Mr. Keki M Mistry	—	—	—	—	0.35	0.13	—	—
- Mr. Aditya D Parekh	—	—	—	—	—	—	—	0.04
- Ms. Amaya Ann Aditya Parekh	—	—	—	—	—	—	—	0.05
Bank and Other Charges								
- HDFC Bank Ltd.	3.66	4.02	—	—	—	—	—	—
Reinsurance								
- Munich Re	—	—	5.71	9.20	—	—	—	—
Dividend								
- Standard Life Investments Ltd.	—	—	22.14	15.10	—	—	—	—
Remuneration								
- Mr. Deepak S Parekh	—	—	—	—	7.09	4.56	—	—
- Mr. Keki M Mistry	—	—	—	—	3.92	3.21	—	—
- Ms. Renu Sud Karnad	—	—	—	—	3.65	2.99	—	—
Other Expenses								
- HDFC Bank Ltd.	653.85	624.62	—	—	—	—	—	—

The nature and volume of material transactions during the year with the above related parties were as follows:

Rs. in crores

Particulars	Associate Companies		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
ASSETS								
Investments								
- HDFC Bank Ltd.	5,623.06	2,015.00	—	—	—	—	—	—
Deposits								
- HDFC Bank Ltd.	1,628.33	96.68	—	—	—	—	—	—
Bank Balance								
- HDFC Bank Ltd.	4.59	603.63	—	—	—	—	—	—
Reinsurance								
- Munich Re	—	—	0.29	1.46	—	—	—	—
Loans								
- Indian Association of Savings and Credit	4.89	—	—	—	—	—	—	—
Others								
- HDFC Bank Ltd.	25.28	28.92	—	—	—	—	—	—

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The nature and volume of material transactions during the year with the above related parties were as follows:

Particulars	Associate Companies		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel		Rs. in crores
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
LIABILITIES									
Deposits									
- Credila Financial Services Pvt. Ltd.	4.00	—	—	—	—	—	—	—	—
- Mr. Deepak S Parekh	—	—	—	—	—	2.50	—	—	—
- Mr. Keki M Mistry	—	—	—	—	3.00	3.00	—	—	—
- Ms. Amaya Ann Aditya Parekh	—	—	—	—	—	—	—	1.00	—
Reinsurance									
- Munich Re	—	—	1.02	4.33	—	—	—	—	—
Short Term Loans									
- HDFC Bank Ltd.	126.15	—	—	—	—	—	—	—	—
Others									
- HDFC Bank Ltd.	107.90	86.29	—	—	—	—	—	—	—

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

- (i) Income from Leases net of lease terminal adjustment of **Rs. Nil** (Previous Year Rs.2.18 crores), includes **Rs. 8.66 crores** (Previous Year Rs. 16.90 crores) in respect of properties and certain assets leased out under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows :

Particulars	Rs. in crores	
	Current Year	Previous Year
Not later than one year	1.66	12.21
Later than one year but not later than five years	3.63	24.60
Later than five years	1.88	—

- (ii) a) Certain motor cars, Information Technology equipment and Software have been acquired under Finance Lease for an aggregate fair value of **Rs. 0.92 crores** (Previous Year Rs. 1.40 crores). The total minimum lease payments (MLP) in respect thereof and the present value of the future lease payments, discounted at the interest rate implicit in the lease are:

Period	Total MLP		Interest		Principal	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Not later than one year	0.27	0.87	0.10	0.07	0.17	0.80
Later than one year but not later than five years	0.65	0.54	0.12	0.14	0.53	0.40
Total	0.92	1.41	0.22	0.21	0.70	1.20

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- b) Certain motor cars have been acquired under Operating Lease by a subsidiary company. In respect of these operating leases, the lease rentals charged to the Profit and Loss Account are **Rs. 0.44 crores** (Previous Year Rs. 0.45 crores). The minimum future lease rentals payable for specified duration in respect of such leases amount to the following :

Period	Rs. in crores	
	Current Year	Previous Year
Not later than one year	0.38	0.32
Later than one year but not later than five years	0.59	0.25
Total	0.97	0.57

- (iii) Properties under non-cancellable operating leases have been acquired, both for commercial and residential purposes. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to **Rs. 117.22 crores** (Previous Year Rs. 107.40 crores).

The future lease payments in respect of the above are as follows:

Particulars	Rs. in crores	
	Current Year	Previous Year
Not later than one year	115.27	110.83
Later than one year but not later than five years	285.25	281.63
Later than five years	46.38	98.00

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

- (i) In calculating the Basic Earnings Per Share the Profit After Tax attributable to the Group of **Rs. 3,240.98 crores** (Previous Year Rs. 2,310.50 crores) has been adjusted for amounts utilised out of Shelter Assistance Reserve of **Rs. 8.48 crores** (Previous Year Rs. 5.21 crores).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of **Rs. 3,232.50 crores** (Previous Year Rs. 2,305.29 crores) and the weighted average number of shares during the year of **28,52,35,358** (Previous Year 28,42,96,490).

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

Particulars	Rs. in crores	
	Current Year	Previous Year
Basic Earnings Per Share	113.33	81.09
Effect of Outstanding Stock Options	(3.29)	(1.41)
Diluted Earnings Per Share	110.04	79.68

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

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	28,52,35,358	28,42,96,490
Diluted effect of outstanding Stock Options and FCCBs	85,32,246	50,22,315
Weighted average number of shares for computation of Diluted Earnings Per Share	29,37,67,604	28,93,18,805

16. In compliance with the Accounting Standard 22 on 'Accounting for Taxes on Income' notified by the Companies (Accounting Standards) Rules, 2006, credit has been taken for **Rs. 21.01 crores** (Previous Year Rs.7.37 crores) in the Profit and Loss Account for the year ended March 31, 2010 towards deferred tax asset (net) for the year, arising on account of timing differences.

Major components of deferred tax assets and liabilities arising on account of timing differences are :

Rs. in crores

Sr. No.	Particulars	Assets	
		Current Year	Previous Year
a)	Depreciation	(49.03)	(50.36)
b)	Provision for Contingencies	263.10	246.43
c)	Provision for Employee Benefits	16.45	16.90
d)	Accrued Redemption Loss (net)	8.04	7.86
e)	Sale of Home Loans	—	(1.51)
f)	Others (net)	75.93	5.74
	Total	314.49	225.06

17. (i) As on March 31, 2010, the Corporation has foreign currency borrowings (excluding FCCBs) of **USD 945.43 million** equivalent (Previous Year USD 984.62 million). The Corporation has undertaken principal only swaps, currency options and forward contracts on a notional amount of **USD 787.99 million** equivalent (Previous Year USD 892.86 million) to hedge the foreign currency risk. Further, interest rate swaps on a notional amount of **USD 90 million** equivalent (Previous Year USD 215 million) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings. As on March 31, 2010, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).
- (ii) As a part of asset liability management and on account of the increasing response to the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **Rs. 16,065 crores** (Previous Year Rs. 11,815 crores) as on March 31, 2010 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into cross currency swaps of a notional amount of **USD 694 million** equivalent (Previous Year USD 733 million) wherein it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.
- (iii) Monetary assets and liabilities denominated in foreign currencies net of risk management arrangement are revalued at the rate of exchange prevailing at the year end. Cross currency swaps have been marked to market at the year end. For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. Loss

Schedule 14 (Continued)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

on mark to market of cross currency interest rate swaps is recognised in the Profit and Loss Account and the net gains is not recognised keeping in view the principles of prudence as enumerated in Accounting Standard (AS 1) notified by the Companies (Accounting Standards) Rules, 2006.

The amount of exchange difference in respect of such contracts to be recognised as expense in the Profit and Loss Account over subsequent accounting periods is **Rs.1.85 crores** (Previous Year Rs. 761.73 crores). The period is ranging upto 2 years.

- (iv) A net gain of **Rs. 32.32 crores** (Previous Year Net Loss of Rs. 261.16 crores) has been recognised in the Profit and Loss Account being net gain on year end translation of foreign currency monetary assets and liabilities and mark to market gain on derivatives as shown below:

Particulars		Current Year	Previous Year
Gain on derivatives revaluation not recognised in earlier years		—	(293.59)
Amortisation of premium on Options and forward contracts		(34.80)	326.64
Net Loss/(Gain) on translation of foreign currency denominated assets and foreign currency borrowings		93.13	(117.99)
Mark to market Loss/(Gain) on derivatives (cross currency interest rates swaps, etc.)	(142.94)		346.10
Less: Amounts retained in Advance Payments (as per note below)	52.29	(90.65)	
		(32.32)	261.16

The net gain of **Rs. 52.29 crores** (Previous Year Rs. Nil) on mark to market of Cross Currency Swaps (after setting off **Rs. 90.65 crores** (Previous Year Rs. Nil) arising on account of translation loss on foreign currency denominated assets) is included under Advance Payments (Schedule No. 7) and not recognised in the Profit and Loss Account in view of the announcement by the Institute of Chartered Accountants of India (ICAI) which requires the principle of prudence to be followed in accounting for mark to market gains/losses on derivatives.

18. (i) Additional Tax on Proposed Dividend in respect of HDFC Ltd., **Rs. NIL** (Previous Year Rs. 140.69 crores) has been calculated @16.995% on the Proposed Dividend after netting off an amount of **Rs. NIL** (Previous Year Rs. 4.34 crores), being the dividend tax paid by the Subsidiary companies of the Corporation on the dividends paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.
- (ii) Additional Tax on dividend 2008-09 credit taken in respect of HDFC Ltd., **Rs. 15.16 crores** (Previous Year Rs. 14.05 crores), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.
- (iii) In respect of equity shares issued pursuant to Employee Stock Option Schemes and conversion of FCCBs, HDFC Ltd. paid dividend of **Rs. 0.32 crores** for the year 2008-09 (Rs. 0.43 crores for the the year 2007-08) and tax on dividend of **Rs. 0.05 crores** (Previous Year Rs. 0.07 crores) as approved by the shareholders at the Annual General Meeting held on July 22, 2009.
19. Figures for the previous year have been regrouped wherever necessary.

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

These accounts have been prepared in accordance with historical cost convention, except for revaluation of Investment in Properties of one of the subsidiaries, applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

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

2. GAIN OR LOSS ON DILUTION

The gain or loss on account of dilution of stake of HDFC Ltd. in its subsidiaries, associates and entities over which control is exercised is accounted through General Reserve.

3. SYSTEM OF ACCOUNTING

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

The Balance Sheet and the Profit and Loss Account of the Group are prepared in accordance with the provisions contained in Section 211 of the Companies Act, 1956 read with Schedule VI thereto to the extent possible (except the insurance subsidiaries), and the approvals granted under the Section by the Company Law Board.

4. INFLATION

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

5. INTEREST ON HOUSING LOANS

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

6. INCOME FROM LEASES

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

7. INCOME FROM INVESTMENTS

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

8. BROKERAGE ON DEPOSITS

Brokerage on deposits, other than incentive brokerage, is amortised over the period of the deposit except in respect of brokerage paid by one of the subsidiary companies. Incentive brokerage, which is payable to agents who achieve certain collection targets, is charged to the Profit and Loss Account.

Schedule 15 (Continued)**SIGNIFICANT ACCOUNTING POLICIES****9. TRANSLATION OF FOREIGN CURRENCY**

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

10. INVESTMENTS**(i) OTHER THAN INSURANCE COMPANIES**

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

(ii) INSURANCE COMPANIES

Investments are made in accordance with the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001 and various other circulars / notifications issued by the Insurance Regulatory and Development Authority in this context from time to time.

Investments are recorded at cost, which include brokerage, stamp duty and excludes broken period interest. Investments maturing within twelve months from the balance sheet date and investment made with the specific intention to dispose of within twelve months from the balance sheet date are classified as short-term investments.

All debt securities are considered as "held to maturity" and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the revenue account and the profit and loss account over the period of maturity / holding.

All mutual fund investments are valued at realisable net asset value.

Equity shares are valued at fair value being the lower of the last quoted closing prices on the National Stock Exchange (NSE) and the Mumbai Stock Exchange (BSE).

In case of one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.), Investment property represents land or building held for use other than in services or for administrative purposes. The investment in the real estate investment property is valued at historical cost plus revaluation if any. Revaluation of the investment property is done at least once in three years. The change in the carrying amount of the investment property is taken to Revaluation Reserve.

11. FIXED ASSETS

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

Schedule 15 (Continued)

SIGNIFICANT ACCOUNTING POLICIES

12. INTANGIBLE ASSETS

Intangible Assets comprise of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation and Goodwill arising on account of a scheme of amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity. Any expenses on such software for support and maintenance payable annually are charged to revenue account.

13. DEPRECIATION AND AMORTISATION

Fixed Assets

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

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

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

In respect of jointly controlled entity, Fixed assets that are to be used exclusively for customers and over which they have a lien are depreciated over the shorter of the estimated useful life or the tenure of contract. Fixed assets acquired on hire purchase basis are amortised over the tenure of the agreement. Leasehold Improvements are amortised over the period of lease or ten years whichever is shorter.

Intangible Assets

Capitalised software is amortised over a period of four years on a straight-line basis. Goodwill arising on account of a scheme of amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity has been amortised on a straight-line basis over a period of 20 years and 10 years respectively.

14. PROVISION FOR CONTINGENCIES

It is ensured that the balance in Provision for Contingencies account is adequate to cover the total principal amount outstanding in respect of all non-performing assets, as also all other contingencies. All loans and other credit exposures where the instalments are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank. The provisioning policy of HDFC Ltd. and Gruh Finance Ltd. covers the minimum provisioning required as per the NHB guidelines.

15. EMPLOYEE BENEFITS

Provident Fund and Superannuation Fund Contributions

The contributions paid / payable during the year towards Provident Fund and Superannuation Fund are charged in the Profit and Loss Account every year. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. In respect of certain subsidiaries Provident Fund contributions are made to the Regional Provident Fund Authority at prescribed rates and are expensed when due.

Schedule 15 (Continued)**SIGNIFICANT ACCOUNTING POLICIES****Gratuity and Post Retirement Pension**

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

Other Employee Benefits

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

16. INCOME-TAX

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

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

17. POLICY LIABILITIES

These are determined by the Company's (HDFC Standard Life Insurance Co. Ltd.) appointed Actuary following his annual investigation of the Company's insurance policies.

18. PRELIMINARY EXPENSES

Preliminary Expenses are being written off over a period of 5 years in accordance with the provisions of Section 35D of the Income-tax Act, 1961.

INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

(In terms of the approval u/s 212(8) of the Companies Act, 1956 granted by the Ministry of Company Affairs
vide letter No. 47/17/2010-CL - III dated January 13, 2010)

(As on / for the year ended March 31, 2010)

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	(*) Total Assets	Total Liabilities	(**) Investments included in Total Assets	Income in Total Assets	Profit/Loss before Taxation	Provision for Taxation	Profit/Loss after Taxation	Proposed Dividend and tax thereon	Rs. in crores
1	HDFC Standard Life Insurance Co. Ltd.	INR	—	1,968.00	(1,392.76)	21,386.62	20,811.38	20,493.79	13,098.55	(275.18)	—	(275.18)	—	—
2	HDFC Asset Management Co. Ltd.	INR	—	39.23	394.87	902.64	468.54	315.08	624.95	316.30	107.93	208.37	—	—
3	HDFC Trustee Co. Ltd.	INR	—	0.10	0.07	6.60	6.43	—	12.06	—	—	—	—	—
4	HDFC ERGO General Insurance Co. Ltd.	INR	—	415.00	(167.15)	897.50	649.64	623.68	446.79	(94.46)	(0.16)	(94.30)	—	—
5	Gruh Finance Ltd.	INR	—	34.73	229.90	2,667.69	2,403.06	32.72	309.06	94.42	25.47	68.96	26.32	—
6	HDFC Developers Ltd.	INR	—	0.05	4.19	4.30	0.06	—	0.17	0.03	(0.06)	0.08	—	—
7	HDFC Venture Capital Ltd.	INR	—	0.50	11.88	16.84	4.46	2.00	20.83	18.58	5.86	12.73	—	—
8	HDFC Ventures Trustee Co. Ltd.	INR	—	0.05	0.46	0.65	0.14	—	0.41	0.38	0.12	0.27	0.06	—
9	HDFC Property Venture Ltd.	INR	—	1.00	5.26	13.76	7.50	1.00	26.64	14.70	4.92	9.78	—	—
10	HDFC Realty Ltd.	INR	—	5.75	(5.62)	0.14	0.01	—	0.02	(0.01)	—	(0.01)	—	—
11	HDFC Investments Ltd.	INR	—	26.67	71.10	97.78	0.01	96.76	38.46	38.25	1.31	36.94	—	—
12	HDFC Holdings Ltd.	INR	—	0.80	23.87	24.85	0.18	1.54	18.89	18.86	6.40	12.46	—	—
13	HDFC Sales Pvt. Ltd.	INR	—	4.01	1.64	36.92	31.27	—	79.10	5.54	1.90	3.64	—	—
14	Griha Investments	USD	50.95	0.20	33.78	35.62	1.63	—	65.55	52.52	1.57	50.95	—	—
15	HDFC Asset Management Co. (Singapore) Pte. Ltd.	S\$D	32.20	0.40	(0.24)	0.20	0.04	—	—	(0.07)	—	(0.07)	—	—

NOTE:

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability

** Includes Net Premium Income, Investment Income and other Income

Social Initiatives

The primary goal of an enterprise is to reward its stakeholders and only when this goal is achieved, is a business deemed to be successful. However, as an organisation grows and prospers, wealth creation takes on a larger meaning and this is where corporate social responsibility (CSR) is born. This responsibility is seen as a way in which a company balances economic, environmental and social issues and stakeholder expectations. It is a program that sees the business engage with non-governmental organisations (NGOs) in initiatives that address sustainable development in the society within which it exists.

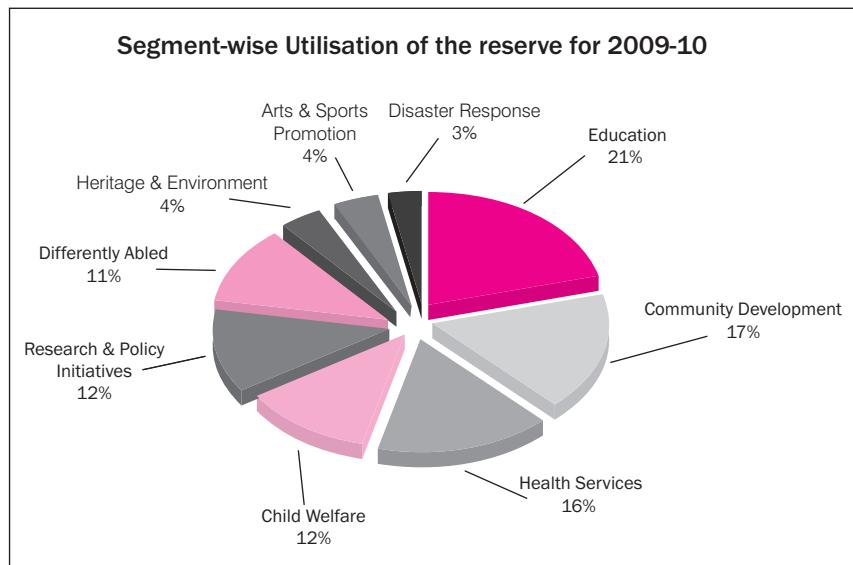
HDFC's primary objective of enhancing the residential housing stock in the country through the provision of housing finance on a systematic and professional basis is already seen as having a social focus. The organisation's founder Mr. H. T. Parekh visualised HDFC as growing into an organisation that would steer the housing sector as a poverty alleviator, an employment generator, a social stabiliser, a

wealth creator and most importantly an attractive creator of human settlements. Thus CSR found a place at HDFC from the day it was incorporated.

HDFC continued its involvement in socially responsive actions primarily aimed at improving the quality of life of our surrounding communities. The following pages will illustrate the varied projects supported by HDFC through the Shelter Assistance Reserve and our continued bulk lending operations in the areas of micro-finance and low-income housing.

SHELTER ASSISTANCE RESERVE

The year 2009-10 saw the Shelter Assistance Reserve being utilised towards supporting a wide array of development projects across the country. The Reserve supported close to 160 not-for-profits and development organisations with the overall utilisation at Rs. 8.48 crore out of a total commitment of Rs. 10.48 crore. The segment-wise break-up of the utilisation is highlighted in the chart below:



Cited below are a few cases, in no specific order, of such development projects wherein the Shelter Assistance Reserve was utilised during 2009-10:

The Akshaya Patra Foundation / Iskcon Food Relief Foundation

The 'Mid-day Meal Scheme' is the popular name for a school meal programme in India. It involves the provision of a nutritious lunch free of cost to school children. The key objectives of this program are protecting children from classroom hunger, increasing school enrolment and attendance, addressing malnutrition and social empowerment through provision of employment to women.

The Akshaya Patra Foundation runs a strategic school-meal, holistic development program feeding students every day. The Foundation started its activities with a pilot project in five schools in Bengaluru, feeding 1,500 children and has now grown into a mammoth endeavour reaching out to over a million children in 18 locations across eight states in India. The Foundation reaches out to 75,000 children in 285 schools in the districts of Gandhinagar and Ahmedabad. HDFC partnered the Foundation to support the provision of school meals across 15 schools in the above-mentioned districts.

In just three years since it was founded, the Iskcon Food Relief Foundation has scaled to provide over 1,00,000 hygienic and nutritious meals every day through an extremely cost-effective program. For many children, the 'mid-day meal' is the only complete meal that they have access to during the entire day. This has produced dramatic

results in terms of enrolment into schools, attendance and attention spans. HDFC partnered the Foundation in providing meals for schools in areas adjacent to Mumbai such as Wada and Palghar.

Foundation for Education and Development

A substantial 22% of India's population is in the age group of 11 - 20 years. Of this, nearly one-third have either never enrolled into school or dropped out before grade V and are easily drawn towards anti-social elements and activities. Started in 2001, the 'Doosra Dashak' project implemented by the Foundation for Education and Development seizes the opportunity to provide basic education linked to health and life-skill to this age group.

'Doosra Dashak' literally means the second decade. This program is about the education and development of persons in the age group 11-20 years, towards their overall development into contributing members of society. The education provided is residential in nature and emphasises the inculcation of values and principals into our everyday lives.

The program is being implemented in 9 blocks of Rajasthan. The program has impacted close to 6,000 adolescents who have received residential education and more than 10,000 youth has benefited through peer education, libraries and science centres (all run by the organisation). Trained adolescents work towards improvement of public services such as schools, anganwadis, rural health-care centres and drinking water.

HDFC along with the Sir Dorabji Tata Trust has provided support towards sustaining the ongoing activities of the Foundation.

The Akanksha Foundation

The Akanksha Foundation is a non-profit organisation with a mission to impact the lives of less privileged children, enabling them to maximise their potential and change their lives. Akanksha works primarily in the field of education, addressing non formal education through the Akanksha centre and also formal education by initiating school reforms. Over the past 15 years, the organisation has expanded from 15 children in one centre to over 2,600 children in 51 centres in Mumbai and Pune, with an additional 2100 children in 10 schools. A commitment is made to support each child by giving him or her a strong educational foundation, a good time, self esteem and values, and to help them plan how they can earn a steady livelihood as a step towards improving their standard of living.

HDFC initiated a relationship with Akanksha in 1999 with sponsorship of an Akanksha study centre at Navy Nagar, Colaba, South Mumbai, which continues to this date. Subsequently HDFC further extended support towards their Dapodi Ashram Centre, Pune and also supports Akanksha's non-center based endeavours spread across their other centres in Mumbai and Pune. To mark the completion of a decade of association with Akanksha, HDFC has now entered into a partnership with the Foundation towards their school project.

The Akanksha School Project represents Akanksha's first effort to

work within the formal school system. It is an effort to extend its activities in the field of education, leveraging their experience with children to improve the quality of learning in Municipal and Private Aided Schools. Specifically, the goal is to provide inputs in the fields of teaching, extra-curricular activities, community support and infrastructure that will significantly enhance the learning opportunities for children in formal schools. HDFC was approached for support towards the Shindewadi Municipal School in Mumbai. Starting June 2009 Akanksha has adopted the entire school with 200 children across five levels – Junior K to Std. III. A new level will be added each year with a fresh batch of 40 students entering Junior KG. This project is an initiative that seeks to build a small cluster of high-performing municipal schools in Mumbai and Pune.

SNEHA

SNEHA (meaning compassion) is a professionally managed non-profit organisation that works for tribals' to improve their socio-economic conditions. SNEHA endeavours to make a difference in the lives of the underprivileged people through value-based education. SNEHA runs formal and non-formal schools across three districts of Arunachal Pradesh.

In 2003, SNEHA started a school at Diyun, Changlang district in Arunachal Pradesh in a temporary shed to provide value based education to tribal children. Presently 361 students are getting quality education here from KG to Class VII (aged 4 to 13). The school will be upgraded upto senior

secondary level with each passing year. The school is currently run out of a temporary building. In order to increase the number of children attending the school a permanent structure needs to be constructed. SNEHA presently has 3.75 acres of land on which the school is being constructed. The plan is to construct 26 classrooms, 2 staff-rooms, a library and other infrastructure for the school. HDFC partnered SNEHA in setting up of a few classrooms for their school.

Concern India Foundation

Concern India Foundation (CIF) was started in 1991 with the objective of 'Helping People Help Themselves'. CIF supports development-oriented organisations that reach out to destitute and/or orphaned children, deserted and or/abused women, tribal population and the disabled. CIF raises finance for smaller grass-root level organisations that do not have the expertise of raising funds on their own. The Foundation works closely with more than 100 NGOs that fall under the broad ambit of education, health and community development. In Hyderabad, the Foundation runs an old age home and a medical centre providing facilities to nearly 10,000 elderly on an annual basis. The Foundation also runs a residential transit school for child workers.

The Foundation's Hyderabad branch approached HDFC to support a medical, education and nature services program titled MEANS for the elderly with a special focus on the elderly destitute, infirm and widows. The project focuses on the health needs of the elderly, providing health-care free of cost through their

home, provision of nutritional supplements etc.

Savali

Savali is a registered charitable trust working for mentally challenged and cerebral palsy children and adults for the last fifteen years. Savali is the first life-long care centre not only in Maharashtra but also in India wherein all facilities are provided under one roof. At present, 35 inmates are taking benefit of life-long care at the Centre with 30 devoted staff. The institution has all the required facilities and services essential for mentally challenged individuals at their centre. The institute has received recognition from various government and non-government organisations for its work. The institute has also received many awards including 4 National Awards.

After seeing the dire need for facilities such as these, Savali has increased its activities by constructing one more residential care centre facility for children titled 'Group Home'. The Home is being constructed as a 3-storied building with space for 40 inmates. Group Home is a concept wherein 8 – 10 children are under the care and supervision of a 'Mother' and an attendant helping the mother.

The Bhavishya – Yaan Mission

Imagine children from slum communities studying in our municipal schools - most of who have never had a full-fledged conversation in English or never sat on a computer, now give speeches on stage, make presentations to an audience, surf the internet and exude supreme confidence to achieve their goals and ambitions.

The Rotary Club of Bombay's education mission has started its third batch of training students in the English language and in computers for their growth and development. HDFC partnered the Club to initiate this program for 100 children in the Colaba Municipal School. The program focuses on the overall development of the children helping them to shed their inhibitions and motivate them to move ahead in life. This program has been successfully running in two other schools in Mumbai. This project is an apt example of a public private initiative that sees The Municipal Corporation of Greater Mumbai (MCGM) joins hands with The Rotary Club of Bombay and HDFC to provide quality education to children towards a brighter future.

CRY – Child Rights & You

Over the last 30 years, CRY has gradually made the transition from small, local NGOs helping improve the situation of a few children in Mumbai to a national grant-maker grass-roots initiative oriented to the rights of children. CRY plays the role of a venture capitalist for small grass-root initiatives across the country by providing NGOs not only financial assistance for development programmes but also helps build their capacities through perspective building programmes to look at child rights in a holistic manner. Today, CRY works with more than 200 grass-root partners, in 6700 villages and slums across 18 states in India.

HDFC partnered CRY in supporting one of their initiatives titled Sadhana Institute for Sustainable Development. This program seeks to improve the education and health facilities across 14 large slum

communities in Pune. The project aims at mobilising children, their parents and the larger community to identify and address the root cause of their problems – infrastructure, livelihoods, social biases and poor governance. The area being targeted by CRY and the Sadhana Institute has no civic amenities, health care or any form of budgetary allocation from the local authorities. The employment opportunities in the area are very limited and most of the working force is in the unorganised sector.

The project aims to ensure the rights of children from 0-18 years of age through various programs. The project is developed around 4 basic child rights being Right to Survival, Right to Development, Right to Protection and Right to Participation. HDFC partnered CRY in supporting this initiative to further strengthen awareness about children and their rights among the community.

Teach For India Foundation

In 2006, a group of young leaders working to reform education in India came together to seek an innovative solution to end educational inequity in the country. The group firmly believed that any change in the education sector needed to be systemic and that India needed to be infused with a large number of leaders who would work towards achieving educational equity for all children. Seeking to adapt the Teach For America model to the Indian context, the group engaged with a number of stakeholders within the government, at academic institutions and at corporations and were encouraged by the favourable response they received.

Teach For India was formally established in 2008 as a not-for-profit organisation whose mission is to create a movement of leaders who will work to eliminate educational inequity in the country. Teach For India is a nationwide movement of outstanding college graduates and young professionals who will commit two-years to teach full-time in under resourced schools and who will become lifelong leaders working from within various sectors toward the pursuit of equity in education. In June 2009, Teach For India placed its first cohort of Fellows in low-income municipal and private schools in Pune and Mumbai.

One of the ways in which the Foundation achieves its goal is to source teachers/fellows from the corporate sector. HDFC partnered with the Foundation in sourcing two new candidates for the project and absorbing their salary costs. The new recruits will be placed in municipal schools in Mumbai and Pune. This program in the coming year will extend to Delhi and other cities gradually.

LOW INCOME HOUSING AND MICROFINANCE

SKS Microfinance Ltd.

SKS Microfinance is a microfinance institution registered as a non-bank finance company (NBFC) whose mission is to eradicate poverty by providing financial services to the poor. Established in 1998, SKS Microfinance is among India's largest and the world's fastest growing microfinance organisations. It was founded by Vikram Akula, who was named by the TIME magazine as one of the 100 Most Influential People in the World (2006).

SKS currently serves 54 lakh members across 62,000 villages and slums in 19 states and has disbursed nearly Rs.10,538 crore in loans with a 99.5 % repayment rate. SKS also provides life and retail insurance to its members. SKS has received numerous awards including the Young Global Leaders by World Economic Forum, CGAP Pro-Poor Innovation Award, the ABN-AMRO/ Planet Finance Process Excellence Award, Citibank Information Integrity Award, the Digital Partners SEL Award and the Grameen Foundation USA Excellence Award.

SKS has launched of a mortgage finance pilot in association with HDFC, to bridge a critical gap in mortgage finance needs of the poor. The company will provide loans mainly for extension and improvement of dwelling units which double up for income-generating activities like eateries, kirana shops, papad and agarbathi-making etc. SKS borrowers with at least three years of credit history will be eligible for these loans. Most SKS borrowers belong to the low-income category and do not have any documented source of income. SKS has over five million members across 19 states in India.

HDFC is providing technology support to SKS and the first tranche of funding worth Rs. 10 crore. Towards this end, HDFC is utilising funds available under a special arrangement with KfW, a German development bank. This loan to SKS would help fund about 1250 members, considering an average ticket size of Rs. 80,000/-.

The pilot of this initiative is being conducted in select branches of SKS in Andhra Pradesh. SKS members

can avail mortgages ranging from Rs. 50,000/- to Rs. 1,50,000/- with a tenure of three to five years and the loans will be delivered at the borrowers' doorstep. Unlike other products of SKS, the liability would not be at the group level, rather these would be offered as individual mortgage backed loans. After studying the results of the pilot programme and fine tuning the systems and processes, the initiative will be rolled out in several branches.

DHAN Foundation - KDFS

Development of Humane Action Foundation (DHAN), was set up as a professional development organisation in 1997. The foundation works towards improving the

livelihoods of the poor through innovative schemes and institutions. DHAN brings highly motivated educated young men and women to the development sector. The Kalanjam Community Banking Programme was started in the year 1990 as a pilot microfinance project by way of promoting women's self-help groups (SHGs) and organising them into people's organisations. The success of the programme has given the inspiration to upscale it to establish the Kalanjam model as an enabling model of microfinance, which benefits women from poor households across several states. In keeping with the mission, the DHAN Foundation has promoted the Kalanjam Development Financial

Services (KDFS) a bridge financing NBFC for extending financial support to the various SHG federations across India.

HDFC has supported the community banking programme of DHAN Foundation through several lines of credit from 1997 onwards. This included funding for micro-enterprises loans and housing loans for the economically weaker sections of society comprising women SHG members under the Kalanjam movement of DHAN. HDFC has recently sanctioned and disbursed loan of Rs. one crore to the KDFS as refinance of its loans to the SHG federations for various income generation activities and micro-enterprises.

Secretarial Compliance Certificate

The Board of Directors

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

We have examined the registers, records, books and papers of Housing Development Finance Corporation Limited (HDFC) (the Company) having its registered office at 'Ramon House', H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020 and having Company Identification Number (CIN) L70100MH1977PLC019916, as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the period from April 1, 2009 to March 31, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers and records as required under the provisions of the Act and the Rules made thereunder and the entries therein have been duly recorded.

2. The Company has duly filed the forms, returns and documents with the Registrar of Companies, Maharashtra / Ministry of Corporate Affairs and other authorities as required under the Act and Rules made thereunder.

3. All the requirements relating to the meetings of Board of Directors, Committee of Directors and Shareholders as well as relating to the minutes of the proceedings thereof have been complied with.

4. The Board of Directors of the Company is duly constituted and during the financial year, Mr. Deepak S. Parekh retired as the Managing Director of the Company (designated as Chairman) w.e.f. the close of business hours on

December 31, 2009. The Board of Directors of the Company at its meeting held on December 4, 2009, appointed Mr. Deepak S. Parekh as an Additional Director of the Company and as the Non Executive Chairman of the Board and redesignated Mr. Keki M. Mistry as the Vice-chairman and Chief Executive Officer w.e.f. January 1, 2010. The Board at the said meeting also appointed Ms. Renu Sud Karnad as the Managing Director and Mr. V. Srinivasa Rangan as the whole-time Director (designated as 'Executive Director') of the Company for a period of 5 years with effect from January 1, 2010, subject to the approval of the Members of the Company at the ensuing Annual General Meeting.

5. The Directors of the Company have made all the required disclosures under Sections 299 and 274(1)(g) of the Act. The Company has also complied with the requirements in pursuance of the disclosure made by its Directors.

6. The issue of capital and securities is in conformity with the requirement of the Act. The issues of share certificate and the transfer and transmission thereof have been registered properly.

7. The Company has obtained all the necessary approvals of Directors, Shareholders and other authorities as required under the Act.

8. The Company has complied with all the provisions of the listing agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

9. During the financial year, the Company has not increased its authorized capital.

10. The Company has transferred the dividend declared on July 22, 2009 to a separate dividend account on July 22, 2009 and all the unpaid / unclaimed dividend

accounts have been reconciled.

11. During the year under review, the Company has transferred to the Investor Education and Protection Fund, dividend amounting to Rs.35,41,587/- that have not been claimed by the shareholders for the financial year 2001-02, in accordance with the provisions of the Act.

12. The Company has framed an insider trading code called '**HDFC - Share Dealing Code**' strictly on the lines of model code prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended and the same has been implemented during the year under review. Mr. Girish V. Koliyote, Company Secretary acts as the Compliance Officer.

13. The Company has complied with the disclosure requirements of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992.

14. The Company is registered with the Securities and Exchange Board of India (SEBI) as '**Category II – In House Share Transfer Agent**' and has established connectivity with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). The registration is valid upto April 30, 2011. The Company has complied with SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

15. The Company has complied with the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 during the year under review.

For N. L. BHATIA & ASSOCIATES
Company Secretaries

MUMBAI
April 24, 2010

N. L. BHATIA
FCS - 1176
CP - 422

Shareholders' Information

This section *inter alia* provides information pertaining to the Corporation, its shareholding pattern, means of dissemination of information, service standards, share price movements and such other information as required under point no. 9 of Annexure IC to Clause 49 of the Listing Agreements relating to Corporate Governance.

Registered Office Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020. Tel. Nos. : 022-2282 0282, 6631 6000 Fax Nos. : 022-2204 6834, 2281 1203 Website : www.hdfc.com	Investor Services Department (ISD) Tel Rasayan Bhavan, Gr. Floor, Opp. BEST Workshop Gate No. 4, Tilak Road Extn., Dadar T.T., Dadar (E), Mumbai 400 014. Tel. Nos. : 022-2414 6267/68 Fax No. : 022-2414 7301 Email : investorcare@hdfc.com
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33rd Annual General Meeting (AGM)

Day/Date : Wednesday, July 14, 2010

Time : 3.00 p.m.

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

Payment of Dividend

The Board of Directors of the Corporation has recommended payment of dividend of Rs. 36 per equity share of Rs. 10 each, for the financial year ended March 31, 2010, for the approval of the shareholders at the AGM [Previous year Rs. 30 per equity share of Rs. 10 each].

Book Closure

Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Corporation will remain closed from Thursday, July 1, 2010 to Wednesday, July 14, 2010 (both days inclusive) for the purpose of payment of dividend for the financial year 2009-10.

The dividend of Rs. 36 per equity share of Rs. 10 each as recommended by the Board of Directors, if approved by the Members, will be dispatched / remitted commencing from the day after the AGM to those Members whose names appear in the Register of Members of the Corporation / the statements of beneficial ownership maintained by the Depositories, as at the close of business hours on Wednesday, June 30, 2010.

Financial Calendar for the Year 2010-11

The tentative schedule for holding meetings of the Audit Committee / Board of Directors of the Corporation and the 34th Annual General Meeting are as under:

Nature of meeting	Purpose	Probable date
Audit Committee / Board Meeting	To review and approve the un-audited financial results of the Corporation for the quarter ending June 30, 2010 subject to a limited review by the auditors of the Corporation.	July 14, 2010
Audit Committee / Board Meeting	To review and approve the un-audited financial results of the Corporation for the quarter/half-year ending September 30, 2010, subject to a limited review by the auditors of the Corporation.	By second week of October 2010

Nature of meeting	Purpose	Probable date
Audit Committee / Board Meeting	To review and approve the un-audited financial results of the Corporation for the quarter / nine months ending December 31, 2010, subject to a limited review by the auditors of the Corporation.	By third week of January 2011
Audit Committee / Board Meeting	To review issues relating to corporate governance.	During the last week of March 2011
Audit Committee / Board Meeting	To review and approve <i>inter alia</i> the audited financial results of the Corporation and the consolidated financial results for the year ending March 31, 2011 and recommend dividend, if any, for the financial year ending March 31, 2011.	During the first week of May 2011
Audit Committee / Board Meeting	To review and approve the un-audited financial results of the Corporation for the quarter ending June 30, 2011, subject to a limited review by the auditors of the Corporation.	By second week of July 2011
34 th Annual General Meeting	Adoption of annual accounts, declaration of dividend, if any, re-appointment of directors, re-appointment of statutory auditors, etc.	

In addition to the above, additional meetings of Board or Committee of Directors may be convened as and when deemed necessary.

Listing on Stock Exchanges

Equity Shares

The equity shares of the Corporation are listed on the following stock exchanges and are tradable on all other recognised stock exchanges in India:

Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Tel. Nos. : 022- 2272 1233/34 Fax Nos. : 022- 2272 1072/1919 Email : is@bseindia.com Website : www.bseindia.com	National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G. Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Tel. No. : 022-2659 8190 Fax No. : 022-2659 8191 Email : ignse@nse.co.in Website : www.nseindia.com
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Stock Exchange Codes:	Reuters Codes:	Bloomberg Codes:
BSE - 500010	BSE - HDFC.BO	BSE - HDFC
NSE - HDFC EQ	NSE - HDFC.NS	NSE - NHDFC

ISIN: INE001A01028

Foreign Currency Convertible Bonds (FCCB)

The Zero Coupon Foreign Currency Convertible Bonds due 2010 are listed on:

Singapore Exchange Securities Trading Limited (SGX-ST)

2, Shenton Way,
19-00 – SGX Centre 1, Singapore 068804.

Tel. No. : 0065-6236 8888

Fax No. : 0065-6535 6994

Website : www.sgx.com

Email : webmaster@sgx.com

ISIN : XS0228712856

The FCCBs can be converted into equity shares of Rs. 10 each of the Corporation up to the close of business hours on July 29, 2010 at the option of the FCCB holders, at Rs. 1,399 per equity share. If the FCCBs are not converted within the above-mentioned conversion period, the FCCB holders would have the right to redeem the outstanding FCCBs on September 27, 2010 at a YTM of 4.62% per annum.

Warrants

The Corporation on August 24, 2009 had issued and allotted 1,09,53,706 Warrants at an issue price of Rs. 275 per Warrant to domestic Qualified Institutional Buyers on a Qualified Institutions Placement basis, pursuant to and in accordance with Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000, with a right exercisable by the Warrant holder to exchange each Warrant with one equity share of Rs. 10 each of the Corporation, any time on or before August 24, 2012, at a Warrant Exercise Price of Rs. 3,000 per equity share of Rs. 10 each of the Corporation.

The issue price of Rs. 275 per Warrant is neither adjustable with the Warrant Exercise Price nor refundable by the Corporation. The Warrants are listed on the BSE and NSE. The ISIN number of the Warrant is INE001A13015.

Listing Fees

The listing fees have been paid to the BSE and NSE for the financial year 2010-11 and to SGX-ST for the year 2010.

Investor Services Department (ISD)

It is our endeavour to engage the best talent, adopt the best practices and make use of the best available resources for the benefit of our valued stakeholders.

HDFC's in-house ISD is registered with the Securities and Exchange Board of India (SEBI) as an in-house Share Transfer Agent – Category II and has connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISD has dedicated and well trained staff to cater to the needs of over 1,24,000 shareholders representing a market capitalisation of Rs. 78,014 crores and 2,921 debenture holders with a portfolio of Rs. 34,968 crores (figures as on March 31, 2010).

The ISD offers services pertaining to share transfers, transmissions, transposition, dematerialisation / rematerialisation of shares, issue of duplicate / re-validated dividend warrants, issue of duplicate / replaced / consolidated / split share certificates, change of address and bank account details, nomination facility and other

related matters apart from facilitating value added services like remitting dividend through Electronic Clearing Service (ECS), National Electronic Clearing Service (NECS), Direct Credit Service (DCS), Real Time Gross Settlement (RTGS) and issuing periodic reminders to shareholders to claim their unclaimed dividends and sub-divided share certificates.

Shareholders may contact the ISD for any of the aforesaid services. However, in case they hold shares in electronic form, they are requested to contact their Depository Participant(s) (DP).

Share Transfer System

The Board of Directors of the Corporation, in terms of Clause 49 IV (G) (iv) of the Listing Agreements, has constituted an Investors Services Committee (ISC) comprising the company secretary and other senior officers of the Secretarial Department to approve shares lodged for transfer, transmission, transposition, dematerialisation and rematerialisation, to approve the issue of split, replaced and consolidated share certificates and to review and recommend applications received for issuance of duplicate share certificates.

The Board of Directors has also constituted a Share Transfer Committee of Directors (STC) to ratify transfer, transmission, transposition, dematerialisation and rematerialisation of shares, issuance of split, replaced and consolidated share certificates as approved by the ISC and to approve the issuance of duplicate share certificates as recommended by the ISC, in accordance with the applicable provisions of the Companies Act, 1956 and the Companies (Issue of Share Certificates) Rules, 1960.

A statement of transactions approved / ratified by the STC is tabled at the subsequent meeting of the Board for its ratification / noting.

Service Standards

HDFC is committed to provide effective and prompt service to its investors. The ISC has been entrusted with the responsibility of ensuring that the investors of the Corporation are serviced in accordance with the standard operating procedures and within the service standards adopted by the Corporation. Listed below are the service standards adopted by the Corporation:

Nature of Service*	Mode of receipt of request	
	Through post	Over the counter
Transfer of shares	3 working days	20 minutes
Transmission of shares / Deletion of name	3 working days	20 minutes
Transposition of names	3 working days	20 minutes
Sub-division of share(s)	3 working days	20 minutes
Split / Replacement / Consolidation of share certificate(s)	3 working days	20 minutes
Issue of duplicate / re-validation of dividend warrant(s)	3 working days	20 minutes
Change of address / ECS / Bank details	3 working days	20 minutes
Dematerialisation of shares	8 working days	-
Rematerialisation of shares	8 working days	-
Issue of duplicate share certificate(s)	30 working days	-

* Subject to receipt of valid documents.

For availing any of the aforementioned services, investors may contact the ISD. The Corporation has designated an exclusive e-mail ID viz. *investorcare@hdfc.com* which would enable investors to post their grievance and monitor its redressal. Senior personnel have been entrusted with the task of monitoring the correspondence received by the ISD and ensuring its redressal within the aforesaid service standards.

A statement of services rendered within the said service standards is tabled at the meeting of the Investors' Grievance Committee of Directors, for its review and noting.

Investors' Grievances

During the year under review, the Corporation received 9,015 correspondence from shareholders and other persons regarding dematerialisation of shares, transfer of shares, change of address, bank account particulars, non-receipt of dividend warrants / annual reports / bonus shares etc.

During the year, the Corporation also received 903 e-mails addressed to the dedicated email address *investorcare@hdfc.com* enquiring status of dematerialisation of shares, dispatch of dividend warrants, annual reports, etc.

The details of investor complaints received and redressed by the Corporation during the last three financial years, are as under:

Received from	No. of complaints received			No. of complaints unresolved as on March 31, 2010
	2007-08	2008-09	2009-10	
Stock Exchanges and SEBI	6	13	6	Nil
NHB, RBI, MCA and others	2	1	5	Nil
Directly received from investors relating to:				
1. Non-receipt of share certificates	Nil	Nil	1	1
2. Non-receipt of sub-divided shares	1	Nil	Nil	Nil
3. Delay in dematerialisation of shares	Nil	Nil	Nil	Nil
4. Non-receipt of dividend warrants	Nil	Nil	Nil	Nil
5. Non-receipt of annual reports	Nil	Nil	Nil	Nil
6. Non-receipt of bonus shares	Nil	Nil	Nil	Nil
Total No. of complaints received	9	14	11	—
Total No. of complaints redressed	9	14	10	—

There was no investor complaint that was unresolved as on April 1, 2009. During the year, the Corporation received 11 investor complaints, of which 10 complaints were resolved and 1 investor complaint remained unresolved as at March 31, 2010, which has since been resolved.

The status of correspondence received and complaints redressed by the Corporation are tabled at the meetings of the Investors' Grievance Committee / Board, for their review and noting.

Legal Proceedings

Presently, the Corporation has been made a party in respect of suits filed by four shareholders relating to dispute over title to shares. The Corporation is not in agreement with the claims made by the concerned shareholders. The said cases are not material in nature.

As at March 31, 2010, there is no litigation against the Corporation or any of its managing / whole-time directors, for any of the alleged offences under the enactments specified in Part I of Schedule XIII to the Companies Act, 1956.

Secretarial Compliance

During the year under review, the Corporation has complied with the applicable provisions of the Companies Act, 1956 and the rules framed thereunder, SEBI Act, 1992, rules, regulations and guidelines issued thereunder and the Listing Agreements. In this connection, the Secretarial Compliance Certificate issued by Messrs N. L. Bhatia & Associates, Practising Company Secretaries is given elsewhere in the annual report.

Control of Corporation

The Corporation is neither owned nor controlled, directly or indirectly, by any person, entity or government and also does not owe allegiance to any promoter or promoter group. To the best of its knowledge and belief, the Corporation does not have any arrangement, the operation or consequence of which might directly or indirectly result in a change in its ownership, control or management.

Further, during the year under review, the Corporation did not receive any disclosure under Regulation 8 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Voting Rights

All the shares issued by the Corporation carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of 'One Member-One Vote'. If majority of shareholders raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded.

The fundamental voting principle in a company, in case voting takes place by a poll, is 'One Share-One Vote'. On a poll being taken, any decision arrived thereat is final, thus overruling any decision taken on a show of hands. No poll has been demanded at any general meeting of the shareholders of the Corporation. No business has been transacted through postal ballot.

Website

Information regarding the Corporation can also be accessed on its website, www.hdfc.com.

The 'Investors' section on the website of the Corporation contains an array of information including the performance of the Corporation, share ownership details, disclosures made to stock exchanges and answers to frequently asked questions (FAQs).

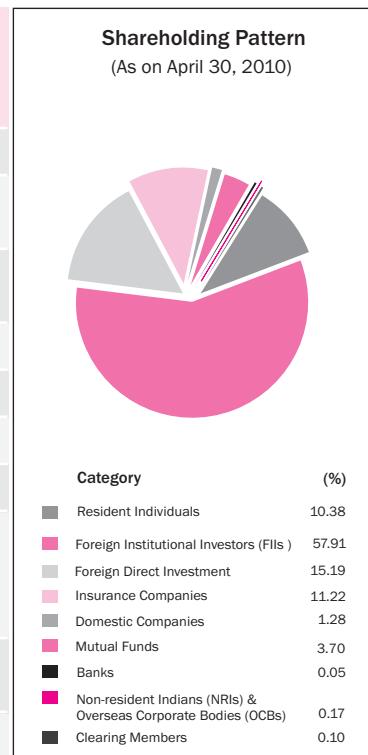
The 'Corporate Governance' section on the website of the Corporation contains the report on corporate governance for the financial year 2009-10, information regarding the financial calendar 2010-11, number of directorships held by the directors of the Corporation, details of the meetings of Board of Directors, Audit Committee and Investors' Grievance Committee held during the current financial year and the code of conduct which is applicable to all the directors and senior management of the Corporation.

Distribution of Shareholding

Details of shareholding based on category, holding and location as on April 30, 2010, are given below:

According to Category:

Category	No. of shareholders	Shares held in physical form	Shares held in dematerialised form	Total No. of shares held	% to capital
Resident Individuals	1,14,437	53,60,447	2,45,16,875	2,98,77,322	10.38%
Foreign Institutional Investors (FIIs)	822	—	16,67,61,673	16,67,61,673	57.91%
Foreign Direct Investment	14	6,09,327	4,31,21,012	4,37,30,339	15.19%
Insurance Companies	51	100	3,22,97,108	3,22,97,208	11.22%
Domestic Companies	1,841	1,25,937	35,65,917	36,91,854	1.28%
Mutual Funds	221	1,350	1,06,54,378	1,06,55,728	3.70%
Banks	42	2,580	1,32,951	1,35,531	0.05%
Non-Resident Indians (NRIs) & Overseas Corporate Bodies (OCBs)	1,999	6,050	4,99,007	5,05,057	0.17%
Clearing Members (in the depository)	193	—	2,82,321	2,82,321	0.10%
Total	1,19,620	61,05,791	28,18,31,242	28,79,37,033	100.00%



According to Holding:

No. of shares held	Physical form		Dematerialised form		Total		
	No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares	% to capital
Upto 100	5,425	3,71,313	62,308	18,16,714	67,733	21,88,027	0.76%
101 - 500	11,716	33,54,976	29,431	81,51,409	41,147	1,15,06,385	4.00%
501-1,000	1,447	10,04,635	4,878	35,09,632	6,325	45,14,267	1.57%
1,001-2,500	282	4,27,015	1,991	30,28,061	2,273	34,55,076	1.20%
2,501-5,000	31	1,07,945	641	22,92,565	672	24,00,510	0.83%
5,001-10,000	12	76,050	401	28,88,696	413	29,64,746	1.03%
10,001-50,000	9	1,54,530	557	1,23,46,815	566	1,25,01,345	4.34%
50,001-1,00,000	—	—	166	1,20,98,506	166	1,20,98,506	4.20%
1,00,001 and above	3	6,09,327	322	23,56,98,844	325	23,63,08,171	82.07%
Total	18,925	61,05,791	1,00,695	28,18,31,242	1,19,620	28,79,37,033	100.00%

According to Location:

City*	No. of shareholders	% to total shareholders	No. of shares held	% to capital
Mumbai	43,154	36.08%	26,60,50,837	92.40%
Pune	7,385	6.18%	19,71,144	0.69%
Delhi	5,957	4.98%	29,11,135	1.01%
Bengaluru	5,503	4.60%	21,39,046	0.74%
Ahmedabad	5,490	4.59%	13,07,299	0.45%
Chennai	5,063	4.23%	16,99,493	0.59%
Kolkata	4,203	3.51%	23,00,035	0.80%
Vadodara	3,496	2.92%	8,72,364	0.30%
Hyderabad	2,502	2.09%	5,58,515	0.19%
Surat	1,136	0.95%	1,91,217	0.07%
Other Cities	35,731	29.87%	79,35,948	2.76%
Total	1,19,620	100.00%	28,79,37,033	100.00%

* In case of FIIs, NRIs, OCBs & Foreign Investors who have invested under the FDI route, their address in India have been considered.

Major Shareholders

Details of shareholders holding more than 1% of the total issued and paid-up share capital of the Corporation (as on April 30, 2010) are given below:

Sr. No.	Name of the Shareholder	No. of shares held	% to capital
1	Citigroup Strategic Holdings Mauritius Limited	2,58,93,941	8.99%
2	CMP Asia Limited	1,54,00,000	5.35%
3	Europacific Growth Fund	1,30,03,933	4.52%
4	Citigroup Holdings Mauritius Limited	74,77,620	2.60%
5	Life Insurance Corporation of India	74,67,045	2.59%
6	Aberdeen Asset Managers Limited A/c Aberdeen International India Opportunities Fund (Mauritius) Limited	58,50,000	2.03%
7	The Growth Fund of America, Inc	44,80,000	1.56%
8	J. P. Morgan Asset Management (Europe) S.A.R.L. A/c J P Morgan Funds - Emerging Markets Equity Fund	44,56,153	1.55%
9	LIC of India Money Plus	35,33,976	1.23%
10	Carnegie Fund	32,53,700	1.13%
11	Merrill Lynch Capital Markets Espana S.A. S.V.	31,74,487	1.10%
12	J P Morgan Asset Management (Europe) S.A.R.L. A/c Flagship Indian Investment Company (Mauritius) Limited	31,60,115	1.10%
13	Oppenheimer Developing Markets Fund	30,71,817	1.07%
14	Abu Dhabi Investment Authority - Gulab	29,13,139	1.01%
15	Copthall Mauritius Investment Limited	29,11,338	1.01%

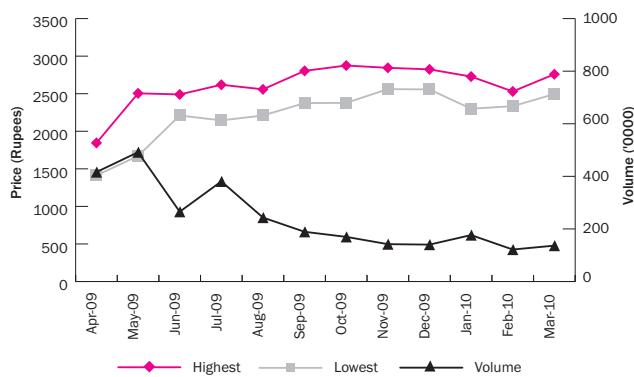
Stock Market Price Data

The monthly high and low price and the volume of shares traded on the BSE and NSE during the financial year 2009-10 are as under:

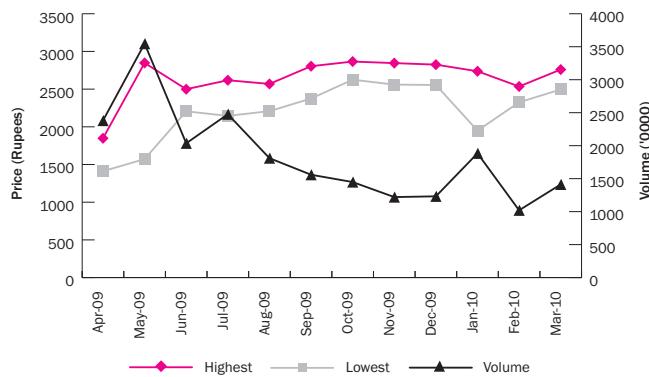
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)	No. of shares traded
April-09	1,845.00	1,412.20	41,62,614	1,847.90	1,411.00	2,38,04,153
May-09	2,505.00	1,671.10	49,19,131	2,847.40	1,572.05	3,54,62,035
June-09	2,490.00	2,210.00	26,53,939	2,499.00	2,205.55	2,03,57,517
July-09	2,619.00	2,145.00	38,07,603	2,618.10	2,144.90	2,47,67,153
August-09	2,558.00	2,210.00	24,32,480	2,568.80	2,207.85	1,81,05,175
September-09	2,803.90	2,375.00	18,90,802	2,804.00	2,375.00	1,55,92,601
October-09	2,875.00	2,378.00	16,97,993	2,865.70	2,625.30	1,44,84,490
November-09	2,844.50	2,561.00	14,20,812	2,845.10	2,559.95	1,22,04,642
December-09	2,823.90	2,557.00	14,03,609	2,824.90	2,555.00	1,23,20,637
January-10	2,728.00	2,300.00	17,65,990	2,737.00	1,949.65	1,88,38,091
February-10	2,530.00	2,334.00	12,16,547	2,535.00	2,325.00	1,02,02,384
March-10	2,758.90	2,495.00	13,64,780	2,759.50	2,495.45	1,41,25,148

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

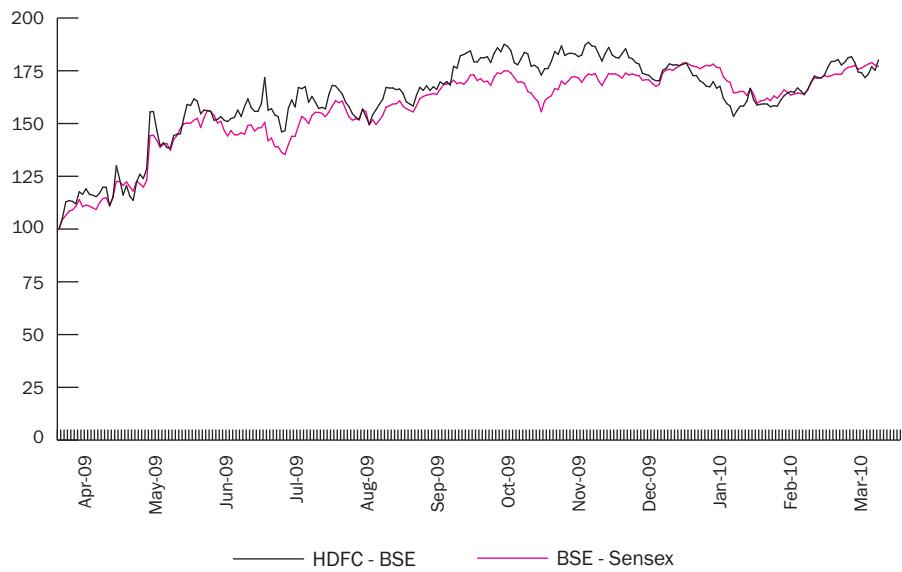
Share Price movement on the BSE during 2009-10



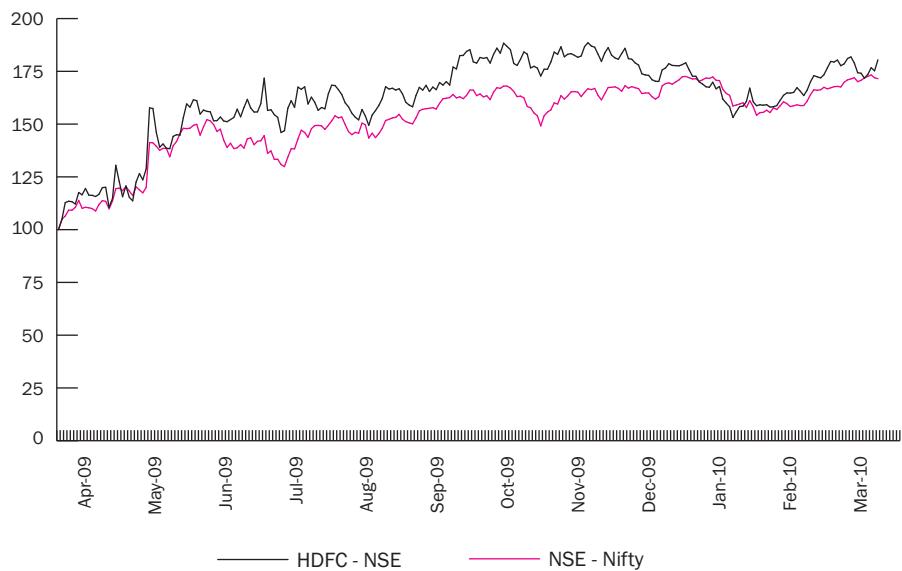
Share Price movement on the NSE during 2009-10



HDFC share price versus the BSE-Sensex
(Both rebased to 100)



HDFC share price versus the NSE-Nifty
(Both rebased to 100)



Capital Appreciation

The following table shows the opening price of HDFC equity share as quoted on the BSE, on the first trading day of every financial year since 2000 (adjusted to the issue of bonus shares in December 2002, in the ratio of 1:1) and BSE-Sensex and NSE-Nifty on the said dates.

Date	HDFC Share Price on BSE (Rs.)	% of appreciation	BSE – Sensex	% of appreciation	NSE – Nifty	% of appreciation
April 3, 2000	205.95	1,227.99	5,070.50	246.22	1,528.70	243.38
April 2, 2001	266.50	926.27	3,491.41	402.81	1,148.10	357.21
April 1, 2002	342.50	698.54	3,482.94	404.03	1,129.85	364.59
April 1, 2003	330.50	727.53	3,037.54	477.94	977.40	437.06
April 1, 2004	645.00	324.03	5,599.12	213.53	1,771.45	196.32
April 1, 2005	746.30	266.47	6,506.60	169.80	2,035.90	157.83
April 3, 2006	1,340.00	104.10	11,342.96	54.77	3,403.15	54.25
April 2, 2007	1,480.00	84.80	12,811.93	37.02	3,820.00	37.41
April 1, 2008	2,410.00	13.49	15,771.72	11.31	4,735.65	10.84
April 1, 2009	1,425.00	91.93	9,745.77	80.13	3,023.85	73.59
April 1, 2010	2,735.00		17,555.04		5,249.20	

From the above table it can be deduced that:

- Price of HDFC share has appreciated by 1,227.99%, compared to appreciation of 246.22% in BSE – Sensex and 243.38% in NSE – Nifty;
- An investment of Rs. 2059.50 made on April 3, 2000 in 10 equity shares of Rs. 10 each of HDFC has appreciated to Rs. 54,700.00 on April 1, 2010 (20 equity shares of Rs. 10 each). Further, the investor has earned Rs. 3,225.00 by way of dividend on the said investment.

Equity History

Particulars	No. of shares issued (of Rs. 10 each)	Year / Date
Initial Issue	1,00,00,000	1978
Public cum Rights Issue	1,00,00,000	1987
Public cum Rights Issue	2,50,00,000	1990
Rights Issue of Fully Convertible Debentures	4,72,50,000	1992
Private Placement to Financial Institutions	90,00,000	1993
Private Placement to Foreign Investors	1,78,64,000	1995
Allotment under ESOS	28,46,713	Between March 2001 and November 2002
Bonus Issue (1:1)	12,19,60,713	December 30, 2002
Allotment under ESOS	26,95,695	Between January 2003 and March 2004
Allotment under ESOS	25,03,611	During Financial Year 2004-05
Allotment under ESOS	4,43,201	During Financial Year 2005-06
Allotment under ESOS	34,42,674	During Financial Year 2006-07
Allotment on a preferential basis	1,52,50,000	July 11, 2007 - CMP Asia Limited
Allotment on a preferential basis	27,50,000	July 24, 2007 - Citigroup Strategic Holdings Mauritius Limited

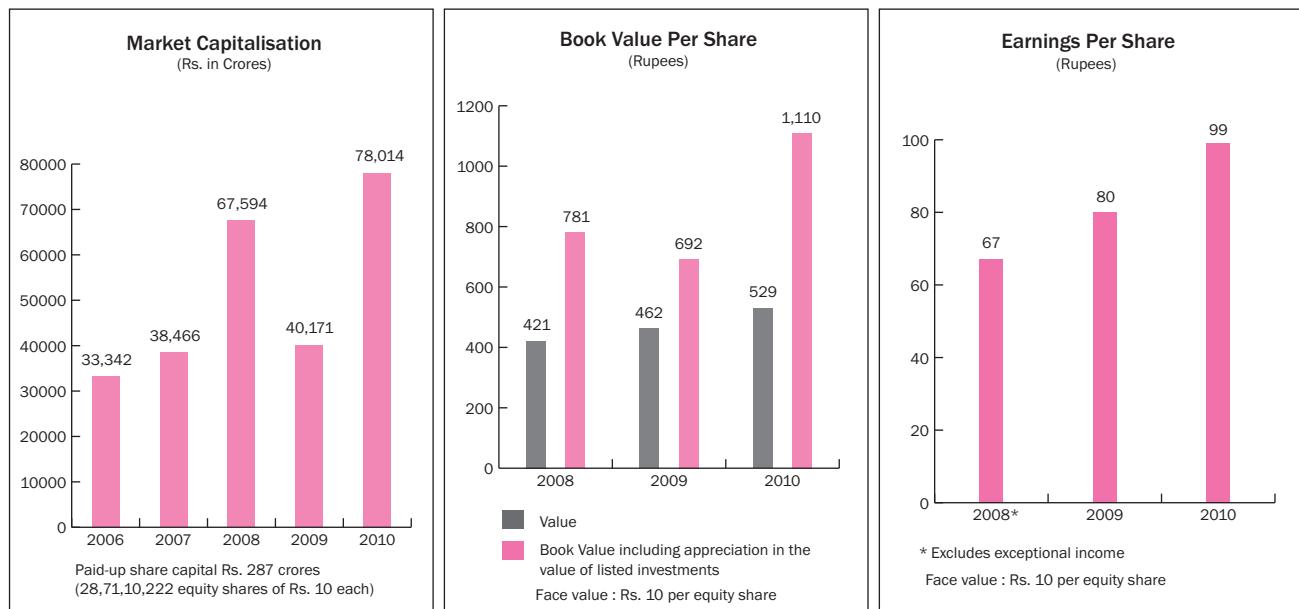
Particulars	No. of shares issued (of Rs. 10 each)	Year / Date
Allotment under ESOS	10,97,968	During Financial Year 2007-08
Allotment pursuant to Conversion of FCCB	1,19,33,410	During Financial Year 2007-08
Allotment under ESOS	1,81,570	During Financial Year 2008-09
Allotment pursuant to Conversion of FCCB	2,34,355	During Financial Year 2008-09
Allotment under ESOS	20,31,366	During Financial Year 2009-10
Allotment pursuant to Conversion of FCCB	6,24,946	During Financial Year 2009-10
Total (as on March 31, 2010)	28,71,10,222	
Allotment under ESOS	30,000	During April 2010
Allotment pursuant to Conversion of FCCB	7,96,811	During April 2010
Total (as on April 30, 2010)	28,79,37,033	

Note: The face value of the equity shares of the Corporation was sub-divided from Rs. 100 to Rs. 10, with effect from August 25, 1999.

Details of the Warrant Holders

Details of Warrant holders of the Corporation based on category as on April 30, 2010, are given below:

Category	No. of Warrant holders	Total No. of Warrants held	% to total Warrants
Resident Individuals	736	13,94,882	12.74%
Foreign Institutional Investors (FIIs)	9	11,82,150	10.79%
Insurance Companies	—	—	—
Domestic Companies	89	26,92,758	24.58%
Mutual Funds	22	55,72,136	50.87%
Banks	—	—	—
Non-Resident Indians (NRIs)	20	39,220	0.36%
Clearing Members (in the depository)	35	72,560	0.66%
Total	911	1,09,53,706	100.00%



Dematerialisation of Shares and Liquidity

The equity share of the Corporation is in the list of scrips specified by SEBI to be compulsorily traded in the dematerialised form. As on April 30, 2010, 97.88% of the total issued and paid-up equity share capital of the Corporation is held by 1,00,695 shareholders in dematerialised form and the balance 2.12% is held by 18,925 shareholders in physical form.

The entire share capital of the Corporation is freely tradable on all the recognised stock exchanges in India.

OTHER IMPORTANT INFORMATION

National Electronic Clearing Service (NECS)

The Reserve Bank of India (RBI) vide its circular 376-DPSS. (CO) EPPD. No. 191-04.01.01-2009-2010 dated July 29, 2009 has instructed banks to move to the National Electronic Clearing Services (NECS) platform w.e.f. October 1, 2009.

In light of the above, shareholders are requested to furnish to the ISD, the new bank account number, if any, allotted to them, by their Bank after it has implemented the Core Banking Solutions (CBS) together with name of the Bank, Branch, 9 digit MICR Bank / Branch code, account type by quoting their folio number and a photocopy of a cheque pertaining to their bank account, so that the dividends can be credited to the said bank account.

Those shareholders holding shares in demat form are requested to provide the said details to their DP.

Please note that, in case the shareholders do not provide the said details as aforesaid, credit of dividends through NECS to their old bank account number may be rejected or returned by the banking system. However, in such cases, the Corporation would issue physical dividend warrants to the concerned shareholders post such rejection.

After credit of dividend, a confirmation will be sent to the concerned shareholders.

Particulars of Bank Account

Shareholders holding shares in physical form are requested to furnish their bank account details to the ISD for updating the records and incorporating the same on the dividend warrants, to prevent its fraudulent encashment.

Shareholders holding shares in electronic form are requested to furnish the said details to their DP.

Direct Credit System (DCS)

Under DCS, the dividend amount in respect of shareholders maintaining bank account with HDFC Bank Limited will be credited directly to their respective bank accounts.

After credit of dividend, a confirmation will be sent to the concerned shareholders.

Unclaimed Dividend

Dividends not encashed or claimed, within seven years from the date of its transfer to the unpaid dividend account, will, in terms of the provisions of Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF) established by the Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Corporation or the said Fund after the said transfer.

During the year, the Corporation dispatched the duplicate dividend warrants to the bank of the concerned shareholders where details of their bank account are available, credited the unclaimed dividend amount directly to the bank account of the concerned shareholders and requested the concerned shareholders to submit a letter of undertaking to facilitate issue of duplicate dividend warrant(s). The said initiatives were taken to reduce the quantum of unclaimed dividend amount.

In addition to the above, the Corporation has sent the annual reminder to the concerned shareholders requesting them to claim their dividend(s) before it is due for transfer to the IEPF. The details of the unclaimed dividend and the last date for claiming the same prior to its transfer to the IEPF, are as under:

Financial Year	No. of shareholders who have not claimed their dividend	Unclaimed dividend as on March 31, 2010 (Rs.)	Unclaimed dividend as % to total dividend	Date of declaration	Last date for claiming the dividend prior to its transfer to the IEPF
2002-03	1,631	37,62,961	0.14	July 18, 2003	August 23, 2010
2003-04	1,884	53,53,102	0.16	July 19, 2004	August 24, 2011
2004-05	1,983	74,82,771	0.18	July 15, 2005	August 22, 2012
2005-06	2,212	94,22,800	0.19	July 18, 2006	August 24, 2013
2006-07	2,460	1,16,75,224	0.21	June 27, 2007	August 04, 2014
2007-08	2,047	1,56,83,025	0.22	July 16, 2008	August 22, 2015
2008-09	2,080	2,18,14,920	0.26	July 22, 2009	August 28, 2016

As per the provisions of Section 205C of the Companies Act, 1956, unclaimed dividend amounting to Rs. 35,41,587 for the financial year 2001-02 was transferred to the IEPF on September 23, 2009. Further, the unclaimed dividend in respect of the financial year 2002-03 must be claimed by August 23, 2010, as it is due for transfer to the IEPF within a period of 30 days from the said date. In terms of said section, no claim would lie against the Corporation or the IEPF after the said transfer.

Nomination Facility

Every shareholder in a company may at any time, nominate in the prescribed manner, a person to whom his shares in the company shall vest in the event of his death. Individual shareholders holding shares either singly or jointly can make a nomination. If the shares are held jointly, all the shareholders may jointly nominate any individual person as their nominee. Nomination stands automatically rescinded on transfer / dematerialisation of the shares.

Shareholders holding shares in single name are advised to nominate any individual by submitting the prescribed nomination form i.e. Form 2B, in duplicate, to the ISD. Shareholders holding shares in demat form are requested

to contact their DP. The prescribed nomination form can be downloaded from the ‘Investors’ section on the website of the Corporation or shareholders may contact the ISD.

Issue of Duplicate Dividend Warrants

A duplicate dividend warrant can be issued only after the expiry of the validity period of the original warrant. In case the original warrant is not submitted to the Corporation, a duplicate warrant may be issued after the concerned shareholder(s) submits a letter of undertaking to the Corporation in the prescribed format and subject to verification of the signature(s).

Sub-Division

The Corporation had sub-divided the face value of its equity shares from Rs. 100 each to Rs. 10 each, with effect from August 25, 1999. As on date, few shareholders have not yet surrendered their old share certificate(s) [Face value - Rs. 100 each] for exchange with the sub-divided share certificate(s) [Face value - Rs. 10 each].

As part of its ongoing investor service initiatives, the Corporation has written to the said shareholders to contact the ISD to facilitate such exchange. The sub-divided share certificate(s) will be exchanged on receipt of an application duly signed by all the shareholder(s) alongwith the old share certificate(s), subject to verification of the signature(s).

The Board of Directors of the Corporation at its meeting held on May 3, 2010, approved the proposal to sub-divide the nominal face value of the equity shares of the Corporation from Rs. 10 per equity share to Rs. 2 per equity share, subject to the approval of the Members at the 33rd Annual General Meeting (AGM) and receipt of requisite approvals.

Folio Consolidation

Shareholders holding shares under more than one folio may write to the ISD to consolidate their folios. In case of joint holdings even if the order of names are different, shareholders can have them transposed without payment of stamp duty by sending a letter duly signed by all the shareholders. Share certificates in respect of shares held under a single folio, can also be consolidated into one certificate, which will facilitate safekeeping and save cost at the time of dematerialisation. The above would be subject to verification of the signature(s) of the concerned shareholders.

If you need any assistance, please walk in or call any of our offices to experience the warmth, courtesy and professionalism of HDFC.

REGISTERED OFFICE: Mumbai 400 020. Tel: 66316000, 22820282

BRANCH OFFICES:

AGRA Tel: 2526769/70. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm) **AHMEDABAD (Navrangpura)** Tel: 66307000. **AHMEDABAD (Maninagar)** Tel: 64501855. (Working Days & Hours: Mon to Fri; 10.30 am to 5.30 pm & Sat; 10.30 am to 2.00 pm) **AHMEDABAD (Satellite)** Tel: 64501864. (Working Days & Hours: Mon to Fri; 10.30 am to 5.30 pm & Sat; 10.30 am to 2.00 pm) **AHMEDNAGAR** Tel: 2320818/9. (Working Days & Hours: Mon to Friday 9.30 am to 5.15 pm and Saturday 9.30 am to 1 pm) **AJMER** Tel: 2624994/2433392. **AKOLA** Tel: 2442454, 2430244. **ALWAR** Tel: 2702739. **ALLAHABAD** Tel: 2260325. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm, Sat; 9.30 am to 1.30 pm) **AMBALA** Tel: 0171-2630880, 2630711. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm) **AMRAVATI** Tel: 2666009/987. **AMRITSAR** Tel: 5010512, 2500851. **ANAND** Tel: 255514/7. **ANKLESHWAR** Tel: 227771/2. (Working Days & Hours: Mon to Fri; 11 am to 7 pm) **AURANGABAD (Jalna Road)** Tel: 6616510, 2358500. **BAREILLY** Tel: 2477496. **BEAWAR** Tel: 251691, 513888, 513788. **BENGALURU (Kasturba Road)** Tel: 41183000, 41183232. **BENGALURU (Basaveswaranagar)** Tel: 23584222. (Working Days & Hours: Mon to Fri; 10.15 am to 5.30 pm & Sat: 10.15 am to 1.30 pm) **BENGALURU (Electronic City)** Tel: 9900950600. (Working Days & Hours: Mon to Fri; 10.00 am to 5.15 pm & Sat 10.00 am to 1.00 pm) **BENGALURU (Jayanagar)** Tel: 26544471. (Working Days & Hours: Mon to Fri; 10 am to 6 pm; Sat: 10 am to 1 pm) **BENGALURU (Koramangala)** Tel: 41101621. (Working Days & Hours: Mon to Fri; 10.15 am to 5.30 pm & Sat; 10.15 am to 1 pm) **BENGALURU (Marathahalli)** Tel: 25226022/33. (Working Days & Hours: Mon to Fri; 10.15 am to 5.30 pm & Sat 10.15 am to 1.00 pm) **BENGALURU (Sahakaranagar)** Tel: 23626361/62. (Working Days & Hours: Mon to Fri; 10.15 am to 5.30 pm & Sat 10.15 am to 1.00 pm) **BHARUCH** Tel: 238444, 238555. **BHATINDA** Tel: 501 2218-19. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm & Sat: 10 am to 1 pm) **BHILAI** Tel: 4040840/1. (Working Days & Hours: Mon, Tue & Fri; 9.30 am to 5.15 pm) **BHILWARA** Tel: 232902. **BHIWADI** Tel: 512739, 512849. **BHOPAL (MP Nagar)** Tel: 4277772, 4273330. **BHOPAL (Kamla Bhawan)** Tel: 4229990. (Working Days & Hours: Mon to Fri; 12 noon to 6 pm) **BHUBANESWAR** Tel: 2395060. **BIKANER** Tel: 5130716, 6450909. **BILASPUR** Tel: 400707, 400210. **BULDHANA** Tel: 246301/2. **CALICUT** Tel: 2367656/7. **CHANDIGARH** Tel: 3989123, 3011300. **CHANDRAPUR** Tel: 271563-5. **CHENNAI (Anna Salai)** Tel: 28599300. **CHENNAI (Adyar)** Tel: 23452000, 23452001, 23452002. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat. 10 am to 2 pm) **CHENNAI (Anna Nagar)** Tel: 23451998/9. (Working Days & Hours: Mon to Fri; 11am to 7pm & Sat; 10am to 2 pm) **CHENNAI (Kodambakkam)** Tel: 24815656, 24815005. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat. 10 am to 2 pm) **CHENNAI (OMR)** Tel: 23454004/4003. (Working Days & Hours: Mon to Fri; 9.30am to 5.15pm & Sat; 10am to 1 pm) **CHENNAI (Tambaram)** Tel: 23454001-05. (Working Days & Hours: Mon to Fri; 11am to 7pm & Sat; 10am to 2 pm) **CHENNAI (Velacherry)** Tel: 22435571/5615. (Working Days & Hours: Mon to Fri; 11am to 7pm & Sat; 10am to 2 pm) **CHIPLUN** Tel: 250035/6. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm) **COIMBATORE (Kamaraj Road)** Tel: 4301100. **COIMBATORE (NSR Road)** Tel: 4399881/2. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat 10 am to 2 pm) **CUTTACK** Tel: 2332061, 2332093. **DEHRADUN (Rajpur Road)** Tel: 3296500, 2742219/31. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 9.30 am to 1.30 pm) **DEHRADUN (Vasant Vihar Road)** Tel: 0135-320 5150. **DEWAS** Tel: 254550, 404285. (Working Days & Hours: Mon to Thu; 9.30 am to 5.15 pm) **DHULE** Tel: 273500. **DURGAPUR** Tel: 2549778. **ERODE** Tel: 2240928/29. **FARIDABAD** Tel: 0129-2226912/6. (Working Days & Hours: Mon; 11 am to 2 pm & Tue to Sat; 11 am to 7 pm) **GANDHIDHAM** Tel: 228704 / 5. (Working Days & Hours: Monday to Friday - 10.30 am to 6.15 pm & Saturday - 11.00 am to 1.15 pm) **GAZIABAD (Lohia Nagar)** Tel: 2721446, 2723116. (Working Days & Hours: Mon; 11 am to 2 pm; Tue to Sat ; 11 am to 7 pm) **GAZIABAD (Vaishali)** Tel: 4233253-54. **GOA** Telefax: 0832-2421186. (Working Days & Hours: Mon to Fri; 10.30 am to 6 pm & Sat; 10.30 am to 2 pm) **GORAKHPUR** Tel: 551- 3248100 . (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm, Sat; 9.30 am to 1.30 pm) **GULBARGA** Tel: 241966. (Working Days & Hours: Mon to Fri; 10.45 am to 6 pm, Sat; 10.45 am to 2 pm) **GUNTUR** Tel: 2217538/2268628. (Working Days & Hours: Tues. to Sat.; 11.00 am to 7.00 pm) **GURGAON (Mehrauli - Gurgaon Road)** Tel: 4061772-3, 4060961. (Working Days & Hours: Mon to Fri; 11 am to 7 pm; Sat; 11 am to 2 pm) **GURGAON (Sector 14)** Tel: 2223940 / 41. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm; Sat; 10 am to 1 pm) **GUWAHATI** Tel: 2666000, 2666915 / 795. **GWALIOR** Tel: 4011970/1/3. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm, Sat; 10 am to 1 pm) **HALDWANI** Tel: 311000. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 9.30 am to 1.30 pm) **HARIDWAR** Tel: 324100, 265325. (Working Days & Hours: Mon to Fri; 10 am to 5.45 pm & Sat; 10 am to 2 pm) **HISAR** Tel : 01662-313106 (Working Days & Hours: Mon to Fri; 10 am to 5.30 pm; Sat; 10 am to 2 pm) **HOSUR** Tel: 244888/247444. (Working Days & Hours: Mon to Fri; 10 am to 5.15 pm; Sat; 10 am to 1 pm) **HUBLI** Tel: 2356345. (Working Days & Hours: Mon to Fri; 10.30 am to 6 pm & Sat; 10.30 am to 2 pm) **HYDERABAD (Basheer Bagh)** Tel: 66475001 (10 lines). **HYDERABAD**

(Dilsukhnagar) Tel: 040-24540845/47. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **HYDERABAD (Gachibowli)** Tel: 23006347, 23006348. (Working Days & Hours: Tuesday To Saturday 11.00 am To 7.00 pm) **HYDERABAD (Kukatpally)** Tel: 040-23155944. (Working Days & Hours: Mon to Sat; 11 am to 7 pm) **HYDERABAD (Panjagutta)** Tel: 23414855/6. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **INDORE (M G Road)** Tel: 040-27014041, 27006950. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **INDORE (Vijaya Nagar)** Tel: 4026442, 4026789. (Working Days & Hours: Mon to Fri; 3 pm to 7 pm) **INDORE (Prabhu Nagar)** Tel: 4028222. (Working Days & Hours: Mon to Fri; 3 pm to 7 pm) **JABALPUR** Tel: 4065771/7. **JAIPUR (Ashok Marg)** Tel: 5150888, 2377171-3. **JAIPUR (Mansarovar)** Tel: 2781981, 2780989. (Working Days & Hours: Mon to Fri: 9.30 am to 5.30 pm) **JAIPUR (Vaishali Nagar)** Tel: 5110410, 5110411. (Working Days & Hours: Mon to Fri: 9.30 am to 5.30 pm) **JALANDHAR** Tel: 2225633/4. **JALGAON** Tel: 2220762, 2232015. **JAMMU** Tel: 2477707, 2477708, 2477709 (Working Days & Hours: Mon to Fri: 9.30 am to 5.15 pm & Sat: 10 am to 1 pm) **JAMNAGAR** Tel: 2664212 / 13 / 14. (Working Days & Hours: Mon to Fri: 10.00 am to 6.00 pm & Sat: 10 am to 1 pm) **JAMSHEDPUR** Tel: 2424518, 6458733. **JHANSI** Tel: 3290532. **JODHPUR** Tel: 2644448/9. **KANHANGAD** Tel: 2200 599/699. **KANNUR** Tel: 2765850. **KANPUR** Tel: 3259998, 2306744. **KARNAL** Tel. : 645 1231-32 (Working Days & Hours: Mon to Fri: 9.30 am to 5.30 pm & Sat: 10 am to 1 pm) **KOCHI (M. G. Road)** Tel: 3011200. **KOCHI (Aluva)** Tel: 2629575, 4456999. **KOCHI (Kakkanad)** Tel: 2415555, 6493030. **KOCHI (Palarivattom)** Tel: 2346684/5. (Working Days & Hours: Tue to Sat: 11 am to 7 pm) **KOLhapur** Tel: 2664034/5. (Working Days & Hours: Mon to Friday 9.30 am to 5.15 pm and Saturday 9.30 am to 1 pm) **KOLKATA (Jeevandeep)** Tel: 23215060, 23018300, 22886256, 22884645. **KOLKATA (Behala)** Tel: 24468392. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **KOLKATA (Cooke and Kelvey)** Tel: 22481308, 22481327. **KOLKATA (Garia)** Tel: 24351082, 24357011. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **KOLKATA (Salt Lake City)** Tel: 23215949, 23217009. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **KOLLAM** Tel: 3255000, 2762551/2. **KOTA** Tel: 6450909, 5130888. **KOTTAYAM** Tel: 2304985, 2566136. **LUCKNOW (Ashok Marg)** Tel: 3989123. **LUCKNOW (Aliganji)** Telefax: 0522-2745249. **LUCKNOW (Gomti Nagar)** Tel.: 2303770 **LUDHIANA** Tel: 2429856,5025184, 6543210. **MADURAI** Tel: 2350715/6 (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 2 pm) **MALAPPURAM** Tel: 2738873/4. **MANGALORE** Tel: 2445220/2425948. (Working Days & Hours: Mon to Fri; 10.45 am to 6 pm & Sat; 10.45 am to 2.45 pm) **MEERUT** Tel: 2768172/3. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **MOGA** Tel: 238100/01. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm) **MOHALI** Tel: 0172-2220116, 2220130, 2225774. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **MUMBAI (Churchgate)** Tel: 66316000, 22820282. **MUMBAI [Churchgate (Deposits)]** Tel: 67546060 **MUMBAI (Andheri East)** * Tel: 26830048/49/50. **MUMBAI (Andheri West)** Tel: 26733981-3. (Working Days & Hours: Mon & Wed to Sat; 12 noon to 8 pm) **MUMBAI (Andheri-Kurla Road)** Tel: 28304251-3. (Working Days & Hours: Mon & Wed to Sat; 12 noon to 8 pm) **MUMBAI (Borivali - Ramdas Sutrale Marg)** * Tel: 2893 7152/55, 28907153 **Mumbai [Borivali - L T Road (Deposits)]** Tel : 28937000, 28937001 (Working Days : Mon to Fri Timings: 9.30 am to 5.15 pm) **MUMBAI (Chembur)** * Tel: 25291188/8838. **Mumbai [Dadar (Investor Services Dept.)]** Tel: 24146267/68 **MUMBAI [Ghatkopar (Deposits)]** Tel: 25011284 **Mumbai (Goregaon)** Tel: 67546111. **MUMBAI (Lower Parel)** Tel: 6620 0000 (Working Days & Hours : Mon to Fri 11 am to 7 pm) **MUMBAI (Malad)** * Tel: 28446307-9. **MUMBAI (Mulund)** * Tel: 25655633/733. **MUMBAI (Parel - Recoveries Dept.)** Tel: 66113000. **MUMBAI (Vikhroli)** Tel: 25186624/25/26 (Working Days & Hours : Mon & Wed to Sat 11.00 am To 7.00 pm) **MUMBAI (Virar)** Tel: 2511654-6. (Working Days & Hours: Tue to Sat; 12.30 pm to 8.30 pm) **AMBARNATH** * Tel: 2603168/9. **DOMBIVLI** * Tel: 2861473/74. **KALYAN** * Tel: 2201580/3. **THANE (Gokhale Road)** * Tel: 25451114-6. **THANE (Vikas Complex)** Tel: 25471568/70. (Working Days & Hours: Mon & Wed to Sat; 12.30 pm to 8.30 pm) **VASHI (Navi Mumbai)** Tel: 65165201-4. **KOPARKHAIRANE (Navi Mumbai)** Tel: 27550615-18. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **SEAWOODS (Navi Mumbai)** * Tel: 27718787, 27718789. **NEW PANVEL** * Tel: 65166242/3/4. **MUVATTUPUZHA** Tel: 0485 2833533. **mysore** Tel: 2433770. (Working Days & Hours: Mon to Fri; 10.45 am to 6 pm & Sat 10.45 am to 2.45 pm) **NAGERCOIL** Tel: 325500, 237192/93, 227044. (Working Days & Hours: Mon to Fri; 11 am to 7 pm). **NAGPUR (Civil Line)** Tel: 2566000, 2527888, 2522123. **NAGPUR (Butibori)** Tel:07103-202630 **NAGPUR (Kadbi Chowk)** Tel: 2542918. (Working Days & Hours: Tue to Sat ; 11 am to 7 pm & Sun 11 am to 2 pm). **NAGPUR (Khamla Ring Road)** Tel: 2289220. (Working Days & Hours: Tue to Sat ; 11 am to 7 pm & Sun 11 am to 2 pm). **NASHIK (Sharanpur Link Road)** Tel: 6606000. **NASHIK (Indira Nagar)** Tel: 2325301, 2325310. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **NASHIK (Panchavati)** Tel: 2621953/4. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **NASHIK ROAD** Tel: 2467994/5. (Working Days & Hours: Tue to Sat; 11.30 am to 7.15 pm) **NELLORE** Tel: 2302347. (Working Days & Hours: Tues. to Sat.; 11 am to 7 pm) **NEW DELHI (Munirka)** Tel: 41115111. (Working Days & Hours: Mon to Fri ; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **NEW DELHI (Dwarka)** Tel: 45572405, 45572406. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **NEW DELHI (Lodhi Road)** Tel: 24643755, 24601574. (Working Days & Hours: Mon to Fri ; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **NEW DELHI (Rohini)** Tel: 47528415/16/18, 9810718624. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm) **NEW DELHI (Vikas Puri)** Tel: 28540989/90. **NOIDA** Tel: 4351299/302/303/304. (Working Days & Hours: Mon; 11 am to 2 pm & Tue to Sat; 11 am to 7 pm) **PALAKKAD** Tel: 2536481/2. **PANCHKULA** Tel: 0172-2556464/26. (Working Days & Hours: Mon; 11 am to 2 pm & Tue to Sat; 11 am to 7 pm)

Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **PATIALA** Tel: 2209273, 5002786. **PATHANAMTHITTA** Tel: 2271372. **PATNA** Tel: 2320378. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm). **PITHAMPUR** Tel: 252127, 400964. (Working Days & Hours: Mon to Thu; 9.30 am to 5.15 pm) **PUDUCHERRY** Tel: 2205421. **PUNE (University Road)** Tel: 25505000. **PUNE (Baner)** Tel: 27292969/70. **PUNE (Camp)** Tel: 26351738, 26348602. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm) **PUNE (Chinchwad)** Tel: 27371736, 27370219. **PUNE (Hadapsar - Magarpatta City)** Tel: 26898395, 26898412. (Working Days & Hours: Mon to Friday 9.30 am to 5.15 pm and Saturday 9.30 am to 1 pm) **PUNE (Kothrud)** Tel: 25453592/3. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm). **PUNE (Nagar Road)** Tel: 26685258, 26699149. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm) **Rajahmundry** Tel: 2461200. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **RAIPUR** Tel: 4092585/6, 2520091. **RAJKOT** Tel: 2472337/8. (Working Days & Hours: Mon to Fri; 10 am to 6.15 pm) **RANCHI** Tel: 2331055. **RATLAM** Tel: 406666. **ROPAR** Tel: 224986, 226986. **SALEM** Tel: 2314486/7. **SANGLI** Tel: 2329892/3. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm) **SATARA** Tel: 226400, 227901. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm) **SILIGURI** Tel: 2640716. **SIMLA** Tel: 2622211. **SOLAPUR** Tel: 2316804/5 (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1 pm). **SURAT (Majura Gate)** Tel: 2479371, 2475954. **SURAT (Adajan)** Tel: 2772258/59. (Working Days & Hours: Tue to Fri; 11 am to 7 pm & Sat 10 am to 6 pm). **SURAT (City Light)** Tel: 2213201/2. **THIRUVANANTHAPURAM (Vazhuthacaud)** Tel: 3255000, 2325731. **THIRUVANANTHAPURAM (Technopark)** Tel: 2700701. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat 10 am to 2 pm). **THRISSUR** Tel: 2442565/6. **TIRUCHIRAPALLI** Tel: 2412744, 2414744. **TIRUNELVELI** Tel: 0462-3255000, 2577822/833. (Working Days & Hours: Tue to Sat; 11 am to 7 pm) **TIRUPPUR** Tel: 4242901-2 (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Saturday 9.30 am to 1.30 pm) **TUTICORIN** Tel: 3255000, 2300707/807. (Working Days & Hours: Mon to Fri; 11 am to 7 pm) **UDAIPUR** Tel: 2561060/1. **UJJAIN** Tel: 4010222, (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm) **VADODARA (Race Course)** Tel: 2308400, 2356397, 2320240. **VADODARA (Waghodia Road)** Tel: 2514164, 2512364. (Working Days & Hours: Mon to Fri; 11 am to 7 pm) **VAPI** Tel: 2462573/93. **VARANASI**. Tel: 2420485/86. **VIJAYAWADA** Tel: 2483262. (Working Days & Hours: Tue. to Sat.; 11 am to 7 pm) **VISAKHAPATNAM** Tel: 2552876. (Working Days & Hours: Tue to Sat; 10.30 am to 7 pm) **WASHIM** Tel: 231302/03. **YAMUNA NAGAR** Tel: 01732-320547. **YAVATMAL** Tel: 239941.

(Normal working days & Hours: Monday to Friday;
9.30 am to 5.15 pm, except mentioned otherwise)

* Working Days & Hours: Tuesday to Saturday, 12 noon to 8 pm.

(Ambarnath, Kalyan, Thane, Vashi, Koparkhairane, Seawoods
and New Panvel are listed under Mumbai).

(As of May 2010.)

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