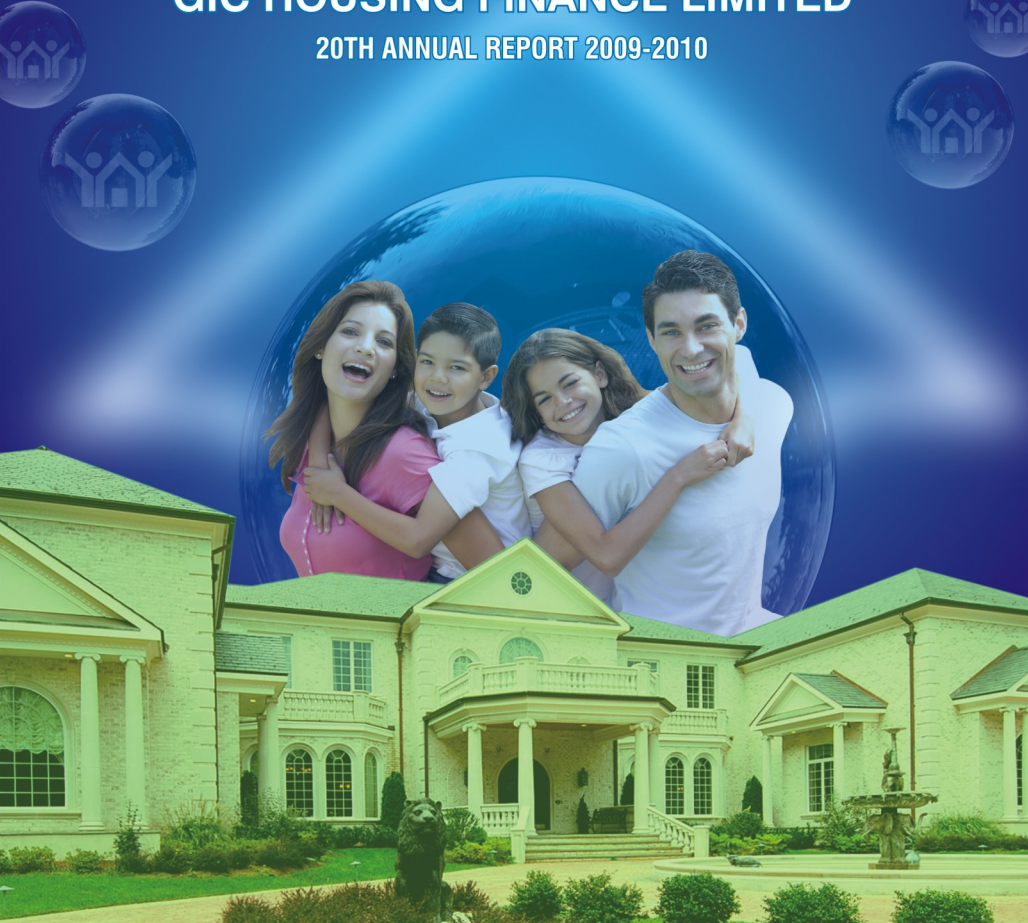




गृहे सौख्यम् विराजते

GIC HOUSING FINANCE LIMITED

20TH ANNUAL REPORT 2009-2010



**NURTURING THE GROWTH OF TRUST
WITH EVERY RELATIONSHIPS**



Shri. Yogesh Lohiya, Chairman - Addressing Shareholders - Shri. M. K. Tandon, Chairman of Audit Committee at 19th Annual General Meeting held on 29th July, 2009.



Shri. M. Sivaraman - Managing Director - Inaugurating Nashik Branch on 10th December 2009.



Participants of Induction Training Programme 2009 with Managing Director and other officials.

BOARD OF DIRECTORS



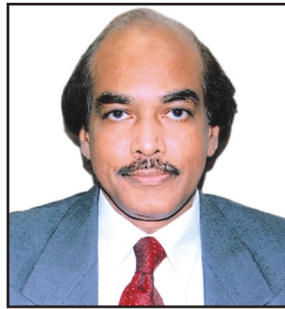
Shri. Yogesh Lohiya
Chairman



Shri. M. Ramadoss
Director



Shri. G. Srinivasan
Director



Shri. N.S.R. Chandraprasad
Director



Dr. R. K. Kaul
Director



Shri. N. R. Ranganathan
Director



Shri. M. K. Tandon
Director



Shri. Manu Chadha
Director



Shri. Javed Yunus
Director



Shri. M. Ramaprasad
Director



Shri. M. Sivaraman
Managing Director

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ANNUAL GENERAL MEETING

Date & Time : Tuesday 27th July, 2010 at 4.00 p.m.

Venue : Yashwantrao Chavan Pratishthan Mumbai, Chavan Centre, Cultural Hall,
4th Floor, General Jagannath Bhosale Marg, Mumbai 400 021

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Shri. Yogesh Lohiya	Chairman (GIC Nominee)
2. Shri. B. Chakrabarti	Director (upto 30 th Sept., 09)
3. Shri. M. Ramadoss	Director
4. Shri. G. Srinivasan	Director
5. Shri. N.S.R. Chandraprasad	Director
6. Dr. R. K. Kaul	Director (From 23 rd Mar., 10)
7. Shri. N. R. Ranganathan, IAS (Retd.)	Director (GIC Nominee)
8. Shri. M. K. Tandon	Director
9. Shri. Manu Chadha	Director
10. Shri. M. Ramaprasad	Director
11. Shri. Javed Yunus	Director
12. Shri. M. Sivaraman	Managing Director

COMPANY SECRETARY

Shri. S. Sridharan

AUDITORS

M/s. Contractor Nayak & Kishnadwala
Chartered Accountants, Mumbai

PRINCIPAL BANKERS

Bank of India, HDFC Bank Ltd., Axis Bank Ltd.,
Canara Bank, State Bank of Hyderabad, Union
Bank of India, Bank of Maharashtra, State
Bank of Mysore, Syndicate Bank, Andhra Bank,
Central Bank of India, United Bank of India,
Oriental Bank of Commerce, Punjab & Sind
Bank, The Nova Scotia Bank Ltd., Corporation
Bank, Vijaya Bank, Karnataka Bank, Bank of
Baroda, Tamilnad Mercantile Bank Ltd.

REGISTRARS AND

SHARE TRANSFER AGENTS

M/s. Sharepro Services (India) Private Limited,
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400072
Tel.: 022 – 67720300, 67720400 & 67720403
Fax: 022 - 67720416
E-mail – sharepro@shareproservices.com

REGISTERED OFFICE

Universal Insurance Building, 3rd Floor,
Sir. P. M. Road, Fort, Mumbai - 400 001.

BOARD COMMITTEES

AUDIT COMMITTEE

Shri. M. K. Tandon - Chairman
Shri. Manu Chadha
Shri. M. Ramaprasad

SHAREHOLDERS

GRIEVANCE COMMITTEE

Shri. M. K. Tandon - Chairman
Shri. Manu Chadha
Shri. M. Ramaprasad

REMUNERATION COMMITTEE

Shri. M. K. Tandon - Chairman
Shri. M. Ramaprasad

EXECUTIVES

Shri. P. N. Balasubramanian - Senior Vice President
Shri. Rajib De - Senior Vice President
Shri. S. Sridharan - Vice President & Company Secretary
Shri. Mahesh Ghagre - Vice President
Shri. Srinivas Mahishi - Assistant Vice President
Shri. R. Jayachandran - Assistant Vice President
Shri. H. D. Thakkar - Assistant Vice President
Shri. S. Vijayaramesh - Assistant Vice President

BUSINESS HEADS

BANGALORE	Shri. T. P. Chandra Babu	NAGPUR	Shri. Nilesh Giri
BHUBHANESHWAR	Shri. Ramakanta Kasta	NASIK	Shri. Nayan Ghag
CHANDIGARH	Shri. K. Divakar/Arun Rajput	NAVI MUMBAI	Shri. Joseph Sudhakar
CHENNAI	Shri. D. Raghupathy	NOIDA	Shri. Pramender Singh
CHINCHWAD	Shri. Vinayak Joshi	PANAJI	Shri. Yogesh Deshpande
COIMBATORE	Shri. V. Kumaraguru	PANVEL	Shri. Joseph Thomas
DELHI	Shri. Vicky Kapoor/Amit Thakur	PUNE	Shri. Sudhir Kasbekar
HYDERABAD	Shri. N. Ragothaman	THANE	Smt. B. Radhika
JAIPUR	Shri. Santosh Singh	TRICHY	Shri. S. R. Ravi
KOLKATA	Shri. Kaushik Basu	TRIVENDRUM	Shri. V. Jayaram
KOCHI	Shri. K. Jagadish	VADODARA	Shri. Mukesh Kumar Savita
LUCKNOW	Shri. V. R. Joshi	VIZAG	Shri. Vishnu Prasad Gampala
MADURAI	Shri. R. Ramachandran	VIRAR	Shri. Chandra V. Mogaveera
MUMBAI	Shri. Sanjay Koppikar		

NOTICE

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the members of **GIC HOUSING FINANCE LIMITED** will be held on Tuesday, 27th July, 2010 at 4.00 p.m. at Yashwantrao Chavan Pratishthan Mumbai, Chavan Centre, Cultural Hall, 4th Floor, General Jagannath Bhosale Marg, Mumbai - 400021 to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the year ended 31st March, 2010 and the Reports of the Directors and the Auditors' thereon.
- 2) To declare dividend on equity shares for the financial year ended 31st March, 2010.
- 3) To appoint a Director in place of **Shri. M. Ramadoss**, who retires by rotation, and being eligible, seeks re-appointment.
- 4) To appoint a Director in place of **Shri. M. Ramaprasad**, who retires by rotation, and being eligible, seeks re-appointment.
- 5) To appoint a Director in place of **Shri. Javed Yunus**, who retires by rotation, and being eligible, seeks re-appointment.
- 6) To appoint Auditors and in this connection, to pass with or without modification(s) the following resolution as a **Special Resolution:**

"RESOLVED THAT M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, Mumbai, be and is hereby re-appointed as an Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as mutually agreed upon by the Board of Directors and the Auditors".

SPECIAL BUSINESS:

- 7) To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Dr. R. K. Kaul, who was appointed as an Additional Director of the Company pursuant to Article 111 of Articles of Association of the Company w.e.f. 29th March, 2010 and who holds office up to the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956, and is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

- 8) To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & Schedule XIII and other applicable provisions of the Companies Act, 1956 and to provisions of Article 116, 117 & 118 of the Articles of Association of the Company. Shri. M. Sivaraman be and is hereby re-appointed as Managing Director on and from 1st November, 2009 to 31st August, 2011 or up to his extended period of deputation if any at the remuneration he is entitled to in accordance with the Service Regulations applicable to General Manager cadre of United India Insurance Company Ltd. with any modifications, revisions, thereof, if any that might take place from time to time and also performance linked incentive if any approved by the Remuneration Committee and Board subject to ceiling limits prescribed by Schedule XIII of the Companies Act, 1956".

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profit, the aforesaid salary, allowances and perquisite payable to Shri. M. Sivaraman, Managing Director be paid to him as minimum remuneration (Schedule XIII) during the said period of appointment pursuant to provision of the Companies Act, 1956".

Place: Mumbai
Date : 11th June, 2010.

Registered Office:
Universal Insurance Building,
3rd Floor, Sir. P. M. Road, Fort,
Mumbai – 400 001

For and on behalf of the Board of Directors

Yogesh Lohiya
Chairman

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE ATTENDANCE SLIP-CUM –PROXY FORM IS PLACED AT THE END OF THIS ANNUAL REPORT. THE PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Explanatory Statement pursuant to section 173 of the Companies Act, 1956, in respect of item No. 6, 7 and 8 is given below and forms part of the Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 17th July, 2010 to 27th July, 2010 (both days inclusive).
4. If the dividend, as recommended by the Board of Directors is declared at the meeting, the dividend will be paid on or before 25th August, 2010 to those shareholders holding shares in the physical form whose names will appear in the Register of Members of the Company as on 17th July, 2010 and those holding shares in the Demat form as Beneficial Owners, in the record of the depositories, as on 17th July, 2010. Members holding shares in physical form are advised to submit bank account details to the Registrars and Share Transfer Agents. Members holding shares in Demat form are advised to notify any change in their address/bank mandate to their respective Depository Participants. Members are also informed that the Company is extending the National Electronic Clearing Service (NECS) facility to the Members to receive their dividend through electronic mode to their bank account. In order to avail this facility, the Members are requested to fill, sign and send the ECS mandate form, which forms part of this Annual Report, along with a photocopy of the cheque issued by the bank for verifying the accuracy of the MICR Code Number to the Registrars and Share Transfer Agents viz. M/s. Sharepro Services (India) Pvt. Ltd., Mumbai (in case of Members holding shares in physical form) and to the respective Depository participants (in case of Members holding shares in dematerialised form).
5. Dividend for the financial year 2002-03, which remains unclaimed, will be due for transfer to the Investor Education and Protection Fund (IEPF) of the Central Government, pursuant to the provisions of Section 205C of the Companies Act, 1956 in the month of November, 2010. Members, who have not yet encashed their dividend for the financial year 2002-03, are requested to lodge their claims with the Company/M/s. Sharepro Services (India) Pvt. Ltd. without delay. Members are advised that no claims shall lie against the said fund or against the Company for the amount of dividend so transferred to the fund.
6. Those members who have not encashed or received their dividend for the financial years 2003-04 to 2008-09 are requested to approach our Registrars and Share Transfer Agents viz. M/s. Sharepro Services (India) Pvt. Ltd., Mumbai.
7. The shareholders holding shares in more than one folio are requested to consolidate their folios by sending a request letter to the Company or to the Registrars and Transfer Agents of the Company. Consolidation of folios would facilitate one-stop tracking of all corporate benefits and would reduce time and effort required for monitoring multiple folios. Consolidation of share certificates also helps in saving costs in case of dematerialisation and also provides convenience in holding shares physically.
8. Equity Shares of the Company are under compulsory Demat trading by all investors. Those shareholders, who have not dematerialised the shares, are advised to dematerialise their shareholding, to avoid inconvenience in future.
9. Member Companies or Organisations are requested to send a copy of the resolution of their governing body authorising their representative to attend and vote at the Annual General Meeting.

10. In terms of Section 109(A) of the Companies Act, 1956, nomination facility is available to an individual shareholder. Those shareholders who are desirous of availing this facility may kindly write to the Company's Registrar and Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400072.
11. A brief profile of the Directors retiring by rotation and eligible for re-appointment and Directors seeking appointment is furnished and forming part of the notice as per clause 49 (IV)G of the Listing Agreement.
12. All Documents referred to the Notice are open for inspection at the Registered Office of the Company on all working days between 10.30 a.m. to 12.00 noon up to the date of the Annual General meeting.
13. Members attending the Annual General Meeting are requested to bring the following (as applicable).
 - a) Members holding shares in dematerialized form, their DP & Client ID Number(s).
 - b) Members holding shares in physical form, their folio number(s).
 - c) Copy of the Annual Report (2009-10).
 - d) Attendance Slip duly completed and signed as per the specimen signature lodged with the Company.
14. The Company would accept only the Attendance Slip from a Member actually attending the Meeting; or from the person attending as a Proxy under a valid Proxy form registered with the Company not less than 48 hours prior to the Meeting. Attendance Slip of Members not personally present at the meeting and Proxy Forms, which are invalid, will not be accepted.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6:

As the Public Financial Institutions are holding more than 25% of the shares of the Company, the appointment of Auditors is required to be made by a special resolution under Section 224(A) of the Companies Act, 1956.

The Board of Directors recommends their re-appointment as auditors from the ensuing Annual General Meeting till conclusion of next Annual General Meeting.

None of the Directors of the Company are concerned or interested in the above resolution.

The Board recommends the resolution set forth in Item No.6 for the approval of the Members.

ITEM NO. 7:

Dr. R. K. Kaul was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, by the Board of Directors on 29th March, 2010 and holds office till the date of the Twentieth Annual General Meeting of the Company and is eligible for appointment. Dr. R. K. Kaul is Chairman cum Managing Director of The Oriental Insurance Company Ltd.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing the candidature of Dr. R. K. Kaul for the office of Director liable to retire by rotation.

None of the Directors other than Dr. R. K. Kaul are concerned or interested in the resolution.

The Board recommends the resolution set forth in Item No. 7 for the approval of the Members.

ITEM NO. 8:

Shri. M. Sivaraman, Managing Director was appointed on and from 24th October, 2007 to 31st October, 2009. The Board of Directors of the Company in its meeting dated 28th January, 2010 approved re-appointment of Shri. M. Sivaraman as a Managing Director of the company on and from 1st November, 2009 to 31st August, 2011 or up to his extended period of deputation if any; at the remuneration he is entitled to in accordance with the Service Regulations applicable to General Manager cadre of United India Insurance Company Ltd. with any modifications, revisions, thereof, if any that might take place from time to time and also performance linked incentive if any approved by the Remuneration Committee and the Board, subject to ceiling limits prescribed under Schedule XIII of the Companies Act, 1956 including any amendment, modification, variation or re-enactment thereof.

Your Directors feel that this re-appointment would be in the best interest of the Company and accordingly recommended the passing of the resolution proposed at item No.8.

None of the Directors other than Shri. M. Sivaraman is concerned or interested in the resolution.

Place: Mumbai
Date: 11th June, 2010.

Registered Office:
Universal Insurance Building,
3rd Floor, Sir. P. M. Road, Fort,
Mumbai – 400 001.

For and on behalf of the Board of Directors

Yogesh Lohiya
Chairman

Information as required under Clause 49 (IV) (G) of the Listing Agreement in respect of Directors seeking re-appointment / appointment at the Annual General Meeting:

1. Shri. M. Ramadoss, Chairman cum Managing Director of The New India Assurance Co. Ltd.

Shri. M. Ramadoss was appointed as an Additional Director of the Company w.e.f. 10th March, 2005. He is a First Class Commerce Graduate from Madras University and a Chartered Accountant from the Institute of Chartered Accountants of India. He is also a Fellow of Insurance Institute of India and an Associate of Chartered Insurance Institute of U.K.

He joined the Insurance Industry in 1976 as direct recruit class 1 Officer in the New India Assurance Company Ltd. and has worked in various positions. In 2001, he was promoted as General Manager and posted to London branch for 3 years. He returned to India and joined Head Office in mid November, 2004. He has a unique experience of having worked in the Insurance Industry in different parts of the country.

Besides working in the Insurance Industry, he is also a visiting faculty in National Insurance Academy, Pune. He regularly takes classes in Company Training Colleges. He has also written articles in magazine and he is a member of a Working Group constituted by the Institute of Chartered Accountants of India for Accounting guide lines for General Insurance Companies.

Shri. M. Ramadoss was appointed as Chairman cum Managing Director of The New India Assurance Company Ltd. w.e.f 30th December, 2009. Prior to this, he was Chairman Cum Managing Director of The Oriental Insurance Company Ltd., New Delhi.

The other Directorships / Committee memberships of Shri. M. Ramadoss are as follows:

Name of the Company	Board Membership	Committee Membership
The New India Assurance Co. Ltd., Mumbai.	Chairman cum Managing Director	-
General Insurance Corporation of India.	Director	Audit Committee - member
India International Insurance Pte. Ltd., Singapore	Chairman	-
Deposit Insurance and Credit Guarantee Corporation	Director	-
The New India Assurance Company (Trinidad & Tobago), Port of Spain.	Chairman	-
Prestige Assurance Plc., Nigeria.	Director	-

Shri. M. Ramadoss does not hold any share in the Company.

2. Shri. M. Ramaprasad, General Manager, General Insurance Corporation of India.

Shri. M. Ramaprasad was appointed as an Additional Director of the company w.e.f. 17th March, 2008. He is a post graduate in statistics from the University of Madras and Associate of Insurance Institute. He was selected in 1978 as a direct recruit officer of the General Insurance Corporation of India and was assigned to National Insurance Co. Ltd. in 1979 after a one-year training program.

Shri. M. Ramaprasad worked in several Branches and Divisional offices of National Insurance Company Ltd., from 1979 to 1998 at Hyderabad and Chennai. During this period he also served as in-charge of various divisions offices in these cities.

From 1998 to 2007, he was posted at the Head Office of the Company and looked after the technical departments of fire, engineering, miscellaneous insurance and reinsurance underwriting. During this period, he also served as a member of fire and engineering technical (sub) committee of Tariff Advisory Committee.

On promotion to the cadre of General Manager in April 2007, he was posted to GIC of India as General Manager. He is in-charge of Re-insurance Operations of the Corporation.

The other Directorships / Committee memberships of Shri M. Ramaprasad are as follows :

Name of the Company	Board Membership	Committee Membership
SHCIL Services Ltd.	Director	Remuneration Committee – Member
The Thane Electric Supply Co. Ltd.	Director	Audit Committee - Member

Shri. M. Ramaprasad does not hold any share in the Company.

3. Shri. Javed Yunus, Executive Director, IFCI Ltd.

Shri. Javed Yunus was appointed as an Additional Director of the company w.e.f. 17th February, 2009. He is an Executive Director of IFCI Ltd. and looks after Human Resources and Corporate Functions. He was earlier with ONGC for 14 years and left the organization as Joint Director to join IFCI as General Manager. He began his career with Rockefeller Foundation where he was a research fellow for a period of two years.

His qualifications include B.Sc. (Hons.), DPR, M.A. (Industrial Relations) & M. Phil. from Jawahar Lal Nehru University and MBA from FMS, Delhi University. He has received training from Jefkins Institute, London, CFP TOTAL, Paris and European Management centre, Brussels.

The other Directorships / Committee memberships of Shri. Javed Yunus are as follows

Name of the Company	Board Membership	Committee Membership
MPCON Ltd.	Chairman	-
HARDICON Ltd.	Chairman	-
HIMCON Ltd.	Chairman	-
Tourism Finance Corporation of India Ltd.	Director	-
Uflex Ltd.	Director	-
NITCON Ltd.	Director	-
IIDL Ltd.	Director	-
Institute of Leadership Development	Director	-
Management Development Institute	Director	-

Shri. Javed Yunus does not hold any share in the Company.

4. Dr. R. K. Kaul, Chairman cum Managing Director, The Oriental Insurance Co. Ltd., New Delhi.

Dr. R. K. Kaul was appointed as an Additional Director of the company w.e.f. 29th March, 2010. Dr. R. K. Kaul has assumed charge as Chairman cum Managing Director of The Oriental Insurance Co. Ltd., Delhi w.e.f. 30th December, 2009. Dr. R. K. Kaul was earlier posted as General Manager with National Insurance Company Ltd. Kolkata.

Dr. R. K. Kaul has been awarded a Doctorate in Zoology in the year 1978 and is also an Associate member of the Insurance Institute of India.

Dr. R. K. Kaul commenced his career as an officer with the National Insurance Co. Ltd. in the year 1977, and has handled various line and staff responsibilities in various offices of National Insurance Co. Ltd. in Gujarat, Delhi and Kolkata beside a stint with Kenindia Assurance Co. Ltd., Nairobi from 1993 to 1999.

The other Directorships/ Committee memberships of Dr. R. K. Kaul are as follows :

Name of the Company	Board Membership	Committee Membership
The Oriental Insurance Co. Ltd.	Chairman-cum-Managing Director	Investment Committee - Chairman
India International Insurance Pte. Ltd., Singapore	Director	-

Dr. R. K. Kaul does not hold any share in the Company.

5. Shri. M. Sivaraman, Managing Director.

Shri. M. Sivaraman is BSc (Physics) Graduate from University of Madras. He is also a Member of the Institute of Chartered Accountants of India, Member of the Institute of the Company Secretaries of India and Fellow Member of Insurance Institute of India.

He Joined United India Insurance Company Ltd. as 1st level executive in 1978 in Delhi and had worked in Delhi, Chennai and Kochi in various capacities including Company Secretary and Executive Assistant to CMD in the rank of DGM at Chennai. Prior to deputation to GIC Housing Finance Ltd., Shri. M. Sivaraman was Deputy General Manager, in charge of Kerala operations of United India Insurance Co. Ltd.

Details of Directorships in other companies – Nil

Shri. M. Sivaraman does not hold any share in the Company.

DIRECTORS' REPORT

Dear shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report on the business and operations of your Company together with Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. In Lakhs)

PARTICULARS	March 31, 2010	March 31, 2009
Total Income	31,111	31,249
Less: Interest expenditure	18,862	21,151
Overheads	2,999	2,247
Depreciation & other amortisation	62	58
Profit Before Tax	9,188	7,793
Provision for tax	2,825	2,303
Deferred taxation	(346)	(224)
Profit after tax	6,709	5,714
Profit brought forward	21	27
Adjustment for short income tax provision	1	(12)
Profit available for appropriation	6,731	5,729
APPROPRIATIONS:		
General Reserve	2,000	1,560
Special Reserve under Section 36 (1) (viii) of Income Tax Act, 1961	1,900	1,628
Proposed Equity Dividend	2,423	2,154
Tax on proposed Dividend	403	366
Balance carried over to Balance Sheet	5	21

IMPORTANT FINANCIAL RATIOS:

PARTICULARS	March 31, 2010	March 31, 2009
Return on Net Worth (%)	18.44	17.39
Return on Total Assets (%)	2.22	2.02
Book Value per share (Rs.)	67.58	61.01
Earning per share (Rs.)	12.46	10.59
Debt Equity Ratio	7.22	7.54
Average cost of funds	7.39	9.22
Average yield on advances	10.17	11.91

DIVIDEND

Your Company has an uninterrupted track record of Dividend payment, which demonstrates its friendliness to the investors' community. For the year under review, appreciating the confidence reposed by the members of the Company and their continued support, your Directors are pleased to recommend a dividend of 45%, (Rs. 4.50 per equity share) as against 40% paid for the year ended 31st March, 2009. The dividend outgo including dividend tax will amount to Rs. 28.26 crores.

PERFORMANCE

Total income for the year under review is Rs.311.11 crores as against Rs.312.49 crores for the year 2008-09. The marginal decrease in income is due to overall reduction in lending rates prevailed in the economy during the year under review. Your Company has reduced the lending rate by 150 basis points during the year under review. The overall reduction in interest rates in our economy during the year under review benefited your Company by way of reduction in interest expenditure.

The Company's business profile is largely the retail loan segment. New loans approved during the year amounted to Rs.777 crores and loans disbursed during the year are Rs.673 crores as against Rs.620 crores and Rs.601 crores for the year ended 31st March, 2009 respectively. The Retail Loan portfolio as at 31st March, 2010 stood at Rs.2920 crores, (reflecting a growth rate of 8.87%) as compared to Rs.2,682 crores on 31st March, 2009.

Your Company scrupulously adhered to the prudential guidelines for Non Performing Assets (NPAs); issued by the National Housing Bank (NHB) under its Directions of 2001, as amended from time to time. During the year under review your Company has made provision to the extent of Rs.10.38 Crores as against Rs.5.55 Crores provided for in the year 2008-09. The Company is also carrying an additional provision of Rs.19.16 Crores in its books, beyond what is prescribed under the guidelines, as a prudential measure. Net Non-performing loans as on 31st March, 2010, amounted to Rs.42.89 crores (1.47%) as against Rs.39.51 Crores on 31st March, 2009. Your Company has taken various measures for speedy recovery and has also taken action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI).

SOURCE OF FUNDS

A. Term Loans:

As part of its liability management, your Company endeavours to diversify its resource base in order to achieve an appropriate maturity structure and minimize the weighted average cost of funds. During the year under review, fresh long term loans of Rs.528 crore were availed from the Banks, taking the total term loan outstanding to Rs.2,344 crores as on 31st March, 2010.

B. Refinance from National Housing Bank:

During the year under review, your Company had also availed refinance facility of Rs.75 Crores from National Housing Bank. The refinance facility outstanding as on 31st March, 2010 is Rs.283 Crores.

CREDIT RATING

Your Company had received rating from ICRA for its various borrowing programmes as follows:

- For Commercial Paper Programme of Rs.300 crores as "A1+" (Pronounced as A one Plus). This rating is the highest credit quality rating assigned by ICRA for Short Term Debt Instruments.
- For Fund Based Short Term Loan Programme of Rs.500 crores as "A1+". (Pronounced as A one Plus). This rating is the highest credit quality rating assigned by ICRA for Short Term Debt Instruments.
- For Fund Based Long Term Loan Programme of Rs.3000 crores as "LAA+". (Pronounced as L Double A Plus). This rating indicates the high credit quality rating assigned by ICRA to Long Term Debt Instruments.

BRANCH EXPANSION:

During the year under review your Company has opened its branches in tier two cities namely Baroda, Nagpur and Nashik and the total number of branches as on 31st March, 2010 stood at 27.

INSURANCE COVERAGE TO BORROWERS:

Your Company had taken "Special Contingency Insurance" with The New India Assurance Company Ltd., which covers the borrowers of your Company" as under:

- Accidental Insurance: Personal accident risk cover, free of cost to the borrowers up to an amount of outstanding loan at any particular point of time during the term/tenure of the housing loan.
- Mortgaged property Insurance: The property acquired out of loan, for and up to and extent of the outstanding loan amount, covered free of cost against fire, earthquake and allied perils affecting the mortgaged property.

Your Company has also tied up with 'Kotak Mahindra Old Mutual Life Insurance Limited', for getting insurance cover on the life of the borrower to the extent of the "outstanding home Loan". The said group Life cover is optional and the applicable premium is given as loan. These schemes ensure protection to the families of the borrower in case of unexpected eventualities like untimely death of borrower due to accident or natural death.

REGULATORY GUIDELINES

The Company has complied with the directives of National Housing Bank in all essential matters of prudential norms for asset classification, income recognition and provisioning for non-performing loans. The Capital Adequacy Ratio as at 31st March, 2010 Stood at 18.03% as against the minimum requirement of 12%.

DEPOSITS

Your Company has not accepted or renewed any fresh deposits during the year within the meaning of Section 58(A) of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

The unclaimed deposits amounting to Rs.20,000/-, relating to one fixed deposit was transferred to Investor Education and Protection Fund (IEPF) of the Central Government, Pursuant to the provisions of Section 205C of the Companies Act, 1956 on 4th February, 2010.

DEMATERIALIZATION OF SHARES AND NOMINATION FACILITY AND LISTING AT STOCK EXCHANGES

As per the Securities & Exchange Board of India directives, the transactions of the Company's shares must be compulsorily in dematerialised form. Your Company has signed an agreement with the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for transaction of shares in dematerialised form. Shareholders holding shares in physical form are requested to convert their holdings into dematerialised form. Out of 5,38,51,066 equity shares 5,31,12,120 shares are in dematerialised form, which is 98.63% (98.56% as on 31st March, 2009) of the total shares as on 31st March, 2010.

Shareholders may utilise the nomination facility available by sending the prescribed Form No. 2B duly filled, to our Registrars and Share Transfer Agents viz. M/s. Sharepro Services (India) Private Limited, Mumbai.

The Equity shares of the Company continue to be listed on Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd., The Annual Listing fees for the year 2009-10 have been paid to these Stock Exchanges.

UNCLAIMED DIVIDEND TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

Unclaimed dividend amounting to Rs.3,05,216/- that has not been claimed by shareholders for the financial year 2001-02 has been transferred to Investor Education and Protection Fund as per the provisions of the Companies Act, 1956. As per Section 205(B) of the Companies Act, 1956, no claim would lie against the Company or the said fund after the transfer. Unclaimed dividend pertaining to the year 2002-03 is due for transfer in the month of November, 2010, as per the provisions of Section 205(C) of the Companies Act, 1956. Shareholders who have not claimed the said dividend may write to Registrars and Share Transfer agents.

STATUTORY INFORMATION:**Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and expenditure**

The Company did not earn any income or incur any expenditure in foreign currency. Your Company does not own any manufacturing facility. Hence the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, required to be furnished under Section 217(3) of the Companies Act, 1956 are not applicable.

None of the employees of your Company were in receipt of remuneration in excess of the limits as laid down under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, The Board of Directors of the Company hereby state and confirm that:

1. In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the accounts on a going concern basis.

AUDITORS

M/s. Contractor, Nayak and Kishnadwala, Chartered Accountants, were appointed as Statutory Auditors in the nineteenth Annual General Meeting of the Company and their term is scheduled to end at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

The Company received the requisite confirmation from them to the effect that their appointment, if made, would be within the limits of Section 224 (1B) of the Companies Act, 1956.

The Directors of your Company recommend re-appointment of M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, Mumbai as Statutory Auditors of the Company from the ensuing Annual General Meeting till conclusion of next Annual General Meeting. The said appointment attracts provisions of Section 224 A of the Companies Act, 1956.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956, and Article 125 of the Articles of Association of the Company, S/shri. M. Ramadoss, M. Ramaprasad and Javed Yunus, Directors are liable to retire by rotation and are eligible for re-appointment. S/shri. M. Ramadoss, M. Ramaprasad and Javed Yunus offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

Shri. B. Chakrabarti resigned from Directorship on 30th September, 2009 consequent to his retirement from the services of The New India Assurance Company Ltd. as Chairman cum Managing Director. The Directors of your Company wish to place on record their appreciation for the services rendered and contribution made by Shri. B. Chakrabarti during his tenure as Director of the Company.

Dr. R. K. Kaul, Chairman cum Managing Director of The Oriental Insurance Company Ltd. was appointed as an Additional Director of the Company w.e.f. from 29th March, 2010, pursuant to the provisions of Section 260 and other applicable provisions of the Companies Act, 1956, if any and Article 111 of Articles of Association of the Company.

Your Company has received a notice in writing from a shareholder, under Section 257 of the Companies Act, 1956 proposing the appointment of Dr. R. K. Kaul as Director of the Company at the ensuing Annual General Meeting.

None of the Directors of the Company are disqualified from being appointed as Directors as specified in Section 274 of the Companies Act, 1956.

CORPORATE GOVERNANCE

A certificate from the Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the Corporate Governance Report.

Your Company has been complying with the principles of good Corporate Governance over the years. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

HUMAN RESOURCES & TRAINING

Your Company recognizes the "Human Capital" as its principal asset. The Company is run by qualified and trained employees who are responsive to the customers' needs and the changing economic scenario. Employees' relations remained cordial and the work atmosphere remained congenial during the year under review. Your Company has augmented the human resources sizably during the year. The Company sponsored its employees for training programmes organized by reputed professional institutions and training programmes conducted by National Housing Bank for upgrading the skill and knowledge of the employees in different operational areas. During the year under review your Company has conducted an "in-house" induction training programme to the new recruits to enable them to understand the basic aspect of the Company in its operations. The total number of employees as on 31st March, 2010 stood at 173.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the advice, guidance and support given by General Insurance Corporation of India, The New India Assurance Company Ltd., National Insurance Company Ltd., The Oriental Insurance Company Ltd., United India Insurance Company Ltd., Industrial Finance Corporation of India Ltd., National Housing Bank and all the Bankers of the Company. The Directors also wish to place on record their sincere gratitude to the customers and members for their patronage. The Directors would also like to thank The Bombay Stock Exchange, The National Stock Exchange, NSDL, CDSL and the credit rating agency for their co-operation. The Directors also record their appreciation for the dedicated services of the employees and their contributions to the growth of the Company and look forward for valuable sustained support and encouragement from all the stakeholders.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 11th June, 2010.

Yogesh Lohiya
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

GENERAL: OVERVIEW OF THE ECONOMY

The global economy continues to recover amidst ongoing policy support and improving market conditions. The recovery process is mainly led by "Emerging Market Economies" especially those in Asia, as growth remains still weak in advance economies. However still significant risks remain in many economies; the recovery is largely driven by government spending by way of stimulus packages, increase in global liquidity resulted in steep increase in commodity prices, emerging market economies like our Country are likely to face increased inflationary pressures and developed economies are facing large budget deficits. The global economy continues to face several challenges such as high levels of unemployment prevailing in United States and Europe. The prospects of economic recovery in Europe are clouded by the acute fiscal strains shown by some countries namely Portugal, Ireland, Greece and Spain.

India's growth- inflation dynamics are in contrast to the overall global scenario. The Indian economy is firmly on the recovery path. Exports have been expanding and the trend is expected to continue. The industrial sector is increasingly becoming broad-based and is expected to grow on the back of rising domestic and external demand. The Indian economy registered a Gross Domestic Product (GDP) growth of 7.4% in the year 2009-10. The growth prospects for the Indian economy remain bright due to strong fundamentals. The Indian Gross Domestic Product (GDP) is expected to grow at 8% for the year 2010-11 (Source: As per Annual policy statement for the year 2010-11 by Reserve Bank of India). However the developments in the inflation front in our economy and hardening of commodity prices can hurt growth unless there is adequate policy intervention.

INDUSTRY STRUCTURE & DEVELOPMENTS

Housing sector is the second largest employment generator in India after agriculture. Housing is a significant engine for growth and development for the economy. The growth in housing and housing finance activities in recent years reflect the buoyant state the housing finance market in the country. The proportion of outstanding housing loans as a percentage of Gross Domestic Product (GDP) is steadily growing, it was 3.4% in the year 2001 and 8.5% in the year 2004-05 (Source: Housing Finance Portfolio of Scheduled Commercial Banks-A trend analysis 2004-05 by National Housing Bank). Housing constitutes an important component and a measure of socio-economic status of people. The accessibility of housing finance for people in general has evolved, developed and improved over the years. The financing institutions have come to see good value in funding this component of the economy. With growing number of players and mainly "Scheduled Commercial Banks" becoming very aggressive in this segment; the housing finance sector is increasingly becoming market driven. Overall, the affordability of housing loans clearly appears to have improved with fast growing number of borrowers. The Government is taking continuous efforts to improve housing and habitat conditions by way of financial allocations in the Five Year Plans and fiscal measures related to housing announced in the Union Budgets. In the Finance Bill, 2010, the Scheme of 1% interest subvention on housing loans up to Rs.10,00,000 where the cost of house does not exceed Rs.20,00,000 announced in the last Budget extended for one more year i.e. up to March, 2011. The tax slabs were also made wider in the said Finance Bill, resulting in lower tax burden on individual tax payers and higher residual income after tax.

Housing finance industry continued to show a reasonably good rate of growth during the year mainly due to lower rate of interest prevailed during the whole of the year under review. The growth is driven, among other things, by increased job opportunities, higher disposable incomes, a growing middle-income group and tax saving opportunities, which continue to be available on interest and principal re-payments on housing loans.

OPPORTUNITIES & THREATS

The housing sector in the Country has been growing progressively and has a vast potential for further growth. National Housing Bank has estimated additional housing requirement of 45 million units (7 million as backlog and 38 million as additional units) besides repairs and upgradation of existing units, needing investment of more than Rs.10 lacs crore for both rural and urban areas in the Country (Source: NHB's Estimates for Housing Requirements

during the 11th Plan period 2007-12). This indicates a huge growth potential for the housing sector and in turn presents a fantastic growth opportunity for the housing finance industry. However majority of the requirements will be in "low income group segment" and in "tier II and tier III cities". Hence Housing finance companies has to immediately expand its network in such centres.

The property prices have seen upward movement and the expected rise in interest rates due to inflationary pressures could impact the affordability of the average home loan borrower to a great extent. Nevertheless the housing finance sector is expected to continue to grow steadily backed by the continuing demand and supply gap in dwelling units, reducing age profile of borrowers, higher income levels, increasing proportion of double income households and easy and wider choice of financing options.

Housing being one of the low risk asset classes for financiers and hence scheduled commercial banks has become very aggressive in this segment, which are armed with well established vast network and accessibility to funds at relatively lower costs. The concern for the "stand alone housing finance Companies" will be the continuous availability of funds at a longer tenor with affordable rates. Reserve Bank of India has mandated the Banks to switch over to the system of "Base Rate" which is a welcome measure, will enhance transparency in lending rates, however may result in increase in cost of funds for the Housing Finance Industry. However still there is ample scope for the "Housing Finance Industry" to grow, due to huge demand and supply gap existing in housing segment and the consequent need for funding of purchases of shelter across all segments of the population.

SEGMENT REPORTING

Accounting Standard 17 regarding Segment-wise Reporting does not apply to your Company since revenues are derived from only one segment i.e. housing finance activity.

OUTLOOK

The year 2010-11 is expected to be more challenging for all Housing Finance Companies and Banks as rising inflationary pressures will result in increase in interest rates will adversely impact the level of borrowing by individuals. Bringing real estate activity within the ambit of "Service tax" will result in increase in price of flats and consequently affect the affordability for majority of home loan seekers. However, considering the expected growth prospects in Indian economy in the years to come, your Company is looking upon the current year with cautious optimism and expects its growth momentum to sustain.

RISKS AND CONCERNS

One general feature observed in many of the housing finance companies is lowering of interest spreads due to increase in cost of funding and competitive rates to be offered on housing loans due to stiff competition from scheduled commercial banks. Upward trend witnessed in property prices and the expected rise in interest rates will impact the affordability of vast number of end users.

Your Directors and the Management is fully aware of these factors and is geared to take appropriate and timely action with the objective of becoming financially even stronger in the years to come.

RISK MANAGEMENT

Certain risks are inherent to any business. The housing finance sector, which has its linkage, interalia, to economic environment and mainly the interest rates, are more prone to interest rate risks. Your Company asses and mitigate various risks such as credit, liquidity and interest rate risks. Credit risks are mitigated by having affective appraisal systems in place, which are followed uniformly. Housing Finance Companies in general are more exposed to Liquidity Risks, in view of the fact that housing loan assets are in average contracted for 10-15 years, whereas the funding are available for an average contracted period of 7-10 years. The Company maintains adequate un-drawn credit lines from banks on a continuous basis to ensure that there is no disruption of the continuation of loan disbursements due to liquidity constraints. Majority of the housing loans advanced by your Company is "floating rate" and hence

any movement in the rate interest of our borrowings is hedged by the loans advanced at “floating rate”. The liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through constantly monitoring of maturity profiles by the Management Committee.

INTERNAL CONTROL SYSTEMS & ADEQUACY

Your Company has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. The internal audit is carried out by independent firms of Chartered Accountants and covers the key areas of business. All significant audit observations and follow-up actions thereon are reported to the Audit Committee. The internal control system is improved and modified continuously to meet the changing business condition, statutory and accounting requirements.

DISCUSSION ON FINANCIAL PERFORMANCE

The financial and other operational performance of the Company for the year under review has been discussed in detail in the Directors’ Report. The Cash-Flow Statement and the Balance Sheet Abstract and Company’s General Business Profile are annexed to the Annual Accounts of the Company.

MARKETING

The Company has a marketing setup at branch level. The marketing of your Company’s home loan products are done through direct sales, through Direct Selling Agents & tie up with builders. Marketing of home loan products with a focused attention on existing as well as the prospective customers is a constant endeavour at the Company with 27 branches spread across the country.

PROVISION ON STANDARD ASSETS

The requirement relating to creation of a general provision at 0.4% of the total outstanding amount of housing loans, which are standard assets, in terms of the Directions issued by National Housing Bank (NHB) has been complied with.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Being in a service industry, utmost importance is given to customer orientation, quality service, timely delivery and proactive response to the needs of the customer’s. In order to meet the requirements and the challenging business environment and to remain customer focused and keeping in view the growth perspective, your Company has maintained a balanced mix of personnel with required skills. The Company continues to focus on imparting training to the existing staff for upgrading their skills across the organization. The total number of employees as on 31st March, 2010 stood at 173.

RELATED PARTY TRANSACTIONS

None of the transactions with any of the related parties were in conflict with the interests of the Company. Transactions with related parties entered into by the company in the normal course of business were placed before the Audit Committee. Details of related party transaction are included in Notes to the Accounts (Schedule 15 vide Sl. No.4).

CAUTIONARY STATEMENT

Some of the statements included in the “Management Discussion and Analysis Report” are forward looking statements based on the management’s current expectations and beliefs concerning future developments and their potential effect on the Company. These forward looking statements are not a guarantee of future performance and involve risk and uncertainties, and these are important factors that could cause actual results to differ, possibly materially, from expectations reflected in such forward looking statements.

CORPORATE GOVERNANCE REPORT

GIC Housing Finance Limited is committed to the best standards of Corporate Governance. The Company considers the compliance with Corporate Governance as a process towards establishing and maintaining the principles of integrity, transparency, accountability and fairness and not a mere adherence to a regulatory framework. The principles of Corporate Governance lay emphasis on transparency, accountability and responsibility in all facets of its operations and all interactions with Customers, Shareholders, Investors, Employees, Lenders, Regulators and the Government.

The Company believes that good Corporate Governance practices are sine qua non for sustainable business that aims at generating long-term value to its stakeholders. Corporate Governance policy is essential for healthy business growth and an important instrument of investor protection. Good Corporate Governance provides an appropriate frame work for the Board and the management to achieve its objectives that are in the best interest of the Company and its shareholders.

The Board of Directors is pleased to place here below a report on the Corporate Governance practices followed by your Company:

GOVERNANCE STRUCTURE: BOARD OF DIRECTORS AND THE COMMITTEE OF DIRECTORS:

BOARD OF DIRECTORS/BOARD MEETINGS

COMPOSITION OF THE BOARD

The Board of your Company presently comprises 11 members. Most of the members of the Board are Independent & Non Executive Directors including Nominee Directors.

Sr. No.	Name of the Director	Executive/Non Executive/Independent	No. of Directorships	No. of Committees	
				Member	Chairperson
1	Shri. Yogesh Lohiya (Non Executive Chairman) (Nominee GIC)	Nominee Director	8	2	Nil
2	Shri M. Ramadoss	Non Executive	6	1	Nil
3	Shri. G. Srinivasan	Non Executive	2	3	3
4	Shri. N.S.R. Chandraprasad	Non Executive	2	5	5
5	Dr. R. K. Kaul (From 29 th March 2010)	Non Executive	2	1	1
6	Shri. N. R. Ranganathan (Nominee GIC)	Nominee / Independent Director	Nil	Nil	Nil
7	Shri. M. K. Tandon	Independent & Non Executive	2	4	3
8	Shri. Javed Yunus	Non Executive	9	Nil	Nil
9	Shri. M. Ramaprasad	Independent & Non Executive	2	2	Nil
10	Shri. Manu Chadha	Independent & Non Executive	4	2	1
11	Shri. M. Sivaraman	Managing Director	Nil	Nil	Nil

The Directors furnish a notice of disclosure of interest as specified in Section 299(1) of the Companies Act, 1956. The Company maintains Register of Contracts and details of companies and firms in which Directors are interested as provided in Section 301(1) of the Companies Act, 1956. The Independent and Non Executive Directors of the Company do not have any pecuniary relationship or transactions with the Company except for the sitting fees received by them.

TERM OF OFFICE OF DIRECTORS

In terms of applicable provisions of Section 255 and 256 of the Companies Act, 1956, two thirds of the total strength of the Directors are liable to retire by rotation and one third of them are required to retire every year and if eligible, may seek re-appointment at the Annual General Meeting.

Shri. M. Ramadoss, Shri. M. Ramaprasad and Shri. Javed Yunus are the Directors who retire by rotation at the ensuing Annual General Meeting. Shri. M. Ramadoss, Shri. M. Ramaprasad and Shri. Javed Yunus offers them-selves for re-appointment. Dr. R. K. Kaul was appointed as an Additional Director on 29th March, 2010 offer himself for appointment. Your Directors recommend re-appointment and appointment of Directors and the related resolution on the subject is included in the notice convening the ensuing Annual General Meeting.

RESPONSIBILITIES OF THE BOARD

The Board discharges the duties and responsibilities as are required under the applicable statute(s) including the Companies Act, 1956, Listing Guidelines by the Stock Exchanges, Directions/ Guidelines issued by National Housing Bank, Securities Exchange Board of India and other regulatory bodies from time to time. Among other matters, the Board reviews periodically the performance of the Company, quarterly compliance of Corporate Governance and listing requirements. The day to day operations of the Company are conducted by the Managing Director, subject to the supervision and control of the Board of Directors. The composition of the Board of Directors meets the requirements of Clause 49 (1) (A) of the Listing agreement. None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees (as specified in clause 49), across all Companies in which they are Directors.

The Board of Directors ensures that any responsibilities that the individual Directors may have, do not have any material impact on their responsibilities as Directors of your Company.

MEETINGS OF THE BOARD

Normally the meetings of the Board are held at Mumbai, dates of which are decided in advance. The members of the Board have access to all information and records of the Company. Senior officials are invited to attend the meetings to provide clarification as and when required.

The Board met six times during the year on May 6, 2009; June 13, 2009; July 29, 2009; October 27, 2009; January 28, 2010 and March 29, 2010. The gap between two meetings did not exceed four months.

Attendance Record of Directors: Number of Board Meetings held: 6

Name of the Director	Number of Meetings attended	Whether attended last AGM held on 29 th July, 2009
Shri. Yogesh Lohiya	6	Yes
Shri. N.S.R. Chandraprasad	1	No
Shri. M. Ramadoss	1	No
Dr. R. K. Kaul (From 29 th March 2010)	-	NA
Shri. G. Srinivasan	2	No
Shri. N. R. Ranganathan (Nominee GIC)	6	Yes
Shri. M. K. Tandon	6	Yes
Shri. Javed Yunus	2	No
Shri. M. Ramaprasad	6	Yes
Shri. Manu Chadha	4	Yes
Shri. M. Sivaraman	6	Yes

CODE OF CONDUCT

The company 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 company. All the Directors and senior management have confirmed their adherence to the code. The code of conduct is posted on the website of the Company www.gichfindia.com

COMMITTEES OF THE BOARD

With a view to enable more focused and timely attention to the affairs of the Company, the Board has constituted the following Committees with delegation in particular areas.

AUDIT COMMITTEE

The Audit Committee of the Company was constituted in the year April 1996. The present Audit Committee consists of Shri. M. K. Tandon, Director as the Chairman of the Committee, Shri. Manu Chadha and Shri. M. Ramaprasad, Directors are its other members. The members of the Committee are experienced Directors having knowledge of Accounts, Law and other related subjects. The quorum for the meeting is 2 Independent Directors. The Chairman and other members of the Committee are Independent Directors. The composition, quorum, powers, role, review of information, scope etc. of the audit committee is in accordance with Section 292 A of the Companies Act, 1956 and the provisions of Clause 49 (II)(A), (B), (C), (D) and (E) of the Listing Agreement.

The terms of reference of the Audit Committee include overseeing the financial reporting process and disclosure of the financial information, reviewing the Audit system and procedures, review of quarterly and annual accounts before submission to the Board with special emphasis on accounting policies, compliance of applicable accounting standards and other legal requirements relating to financial statements, review of related party transactions if any and recommendations to the Board for their approval, review of budgets, review of compliance of statutory and regulatory requirements as per the listing agreement with the stock exchanges and the Companies Act, 1956, recommendation of appointment of Auditors, review of the observations of internal auditors and statutory auditors in relation to all areas of operations of the Company, including internal control systems.

The Company Secretary acts as the Secretary to the Committee. The Committee met Five times during the year under review on May 6, 2009; July 28, 2009; October 26, 2009; January 27, 2010 and March 4, 2010. Senior officials, Internal Audit head and Statutory Auditors are invited to attend the meetings and provide clarification as and when required. The minutes of meetings of the Audit Committee are placed before the Board for noting.

Attendance Record of Directors: Number of Audit Committee Meetings held 5

Sr. No.	Name of the Director	Number of Meetings Attended
1	Shri. M. K. Tandon	5
2	Shri. Manu Chadha	5
3	Shri. M. Ramaprasad	4

REMUNERATION OF DIRECTORS

The Non Executive Directors of our Company were paid only the eligible sitting fees for attending meetings and no other remuneration has been paid.

The details of sitting fees paid to the Non Executive Directors are as follows:

Sr. No.	Name of the Non Executive Director	Sitting Fees Paid (Rs.)
1	Shri. M. K. Tandon	1,62,000/-
2	Shri. N. R. Ranganathan	54,000/-
3	Shri. Manu Chadha	1,08,000/-
4	Shri. Arun Datta (Resigned w.e.f.13 th May, 2009)	9,000/-

The details of the Remuneration paid to the Managing Director are as follows:

Shri. M. Sivaraman (1st April, 2009 to 31st March, 2010.)

Particulars	Amount (Rs.)
Salary	8,64,400/-
Contribution to Pension and Other funds	41,962/-
Perquisites	3,39,239/-
Total	12,45,601/-

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS:

Sr. No.	Name of the Director	Number of shares held
1	Shri. Yogesh Lohiya	Nil
2	Shri. M. Ramadoss	Nil
3	Shri. G. Srinivasan	Nil
4	Shri. N.S.R. Chandraprasad	Nil
5	Dr. R. K. Kaul (From 29 th March, 2010)	Nil
6	Shri. N. R. Ranganathan (Nominee GIC)	Nil
7	Shri. M. K. Tandon	Nil
8	Shri. Javed Yunus	Nil
9	Shri. M. Ramaprasad	Nil
10	Shri. Manu Chadha	Nil

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Committee was constituted in the year March 1995. It presently consists of 3 Directors. Shri. M. K. Tandon, Director is the Chairman of the Committee. The other members include Shri. Manu Chadha and Shri. M. Ramaprasad.

All the members of the Committee are Non Executive. To expedite the process of share transfers, the Board delegated the power of share transfer to the Committee consisting of the Managing Director and the Company Secretary. The Committee meets once in a fortnight and approves the periodical transfers/transmissions, issue of duplicate shares, Rematerialisation, Name deletion etc. The Board Committee reviews the queries and complaints received from the shareholders and the steps taken for their redressal, secretarial audit reports, shareholding pattern. During the year under review, 77 queries were received, which were replied/resolved to the satisfaction of the shareholders. There are no pending share transfers. The minutes of the Shareholders'/Investors Grievances Committee are circulated to the Board and noted by the Board of Directors at the Board Meetings.

REMUNERATION COMMITTEE: The Remuneration Committee was constituted by the Board in its meeting held on 6th May, 2009. The terms of reference of the Remuneration Committee includes to decide and recommend to the Board the relevant parameters for payment of “performance incentive to the Managing Director” and the quantum of incentive.

The Remuneration Committee consists of two independent directors’ viz., Shri. M. K. Tandon, Chairman and Shri. M. Ramaprasad. During the year under review, the Committee met four times on 7th July, 2009, 17th July, 2009, 28th August, 2009 and 23rd March, 2010.

Compliance Officer: Shri. S. Sridharan, Vice President & Company Secretary
E-mail ID for the purpose of registering queries/complaints by investors – investors@gichf.com

COMMUNICATION TO THE SHAREHOLDERS

The main source of information to the shareholders is the Annual Report, which includes inter alia, the Directors’ Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report and the audited financial results. The unaudited quarterly and audited results are published for the information of the Shareholders in leading national and regional daily newspapers and intimated to the Stock Exchanges as required under the Listing Agreements as well as financial highlights informed to the shareholders by way of “Letter to Shareholders” for the quarter ended 30th June, 2009 and quarter ended 31st December, 2009. The financial results of the Company are uploaded in the Company’s website. The Company’s website address is www.gichfindia.com.

ANNUAL GENERAL MEETINGS (AGMs)

The particulars of Annual General Meetings held during the last three years are as follows:

Year	Date	Time	Location
2006-07	July 31, 2007	3.30 p.m.	Indian Merchants’ Chamber, Walchand Hirachand Hall, 4 th Floor, Indian Merchants’ Chamber Marg, Churchgate, Mumbai – 400020.
2007-08	July 29, 2008	3.30 p.m.	Indian Merchants’ Chamber, Walchand Hirachand Hall, 4 th Floor, Indian Merchants’ Chamber Marg, Churchgate, Mumbai – 400020.
2008-09	July 29, 2009	3.30 p.m.	Indian Merchants’ Chamber, Walchand Hirachand Hall, 4 th Floor, Indian Merchants’ Chamber Marg, Churchgate, Mumbai – 400020.

DETAILS OF SPECIAL RESOLUTIONS PASSED

Date of AGM/Postal Ballot/EGM	Number of Resolutions	Details
July 31, 2007 (AGM)	1	1. Appointment of Statutory Auditors
July 29, 2008 (AGM)	1	1. Appointment of Statutory Auditors
July 29, 2009 (AGM)	2	1. Appointment of Statutory Auditors. 2. Change in office of Registrar and Share transfer agent of the Company.

DISCLOSURES

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company. Transactions with related parties entered into by the company in the normal course of business were placed before the Audit Committee. Details of related party transactions as per Accounting Standards – 18 are included in Notes to the Accounts (Schedule 15 vide Sl. No.4).

- b) Details of non-compliances by the Company, penalties, and strictures imposed on the Company by the Stock Exchange, SEBI and any statutory authority on any matter related to capital markets, during the last three years.

There were no instances of non-compliance of any matter related to capital markets during the last three years. There were no strictures or penalties imposed by Securities and Exchange Board of India or by the Stock Exchange/s or any statutory authority for non compliance of any matter related to the capital markets.

- c) The Company has complied with the applicable Accounting Standards issued by the Institute of the Chartered Accountant of India from time to time.
- d) The Company has laid down procedures to apprise the Board of Directors regarding key risk assessment and risk mitigation mechanisms.
- e) REMNUERATION OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Company are paid only sitting fees for attending meetings of the Board and Committees.

- f) SECRETARIAL AUDIT

As stipulated by SEBI, a qualified practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) with the total issued, paid-up and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Listed Stock Exchanges. The audit confirms that the total Listed and Paid up Capital is in agreement with the aggregate number of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL). The secretarial audit report is placed before the Shareholders Grievance Committee for review and before the Board for noting.

- g) SUBSIDIARIES

Your Company has no subsidiaries and as such the requirement relating to certain compliances as prescribed are not applicable.

- h) GOING CONCERN

The Board of Directors of your Company is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the Going Concern basis in preparing its financial statements.

SHAREHOLDERS INFORMATION

Detailed information in this regard is provided in the Section "Shareholders information" which forms part of this Annual Report.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 11th June, 2010

Yogesh Lohiya
Chairman

SHAREHOLDERS INFORMATION

- 1. Twentieth Annual General Meeting:** Day & Date : Tuesday, 27th July, 2010
 Time : 4.00 p.m.
 Venue : Yashwantrao Chavan Pratishthan Mumbai,
 Chavan Centre, Cultural Hall, 4th Floor,
 General Jagannath Bhosale Marg, Mumbai - 400021
- 2. Financial Calendar for the year 2010-11 (Provisional)**
- | | |
|---|--|
| a) Results for the first quarter ending 30 th June 2010
(Subject to Limited Review) | : Before the end of July, 2010 |
| b) Results for the second quarter ending 30 th September 2010
(Subject to Limited Review) | : Before the end of October, 2010 |
| c) Results for the third quarter ending 31 st December 2010
(Subject to Limited Review) | : Before the end of January, 2011 |
| d) Audited Results for the financial year ending 31 st March 2011 | : Before the end of May, 2011 |
| e) Annual General Meeting for the year ending March 2011 | : Before the end of August, 2011 |

3. Book Closure

The Register of Members and Share Transfer books are closed keeping in view the Scheduled date of the Annual General Meeting. For the year under reference the above registers/books would be closed from 17th July, 2010 to 27th July, 2010 (both days inclusive) and was notified accordingly.

4. Listing of Shares

The equity shares issued by the Company are listed on The Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Annual Listing fees as prescribed have been paid to both the stock exchanges for the year 2010-11.

Scrip Code

- National Stock Exchange: GICHSGFIN
- Bombay Stock Exchange: 511676

5. Dematerialisation of shares

With effect from 20th August, 2000, the Equity Shares of the Company are to be traded compulsorily in Dematerialised form. 98.63% of the paid-up Equity Capital has been dematerialised as on 31st March, 2010.

The Company has entered into agreements with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for this purpose and the equity shares of the Company have been admitted as an 'eligible security' into the Depository System.

ISIN Number for NSDL & CDSL: ISIN INE289B01019

6. Dividend Payment

Subject to the approval of the Shareholders, dividend warrants/NECS advice will be posted to eligible members within the time limit permissible under the provisions of the Companies Act, 1956. Dividend will be paid on or before 25th August, 2010.

Dividend warrants/NECS advice in respect of shares held in Demat form are posted to the beneficial owners to their addresses as per the information furnished by the NSDL & CDSL as on the date of Book closure.

7. Market price data during the last financial year on BSE and NSE.

- **Monthly high & low Index Quotes and Volume traded in BSE.**

MONTH	INDEX (SENSEX)		QUOTE		VOLUME	
	High	Low	High	Low	High	Low
April 2009	11,403.25	9,901.99	48.30	36.45	85,846	4,523
May 2009	14,625.25	11,682.99	91.00	48.60	17,77,374	1,325
June 2009	15,466.81	14,265.53	92.05	76.95	10,39,065	81,109
July 2009	15,670.31	13,400.32	87.20	73.75	4,74,679	20,602
August 2009	15,924.23	14,784.92	88.25	74.10	12,88,431	24,258
September 2009	17,126.84	15,398.33	93.90	78.30	15,54,639	48,689
October 2009	17,326.01	15,896.28	99.70	85.20	34,98,384	90,812
November 2009	17,198.95	15,404.94	99.45	79.65	21,13,354	76,071
December 2009	17,464.81	16,601.20	94.25	87.35	3,75,508	37,029
January 2010	17,701.13	16,289.82	98.20	87.30	35,75,705	1,69,218
February 2010	16,496.05	15,790.93	91.90	85.00	4,28,832	13,779
March 2010	17,711.35	16,772.56	90.60	85.60	6,74,302	43936

- **Monthly high & low Index Quotes and Volume traded in NSE.**

MONTH	INDEX (NIFTY)		QUOTE		VOLUME	
	High	Low	High	Low	High	Low
April 2009	3,484.15	3,060.35	48.40	36.30	1,34,901	11,367
May 2009	4,448.95	3,554.60	91.40	48.65	29,57,939	21,000
June 2009	4,655.25	4,235.25	92.60	77.55	20,19,557	1,86,748
July 2009	4,636.45	3,974.05	86.90	73.95	7,10,338	56,732
August 2009	4,732.35	4,387.90	88.10	74.15	13,35,276	45,819
September 2009	5,083.95	4,593.55	94.00	78.40	26,14,801	1,06,164
October 2009	5,142.15	4,711.70	99.80	85.30	64,13,026	1,70,877
November 2009	5,108.15	4,563.90	99.60	79.75	33,37,307	1,29,480
December 2009	5,201.05	4,952.60	94.40	87.15	7,38,860	56,847
January 2010	5,281.80	4,853.10	98.10	87.35	64,21,216	2,93,184
February 2010	4,931.85	4,718.65	91.90	84.85	6,90,032	45,429
March 2010	5,302.85	5,017.00	90.65	85.80	11,86,478	72,699

8. Distribution of Shareholding as on 31st March, 2010

DESCRIPTION	HOLDER (S)		HOLDING (S)	
	FOLIOS	%	SHARES	%
Less than 500	29401	87.735	4349346	8.077
501 – 1000	2031	6.061	1714549	3.184
1001 – 2000	927	2.766	1472159	2.734
2001 – 3000	354	1.056	915536	1.700
3001 – 4000	153	0.457	558571	1.037
4001 – 5000	190	0.567	908952	1.688
5001 – 10000	232	0.692	1734844	3.222
More than 10000	223	0.665	42197109	78.359
Total	33511	100.000	53851066	100.00

9. Shareholding pattern as at 31th March, 2010

CATEGORY	NO OF SHARES	%
Promoters	2,63,32,315	48.90
Mutual Funds	24,500	0.05
Banks, Financial Institutions / Insurance Companies (Central / State Govt. Institutions / Non Government Institutions)	27,32,750	5.07
Private Corporate Bodies	68,42,859	12.71
NRIs	7,81,445	1.45
Foreign Institutional Investors	33,02,552	6.13
Indian Public / Trusts	1,38,34,645	25.69
Total	5,38,51,066	100.00

10. Compliance Officer : Shri. S. Sridharan

Vice President & Company Secretary

11. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity: Not Applicable.**12. Plant Location:** Not Applicable**13. Registrars, Share Transfer Agents & Shareholders Correspondence****M/s. Sharepro Services (India) Private Limited,**

13AB, Samhita Warehousing Complex,
Second Floor, Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road,
Sakinaka, Andheri (East),
Mumbai - 400072

Tel.: 022 – 67720300/ 67720400/ 67720403 Fax – 022 – 67720416.

E-mail – sharpro@shareproservices.com

14. Share Transfer System

All the transfers are processed by the Registrars and Share Transfer Agents namely, **M/s. Sharepro Services (India) Private Limited** and approved by the Committee constituted for the said purpose which meets once in a fortnight.

15. Non-Mandatory Requirements

1. Chairman of the Board

Chairman (Non-executive Director) of our Board is Chairman cum Managing Director of General Insurance Corporation of India.

2. Remuneration Committee

The Managing Director of the Company is on deputation from United India Insurance Company Limited and his salaries and allowances are paid on the terms and conditions as applicable to the grade (Scale VII) of General Manager of United India Insurance Company Limited. The Remuneration Committee was constituted by the Board in its meeting held on 6th May, 2009. The terms of reference of the Remuneration Committee includes to decide and recommend to the Board the relevant parameters for payment of "performance incentive to the Managing Director" and the quantum of incentive.

3. Shareholders Rights

The financial results are well published in the press. The details are as follows:

Quarter Ended	Details of Publication	
31.03.2009	Audited Results	Economic Times & Maharashtra Times dated 7 th May, 2009 & Business Line dated 8 th May, 2009.
30.06.2009	Subject to Limited Review Report	Economic Times & Maharashtra Times and Business Line dated 30 th July, 2009.
30.09.2009	Subject to Limited Review Report	Economic Times & Maharashtra Times dated 28 th October, 2009.
31.12.2009	Subject to Limited Review Report	Economic Times & Maharashtra Times dated 29 th January, 2010.
31.03.2010	Audited Results	Economic Times, Maharashtra Times & Business Line dated. 11 th May, 2010.

The financial highlights for the quarter/half year were informed to the shareholders by way of "Letter to Shareholders".

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company. The same is available on the website of the Company.

As Managing Director of GIC Housing Finance Ltd., and as required under Clause 49 (I) (D) (ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for the financial year 2009-10.

M. Sivaraman
Managing Director

Place : Mumbai
Date : 11th June, 2010.

AUDITOR'S CERTIFICATE

To The Members' of GIC Housing Finance Limited

We have examined the compliance of conditions of Corporate Governance by GIC Housing Finance Ltd. for the year ended on 31st March, 2010 as stipulated by clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures adopted and implementation thereof by the Company for ensuring compliance with the conditions as stipulated in the said clause, it is not an audit or expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us and the representations made by the directors and the management, we clarify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee.

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

For Contractor, Nayak & Kishnadwala
Chartered Accountants

(G. S. Nayak)

Partner

M.No.38127

Firm Registration No. 101961W

Place: Mumbai,
Date: 10th May, 2010

AUDITOR'S REPORT TO THE MEMBERS OF GIC HOUSING FINANCE LTD

We have audited the attached Balance Sheet of GIC Housing Finance Limited ('the Company'), as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended 31st March 2010, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that:

1. 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;
2. In our opinion, proper books of account, as required by law, have been kept by the company in so far as appears from our examination of those books;
3. In our opinion, proper returns adequate for the purpose of our audit have been received from service centres not visited by us.
4. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
5. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
6. On the basis of written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes forming part of it, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010, and
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

Contractor Nayak & Kishnadwala
Chartered Accountants

Place: Mumbai,
Date: 10th May, 2010

G. S. Nayak
Partner
Membership No.38127
ICAI Firm Registration No.101961W

ANNEXURE TO AUDITOR'S REPORT

As required by the Companies' (Auditors' Report) Order, 2003 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we report that:

- 1 (a) The company is maintaining proper records showing full particulars including quantitative details and situation of the fixed assets;
- (b) As per the information and explanations given to us, the management carries out the physical verification of the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) No significant fixed assets have been disposed off by the company during the year and the question of effect on the going concern of the Company does not arise.
- 2 Since the company is engaged in providing housing finance, this clause is not applicable.
- 3 (a) The company has granted housing loan to its Managing Director, who is covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved and the year end balance of this loan is Rs.15 lakhs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loan are not, prima facie, prejudicial to the interest of the company.
- (c) As per the terms and conditions of the loan, the company has received payment of principal and interest regularly.
- (d) There is no overdue amount in excess of Rs. 1 lakh in respect of housing loan granted to Managing Director of the company, who is covered in the register maintained under section 301 of the Companies Act, 1956.
- (e) As per the information furnished, the Company has not accepted loans from companies, firms or other parties covered in the register, maintained under section 301 of the Companies Act 1956. Accordingly clause (f) and (g) are not applicable to the company.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system and there is no continuing failure for the same.
- 5 (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, except for housing loan given to Managing Director, there is no other transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and aggregating to Rs. 5 lakhs or more in respect of each party during the year. The terms and interest on such loan is in accordance with the company policy in respect of Employees Housing Loan.
- 6 The Company has not accepted deposits from the public and therefore the question of compliance with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules made thereunder for the deposits accepted from the public does not arise.
- 7 In our opinion, the Company's internal audit system is commensurate with the size and nature of its business.
- 8 Since the company is in service sector, the question of maintaining cost records u/s 209(1)(d) of the Companies Act, 1956 does not arise.

- 9 (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues and there are no undisputed statutory dues outstanding as at 31st March 2010, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- 10 The company has no accumulated losses as on 31st March, 2010 and no cash losses in the immediately preceding financial year. The Company has not incurred any cash loss during the financial year.
- 11 The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- 12 Based on our examination of the records and the information and explanations given to us, the Company has maintained adequate documents and records for housing loans granted by it on the basis of security offered by the borrower.
- 13 The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- 14 The Company has maintained proper records and timely entries are being made in respect of its dealing in units of mutual funds. All investments in mutual funds and shares have been held by the Company in its own name.
- 15 According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- 16 According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds of Rs. 352 Crore raised on short-term basis by the Company have been utilised for disbursement of housing loans.
- 18 According to the information and explanation given to us, the company has not made any preferential allotment of shares, during the year, to parties and companies covered in the register maintained under section 301 of the Act therefore the question of pricing of shares does not arise.
- 19 The Company has not issued any secured debentures, and therefore the question of creation of security does not arise.
- 20 The Company has not raised any money by public issues during the year covered by our report and therefore the question of end use thereof does not arise.
- 21 According to the information and explanation given to us, no fraud by the Company has been noticed or reported during the year. As regards frauds on the Company during the year, one case of misappropriation committed by an employee has been detected, involving an amount of Rs. 49 lakhs, which has already been recovered during the year.

For and on behalf of

Contractor Nayak & Kishnadwala
Chartered Accountants

Place : Mumbai,
Date : 10th May, 2010

G. S. Nayak
Partner
Membership No.38127
ICAI Firm Registration No.101961W

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	Rs.	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
I. SOURCES OF FUNDS:				
SHAREHOLDERS' FUNDS				
a) Share Capital	1	53,85,10,660		53,85,10,660
b) Reserves and Surplus	2	3,33,12,97,669		2,94,28,71,764
			3,86,98,08,329	3,48,13,82,424
LOAN FUNDS	3			
a) Secured Loans		22,26,91,24,525		21,57,97,83,316
b) Unsecured Loans		4,00,00,00,000		3,20,00,00,000
			26,26,91,24,525	24,77,97,83,316
TOTAL			30,13,89,32,854	28,26,11,65,740
II. APPLICATION OF FUNDS:				
HOUSING LOANS	4		28,65,77,20,771	26,40,44,58,092
FIXED ASSETS	5			
GROSS BLOCK		8,03,56,243		7,30,50,533
Less : DEPRECIATION & AMORTISATION		4,93,62,510		4,34,89,489
NET BLOCK			3,09,93,733	2,95,61,044
INVESTMENTS	6		49,13,03,000	1,13,53,000
DEFERRED TAX ASSET (NET)			23,05,25,400	19,58,85,474
CURRENT ASSETS, LOANS AND ADVANCES	7	1,11,56,30,428		1,96,79,99,329
Less : CURRENT LIABILITIES AND PROVISIONS	8	38,72,40,478		34,80,91,199
NET CURRENT ASSETS			72,83,89,950	1,61,99,08,130
TOTAL			30,13,89,32,854	28,26,11,65,740
Significant Accounting Policies	14			
Notes forming part of Accounts	15			

For Contractor, Nayak & Kishnadwala
Chartered Accountants

G. S. Nayak
Partner
Membership No. 38127
Firm Registration No.101961W

Place : Mumbai
Date : 10th May, 2010.

For and on behalf of The Board of Directors

Yogesh Lohiya
Chairman

M. K. Tandon
Director

M. Ramaprasad
Director

S. Sridharan
Company Secretary

M. Sivaraman
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	For the year ended 31.3.2010 Rs.	For the year ended 31.3.2009 Rs.
INCOME:			
Operating Income	9	2,94,76,35,931	3,10,71,59,355
Investment and Other Income	10	16,34,28,761	1,77,54,336
	TOTAL (A)	3,11,10,64,692	3,12,49,13,691
EXPENDITURE:			
Interest Expenses	11	1,88,61,63,052	2,11,51,08,834
Staff Expenses	12	6,28,06,105	5,29,26,254
Other Expenses	13	13,32,58,620	11,62,80,075
Depreciation		53,95,988	50,04,673
Amortisation of Intangible Assets		8,34,900	8,27,378
Provision for Non-performing assets & Contingencies		10,38,12,728	5,54,59,627
	TOTAL (B)	2,19,22,71,393	2,34,56,06,841
	(A-B)	91,87,93,299	77,93,06,850
Less: Provision for Tax		28,25,00,000	22,88,00,000
Deferred Tax		(3,46,39,926)	(2,24,44,810)
Fringe Benefit Tax		-	15,40,000
		67,09,33,225	57,14,11,660
Add/(less): Excess/(Short) provision for tax of earlier year		73,456	(12,42,430)
Balance brought forward		20,91,572	27,45,331
Amount available for appropriation		67,30,98,253	57,29,14,561
APPROPRIATIONS:			
General Reserve		20,00,00,000	15,60,00,000
Special Reserve		19,00,00,000	16,28,00,000
Proposed Dividend		24,23,29,797	21,54,04,264
Tax on Proposed Dividend		4,02,50,979	3,66,18,725
Balance carried to Balance Sheet		5,17,477	20,91,572
		67,30,98,253	57,29,14,561
Earnings Per Share - Basic (Rs.)		12.46	10.59
Earnings Per Share - Diluted (Rs.)		12.46	10.59

For Contractor, Nayak & Kishnadwala
Chartered Accountants

G. S. Nayak
Partner
Membership No. 38127
Firm Registration No.101961W

Place : Mumbai
Date : 10th May, 2010.

For and on behalf of The Board of Directors

Yogesh Lohiya
Chairman

M. K. Tandon
Director

M. Ramaprasad
Director

S. Sridharan
Company Secretary

M. Sivaraman
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010

	Rs. in lakhs as at 31.3.2010	Rs. in lakhs as at 31.3.2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	9,187.93	7,793.07
ADJUSTMENTS FOR :		
DEPRECIATION	53.96	50.05
AMORTISATION OF INTANGIBLE ASSETS	8.35	8.27
PROVISION FOR DOUBTFUL DEBTS	1,038.13	554.60
PRIOR PERIOD TAX ADJUSTMENTS (NET)	0.73	(12.42)
(PROFIT)/LOSS ON SALE OF INVESTMENTS	(57.64)	(75.13)
DIVIDEND AND INTEREST INCOME ON INVESTMENT	(56.14)	(47.96)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	10,175.32	8,270.48
ADJUSTMENTS FOR :		
(INCREASE)/DECREASE IN CURRENT ASSETS	(500.62)	(1,402.34)
INCREASE/(DECREASE) IN CURRENT LIABILITIES	122.24	1,596.79
OPERATING PROFIT AFTER WORKING CAPITAL CHANGES	9,796.94	8,464.92
ADJUSTMENTS FOR :		
(INCREASE)/DECREASE HOUSING LOANS	(23,570.25)	(25,433.85)
CASH GENERATED FROM OPERATING ACTIVITIES	(13,773.32)	(16,968.93)
TAXES PAID	(3,057.52)	(2,284.49)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(16,830.84)	(19,253.41)
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
ACQUISITION OF FIXED ASSETS (NET)	(76.64)	(74.31)
ACQUISITION OF INTANGIBLE ASSETS (NET)	-	(5.72)
PURCHASE OF INVESTMENTS	(2,86,124.00)	(1,95,433.00)
SALE OF INVESTMENTS	2,81,381.64	1,95,608.13
DIVIDEND AND INTEREST INCOME ON INVESTMENT	56.14	47.96
NET CASH GENERATED FROM INVESTMENT ACTIVITIES	(4,762.86)	143.06
C. CASH FLOW FROM FINANCING ACTIVITIES :		
AMOUNT RECEIVED ON RIGHTS ISSUES INCLUDING PREMIUM	-	-
LOANS BORROWED (NET OF REPAYMENTS)	14,893.40	36,648.73
SHARE ISSUE EXPENSES	-	-
DIVIDEND	(2,154.03)	(2,154.03)
NET CASH GENERATED FROM FINANCING ACTIVITIES	12,739.37	34,494.70
NET CASH & CASH EQUIVALENTS GENERATED	(8,854.33)	15,384.35
CASH & CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	17,500.05	2,115.70
CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR	8,645.72	17,500.05

For Contractor, Nayak & Kishnadwala
Chartered Accountants

G. S. Nayak
Partner
Membership No. 38127
Firm Registration No. 101961W

Place : Mumbai
Date : 10th May, 2010.

For and on behalf of The Board of Directors

Yogesh Lohiya
Chairman

M. K. Tandon
Director

M. Ramaprasad
Director

S. Sridharan
Company Secretary

M. Sivaraman
Managing Director

SCHEDULE 1

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
SHARE CAPITAL :		
AUTHORISED CAPITAL :		
10,00,00,000 Equity shares of Rs.10/-each (Previous Year 10,00,00,000 Equity shares of Rs.10/- each)	1,00,00,00,000	1,00,00,00,000
50,00,000 Redeemable Preference shares of Rs.100/-each (Previous Year 50,00,000 Preference shares of Rs.100/- each)	50,00,00,000	50,00,00,000
	<u>1,50,00,00,000</u>	<u>1,50,00,00,000</u>
ISSUED,SUBSCRIBED & PAID UP:		
5,38,51,066 Equity shares of Rs.10/- each (Previous Year 5,38,51,066 Equity Shares of Rs. 10/- each)	53,85,10,660	53,85,10,660
Total	<u>53,85,10,660</u>	<u>53,85,10,660</u>

SCHEDULE 2

	Rs.	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
RESERVES AND SURPLUS :			
SPECIAL RESERVE :			
(In terms of Section 36(1)(viii) of the Income tax Act, 1961)			
Opening Balance	1,29,30,22,000		1,13,02,22,000
Add : Transferred during the year	<u>19,00,00,000</u>		<u>16,28,00,000</u>
		1,48,30,22,000	1,29,30,22,000
SHARE PREMIUM :		1,16,99,33,724	1,16,99,33,724
SHARE FORFIETURE ACCOUNT :		2,69,000	2,69,000
GENERAL RESERVE :			
Opening Balance	47,75,55,468		32,15,55,468
Add : Transferred during the year	<u>20,00,00,000</u>		<u>15,60,00,000</u>
		67,75,55,468	47,75,55,468
PROFIT AND LOSS ACCOUNT :			
Balance as per account annexed		5,17,477	20,91,572
Total		<u><u>3,33,12,97,669</u></u>	<u><u>2,94,28,71,764</u></u>

SCHEDULE 3

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
LOAN FUNDS :		
SECURED LOANS :		
a) From Scheduled Banks (Secured by way of first charge on book-debts equivalent to loan outstanding) (Repayable during one year Rs.2,87,06,47,893/- Previous year Rs.3,24,42,07,523/-)	19,43,88,24,525	18,82,97,83,316
b) From National Housing Bank (Secured by way of first charge on book-debts equivalent to loan outstanding) (Repayable during one year Rs.53,19,00,000/- Previous year Rs.41,34,00,000/-)	2,83,03,00,000	2,75,00,00,000
(A)	<u>22,26,91,24,525</u>	<u>21,57,97,83,316</u>
UNSECURED LOANS :		
Short Term Loans From Scheduled Banks (Repayable during one year Rs.4,00,00,00,000/- Previous year Rs.1,20,00,00,000/-)	4,00,00,00,000	3,20,00,00,000
(B)	<u>4,00,00,00,000</u>	<u>3,20,00,00,000</u>
Total	(A)+(B)	
	<u>26,26,91,24,525</u>	<u>24,77,97,83,316</u>

SCHEDULE 4

	Rs.	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
HOUSING LOANS : (Refer note no.15 in Schedule 15)			
(Secured, considered good, unless otherwise stated)			
Individuals	29,20,52,42,317		26,82,32,65,276
Corporate Bodies	9,90,57,573		12,31,09,207
Others	1,45,49,997		1,54,49,997
	<u>29,31,88,49,887</u>		<u>26,96,18,24,480</u>
Less : Provision *	66,11,29,116		55,73,66,388
Total	<u>28,65,77,20,771</u>		<u>26,40,44,58,092</u>

*** Provision**

Loans to Individuals	61,71,21,350	50,58,95,788
Loans to Corporate Bodies	4,02,07,766	4,76,70,600
Loans to Others	38,00,000	38,00,000
Total	<u>66,11,29,116</u>	<u>55,73,66,388</u>

SCHEDULE 5**FIXED ASSETS AND INTANGIBLE ASSETS :**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009 Rs.	Additions Rs.	Deductions Rs.	As at 31.3.2010 Rs.	As at 01.04.2009 Rs.	For the year Rs.	Deductions Rs.	As at 31.3.2010 Rs.	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
Buildings	2,63,00,954	-	-	2,63,00,954	1,37,73,246	6,26,385	-	1,43,99,631	1,19,01,323	1,25,27,708
Furniture and Fittings	1,75,11,030	9,49,522	-	1,84,60,552	1,39,88,419	9,65,786	-	1,49,54,205	35,06,347	35,22,611
Office Equipment	86,02,340	19,08,238	1,58,440	1,03,52,138	36,51,809	8,61,992	94,974	44,18,827	59,33,311	49,50,531
Air Conditioning-Plant	26,24,833	6,59,393	18,260	32,65,966	15,82,918	1,90,978	8,858	17,65,038	15,00,928	10,41,915
Computers	92,21,672	25,50,749	-	1,17,72,421	62,92,862	19,25,832	-	82,18,694	35,53,727	29,28,810
Vehicles	46,15,204	19,38,025	5,23,517	60,29,712	20,48,766	8,25,015	2,54,035	26,19,746	34,09,966	25,66,438
Current Year	6,88,76,033	80,05,927	7,00,217	7,61,81,743	4,13,38,020	53,95,988	3,57,867	4,63,76,141	2,98,05,602	2,75,38,013
Previous Year	6,18,57,868	75,57,561	5,39,396	6,88,76,033	3,67,46,368	50,04,673	4,13,021	4,13,38,020	2,75,38,013	2,51,11,500
PARTICULARS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2009 Rs.	Additions Rs.	Deductions / Capitalised Rs.	As at 31.3.2010 Rs.	As at 01.04.2009 Rs.	For the year Rs.	Deductions Rs.	As at 31.3.2010 Rs.	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
INTANGIBLE ASSETS:										
Core Application Software	41,74,500	-	-	41,74,500	21,51,469	8,34,900	-	29,86,369	11,88,131	20,23,031
Current Year	41,74,500	-	-	41,74,500	21,51,469	8,34,900	-	29,86,369	11,88,131	20,23,031
Previous Year	36,02,500	5,72,000	-	41,74,500	13,24,091	8,27,378	-	21,51,469	20,23,031	22,78,409
Total Current Year	7,30,50,533	80,05,927	7,00,217	8,03,56,243	4,34,89,489	62,30,888	3,57,867	4,93,62,510	3,09,93,733	2,95,61,044
Total Previous Year	6,54,60,368	81,29,561	5,39,396	7,30,50,533	3,80,70,459	58,32,051	4,13,021	4,34,89,489	2,95,61,044	2,73,89,909

SCHEDULE 6

	Face Value Rs.	No.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
INVESTMENTS (Non -Trade)				
UNQUOTED INVESTMENTS :				
Long Term Investments :				
Equity Shares				
GIC Asset Management Co.Ltd.	10	20,99,996	2,09,99,960	2,09,99,960
LIC Mutual Fund Asset Management Co. Ltd.	10,000	1,120	1,12,00,000	1,12,00,000
LIC Mutual Fund Trustee Co.Pvt.Ltd.	10	300	3,000	3,000
The New India Co-Op. Bank Ltd.	10	5,000	50,000	50,000
The Janakalyan Co-op Bank Ltd.	10	5,000	50,000	50,000
The Kalyan Janata Co-op Bank Ltd.	25	2,000	50,000	50,000
Redeemable Preference Shares				
15.5% NEPC MICON Ltd.	10	5,00,000	50,00,000	50,00,000
14.5% Vitara Chemicals Ltd.	100	2,00,000	2,00,00,000	2,00,00,000
16% Modern Threads Ltd.	100	1,00,000	1,00,00,000	1,00,00,000
16% Premier Housing & Industrial Enterprises Ltd.	100	2,00,000	2,00,00,000	2,00,00,000
15% Electrex India Ltd.	100	2,00,000	2,00,00,000	2,00,00,000
16% Ace Laboratories Ltd.	100	2,00,000	2,00,00,000	2,00,00,000
			<u>12,73,52,960</u>	<u>12,73,52,960</u>
Less : Provision for Non performing Investments			11,60,49,960	11,59,99,960
	(A)		<u>1,13,03,000</u>	<u>1,13,53,000</u>
Current Investments :				
Investment in Units of Mutual Funds				
Prudential ICICI Liquid Plan	10	7,59,049.18	13,00,00,000	-
LIC Mutual Liquid Fund	10	1,18,60,215.50	20,00,00,000	-
Canara Robeco Mutual Fund-Liquid Institutional Plan	10	1,34,12,017.17	15,00,00,000	-
			<u>48,00,00,000</u>	<u>-</u>
Less : Provision for Non performing Investments			-	-
	(B)		<u>48,00,00,000</u>	<u>-</u>
Total	(A) + (B)		<u><u>49,13,03,000</u></u>	<u><u>1,13,53,000</u></u>

SCHEDULE 7

	Rs.	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
CURRENT ASSETS, LOANS & ADVANCES			
(Unsecured, considered good, unless otherwise stated)			
A) CURRENT ASSETS :			
Interest Accrued		1,15,36,894	31,57,157
Interest on Housing Loans		5,29,21,035	7,37,99,231
Cash and Bank Balances :			
a) Cash and cheques on hand	43,31,168		4,40,23,859
b) Remittances in transit	-		13,800
c) Balances with Scheduled banks :			
on Current Accounts	21,91,69,883		21,18,97,164
on Deposit Account	64,10,70,971		1,49,40,70,000
		86,45,72,022	1,75,00,04,823
Other Current Assets		85,92,727	6,83,778
(A)		93,76,22,678	1,82,76,44,989
B) LOANS AND ADVANCES			
(Unsecured, considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received		2,97,26,283	2,85,40,654
Advance tax and tax deducted at source (Net of Provision for Tax)		13,74,54,650	10,31,72,500
Sundry Deposits		1,08,26,817	86,41,186
(B)		17,80,07,750	14,03,54,340
Total (A) + (B)		1,11,56,30,428	1,96,79,99,329

SCHEDULE 8

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors and other liabilities		
Sundry Creditors		
a) Micro, Small & Medium Enterprises (Refer Notes To Accounts, Note No.14)	-	-
b) Others	-	-
Unclaimed Fixed Deposits*	-	20,000
Unpaid Dividend*	53,30,244	44,66,570
*(Amount Transferable to Investor Education & Protection Fund When Due)		
Other Current Liabilities	9,15,11,603	8,47,80,032
PROVISIONS :		
Proposed Dividend	24,23,29,797	21,54,04,264
Provision for Dividend Distribution Tax	4,02,50,979	3,66,18,725
Provision for Leave Encashment	78,17,855	68,01,608
Total	<u>38,72,40,478</u>	<u>34,80,91,199</u>

SCHEDULE 9

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
OPERATING INCOME :		
Interest on Housing Loans (Tax deducted at source Rs. NIL, Previous year Rs. 2,56,191/-)	2,86,07,29,939	3,06,07,85,578
Fees and Other Charges (Tax deducted at source Rs.21,60,794/- Previous year Rs.10,30,455/-)	8,60,05,992	4,63,73,777
Other Operating Income	9,00,000	-
Total	<u>2,94,76,35,931</u>	<u>3,10,71,59,355</u>

SCHEDULE 10

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
INVESTMENT INCOME & OTHER INCOME :		
Dividend (Tax deducted at source Rs. NIL , Previous year Rs. NIL.)	56,14,000	47,96,265
Other Interest (Tax deducted at source Rs. 1,64,66,113/-, Previous year Rs. 5,65,613/-)	14,95,11,953	50,99,198
Profit on sale of Current Investments	57,63,906	75,12,912
Other Income	25,38,902	3,45,961
Total	16,34,28,761	1,77,54,336

SCHEDULE 11

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
INTEREST EXPENSES:		
On Secured loans	1,63,34,19,117	1,86,27,62,223
On Unsecured Loans:		
Short Term Loans	25,27,43,935	25,23,46,611
Total	1,88,61,63,052	2,11,51,08,834

SCHEDULE 12

	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
STAFF EXPENSES		
Salaries, Bonus, etc.	4,73,47,444	4,08,54,923
Company's Contribution to Provident and other Funds	42,22,995	33,93,703
Staff Welfare Expenses	1,12,35,666	86,77,628
Total	6,28,06,105	5,29,26,254

SCHEDULE 13

	Rs.	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
OTHER EXPENSES			
Rent		2,16,90,410	1,70,62,669
Rates and Taxes		2,93,770	3,66,080
Repairs and Maintenance :			
Building	38,33,423		26,04,817
Others	89,53,253		64,27,342
		1,27,86,676	90,32,159
General Office Expenses		66,85,820	62,46,768
Insurance		42,15,109	53,49,416
Travelling and Conveyance		73,97,394	69,14,489
Printing and Stationery		67,68,912	56,34,558
Advertisement		1,21,98,723	1,19,17,524
Legal and Professional Fees		4,31,71,050	3,72,26,928
Directors Sitting Fees		3,33,000	3,69,000
Miscellaneous Expenses		1,66,18,082	1,50,92,477
Auditor's Remuneration :			
Audit Fees	4,41,200		5,51,500
Tax Audit Fees	88,240		82,725
Fees for other services	4,19,140		3,12,239
Out of Pocket Expenses	1,51,094		1,21,543
		10,99,674	10,68,007
Total		13,32,58,620	11,62,80,075

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

SCHEDULE 14

SIGNIFICANT ACCOUNTING POLICIES :

1. SYSTEM OF ACCOUNTING :

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The Company adopts the accrual concept in the preparation of the Financial Statements, following the historical cost convention.

2. PROVISIONING FOR HOUSING LOANS AND INVESTMENTS :

- i. Housing loans are classified into "Performing" and "Non-Performing" assets in terms of guidelines laid down by the National Housing Bank. Housing loans are classified as standard, sub-standard, doubtful and loss assets.
- ii. Provisions for non-performing assets and investments are made on a periodic review in accordance with the directives/guidelines laid down by the National Housing Bank.

3. INCOME ON HOUSING LOANS :

- i. Repayment of housing loans is by way of Equated Monthly Installments (EMI) comprising principal and interest. Interest is calculated on the outstanding loan balance at the beginning of every month. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month.
- ii. Interest on Housing Loans which are classified as Non-performing assets is recognised on realisation as per the directives/guidelines laid down by National Housing Bank.
- iii. Fees are recognised as and when accrued.
- iv. Penal Interest and other charges are recognised when received.

4. INVESTMENTS :

- i. Investments are accounted and valued at cost plus incidental expenditure incurred in connection with acquisition.
- ii. Investments are classified into two categories i.e. Long-term investments and Current investments.
- iii. Income on Investments which are classified as Non performing is recognised on realisation as per the directives/guidelines laid down by National Housing Bank.

5. FIXED ASSETS :

Fixed Assets are capitalised at cost.

6. DEPRECIATION :

Depreciation on Fixed Assets is provided on the reducing balance method at the rates specified by Schedule XIV of the Companies Act, 1956.

7. INTANGIBLE ASSETS AND AMORTISATION :

Intangible assets comprising of Computer Software are capitalised at cost and amortised over a period of five years.

8. RETIREMENT BENEFITS :

Contribution to Provident Fund is charged to accounts on accrual basis. Provision for leave encashment has been made on the basis of actuarial valuation. Provision for gratuity liability is made on the basis of actuarial valuation in respect of the Group Gratuity Policy with an insurance company.

SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS

SCHEDULE 15

NOTES FORMING PART OF THE ACCOUNTS:

1. Housing loans are secured by :-
 - a) Equitable mortgage of property and/or;
 - b) Assignment of Life Insurance Policies and/or guarantee of solvent guarantors and/or any other acceptable collateral securities wherever applicable, and,
 - c) Corporate Guarantees, wherever applicable.
2. Contingent Liabilities:-
 - a) Tax disputes in appeal Rs.33,82,627/- (Previous Year – Rs.28,09,707/-)
 - b) Bank Guarantee Rs.75,00,000/- given in favour of Kotak Mahindra Old Mutual Life Insurance Ltd. in lieu of premium deposit for "Kotak Term Groupplan" Policy contract to avail Term Group Plan cover for borrowers. (Previous Year – Rs.75,00,000/-)
 - c) Claims against the Company not acknowledged as debts Rs. NIL (Previous Year-Rs. NIL)
3. Investment bought and sold during the year by the Company:-

PARTICULARS	BOUGHT		SOLD	
	UNITS	AMOUNTS (Rs.)	UNITS	AMOUNTS (Rs.)
Prudential ICICI M.F. Liquid Plan	485853612.51	7895400000	485094563.33	7767182981.19
LIC Mutual Fund Liquid Plan	697172317.46	11533600000	685312101.96	11335805842.76
UTI Mutual Fund Liquid/ Money Market	164013353.22	6789400000	164013353.22	6790597174.23
Canara Robeco M. F. Liquid Plan	176164985.00	1927700000	162752967.83	1778182236.96
Reliance Mutual Fund Liquid Plan	21495421.67	466300000	21495421.67	466395670.52

4. Related Party Transactions (AS -18)

Names of related parties and description of relationship:

Key Management Personnel : Shri.M Sivaraman, Managing Director

(Amount in Rs.)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Total Amount 2009-10	Total Amount 2008-09
Finance (Housing Loan)	15,00,000	-	15,00,000	-
Salary	8,64,400	-	8,64,400	7,73,649
Contribution to Pension and other funds	41,962	-	41,962	40,879
Gratuity	-	-	-	-
Perquisites	3,39,239	-	3,39,239	3,11,749

5. Leases - (AS-19)

Company has entered into agreements for taking on leave and license basis certain Office premises. Lease payments recognized in the profit and loss account for the year is Rs.1,83,34,880/- (Previous Year-Rs.1,37,30,900/-)

Future lease rental obligation under these leases:

- i) Not later than one year : Rs.1,72,12,140/-
- ii) Later than one year and not later than five years : Rs. 5,60,21,927/-
- iii) Later than five years : Rs. 2,56,88,531/-

6. Earning Per Share: (AS-20)

Particulars	Year Ended 31/03/2010	Year Ended 31/03/2009
Profit attributable to Equity Shareholders (in Rs.)	67,10,06,681	57,01,69,230
No. of Weighted Average Equity Shares outstanding during the year (Basic & Diluted)	5,38,51,066	5,38,51,066
Nominal Value of Equity Shares (in Rs.)	10	10
Basic Earnings per Share (in Rs.) (Basic & Diluted)	12.46	10.59

7. Deferred Tax Assets: (AS – 22)

In compliance with the Accounting Standard relating to "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India, the Company has taken credit of Rs. 3,46,39,926/- in Profit and Loss Account during the current financial year.

The tax effects of significant timing differences that resulted in Deferred tax assets and liabilities and description of Financial Statement items that creates these differences are as follows:

Amount in Rs.

Particulars	For the Financial year 2009-10	For the Financial year 2008-09
Deferred Tax Assets:		
Provision for NPA	3,44,69,979	2,22,49,727
Depreciation on Fixed Assets	16,857	1,48,109
Amortisation of Intangible Asset	1,85,651	46,654
Loss on Sale of Fixed Assets	22,014	7,521
Deferred Tax Liability:		
Depreciation on Fixed Assets	-	-
Profit on Sale of Fixed Assets	(54,575)	(7,201)
Amortisation of Intangible Asset	-	-
Net Deferred Tax Asset	3,46,39,926	2,24,44,810

8. Debts due from:

Directors : Rs.15,00,000/- on account of Housing Loan.
(Maximum balance due during the year Rs.15,00,000)

Company Secretary : Rs.7,31,462.23 on account of Housing Loan.
(Maximum balance due during the year Rs.7,86,103.39)

9. Details of movement in provisions (AS-29)

Amount in Rs.

Particulars	Opening as on 01.04.2009	Provision made during the year	Provisions Reversed/Adjusted	Closing as on 31.03.2010
Bad & Doubtful Debts	55,73,66,388	11,14,83,704	77,20,976	66,11,29,116
Investments	11,59,99,960	50,000	-	11,60,49,960
Leave Encashment	68,01,608	10,16,247	-	78,17,855
Taxation	61,94,14,581	28,25,35,000	14,68,61,581	75,50,88,000

Outflow in respect of above provisions, both timing & certainty would depend on developments /Outcome of these events.

10. Disclosure regarding provisions made for substandard, doubtful and loss assets and depreciation in investments as per the Prudential Norms (revised) contained in the National Housing Bank Guidelines. (Figures in brackets are for the previous year).

HOUSING LOANS:

Amount in Rs.

Asset Classification	Outstanding Balance	Provisions
Standard Assets (C.Y.)	27,84,69,83,221	1,78,618
Standard Assets (P.Y.)	(25,85,67,31,043)	(2,19,401)
Sub-standard Assets(C.Y.)	24,50,95,182	2,45,09,518
Sub-standard Assets(P.Y.)	(16,96,09,972)	(1,69,60,997)
Doubtful Assets (C.Y.)	79,15,62,504	55,27,29,235
Doubtful Assets (P.Y.)	(76,85,65,808)	(48,75,06,431)
Loss Assets (C.Y.)	8,22,82,141	8,22,82,141
Loss Assets (P.Y.)	(5,22,20,771)	(5,22,20,771)
Total (C.Y.)	28,96,59,23,048	65,96,99,512
Total (P.Y.)	(26,84,71,27,594)	(55,69,07,600)

NON HOUSING LOANS:

Amount in Rs.

Asset Classification	Outstanding Balance	Provisions
Standard Assets (C.Y.)	35,29,26,838	14,29,604
Standard Assets (P.Y.)	(11,46,96,886)	(4,58,788)
Sub-standard Assets(C.Y.)	-	-
Sub-standard Assets(P.Y.)	-	-
Doubtful Assets (C.Y.)	-	-
Doubtful Assets (P.Y.)	-	-
Loss Assets (C.Y.)	-	-
Loss Assets (P.Y.)	-	-
Total (C.Y.)	35,29,26,838	14,29,604
Total (P.Y.)	(11,46,96,886)	(4,58,788)

INVESTMENTS :

Amount in Rs.

Particulars	Outstanding Balance	Provisions
Equity Shares (C.Y.)	3,23,52,960	2,10,49,960
Equity Shares (P.Y.)	(3,23,52,960)	(2,09,99,960)
Preference Shares (C.Y.)	9,50,00,000	9,50,00,000
Preference Shares (P.Y.)	(10,50,00,000)	(10,50,00,000)
Bonds (C.Y.)	-	-
Bonds (P.Y.)	-	-
Units of Mutual Funds (C.Y.)	-	-
Units of Mutual Funds (P.Y.)	-	-
Total (C.Y.)	12,73,52,960	11,60,49,960
Total (P.Y.)	(12,73,52,960)	(11,59,99,960)

11. During the year the Company has incurred expenditure on foreign travel amounting to Rs. NIL (Previous Year – Rs.NIL)

12. Managerial Remuneration :

Amount in Rs.

Particulars	Total Amount 2009-10	Total Amount 2008-09
Salary	8,64,400/-	7,73,649/-
Contribution to Pension and other funds	41,962/-	40,879/-
Perquisites	3,39,239/-	3,11,749/-

13. **EMPLOYEE BENEFITS (AS-15) :**

Short Term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. These benefits are recognized as expense in Profit and Loss account in the year in which the expense is incurred.

Long Term employee benefits:

Defined Contribution Plan:

The Company does not provide any long term employee benefit which can be categorised under Defined Contribution Plan.

Defined Benefit Plans:

Provident Fund

The Company has formed a Provident Fund Trust for its employees. Contributions are made to the Trust, which is administered by the Trustees. Trust makes investments and also settles claims of members. Interest payable to the members shall not be at a rate lower than the statutory rate.

Contribution to Provident Fund is charged to accounts on accrual basis. The Company operates a defined contribution scheme with recognized provident fund. For this Scheme, contributions are made by the company, based on current salaries, to recognized Fund maintained by the company. In case of Provident fund scheme, contributions are also made by the employees. An amount of Rs.29,48,106/- has been charged to the Profit & Loss Account on account of this defined benefit scheme.

Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. For this purpose the Company has obtained qualifying group gratuity insurance policy from Life Insurance Corporation of India.

Leave Encashment

The Company provides benefits to its employees under the Leave Encashment pay plan which is a non-contributory defined benefit plan. The employees of the Company are entitled to receive certain benefits in lieu of the annual leave not availed of during service, at the time of leaving the services of the Company. The benefits payable takes into account the Salary and the leave balance to the credit of the employees on the date of exit.

Disclosure in respect of Gratuity liability and Leave Encashment :

Amount in Rs.

	Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
		31/03/2010	31/03/2009	31/03/2010	31/03/2009
	The major categories of plan assets as a percentage of total plan				
	Qualifying Insurance Policy	100%	100%	-	-
	Changes in the present value of the obligation				
1	Present Value of obligation at the beginning of the year	57,22,303	46,85,899	68,01,608	54,87,902
2	Interest Cost	4,57,784	3,74,872	5,76,589	4,43,417
3	Current Service Cost	3,23,212	3,23,212	6,38,249	4,24,327
4	Past Service Cost	-	-	-	-
5	Benefits Paid	(8,24,228)	46,067	-	-
6	Actuarial (gain)/loss on Obligation	7,07,362	3,84,387	1,98,591	4,45,962
7	Present Value of obligation at the end of the year	63,86,433	57,22,303	78,17,855	68,01,608
	Reconciliation of Net Asset/(Liability) recognised in the Balance sheet during the year ended March 31, 2010				
1	Opening Net Liability at beginning of the year	57,22,303	46,85,899	68,01,608	54,87,902
2	Employer Expense	9,73,026	8,65,731	10,16,247	13,13,706
3	Employer Contributions	14,73,900	30,00,000	-	-
4	Closing Net Liability at the end of the year	63,86,433	57,22,303	78,17,855	68,01,608
5	Actual Return on Plan Assets	(5,15,332)	2,16,740	-	-
	Changes in the Fair Value of Assets				
1	Fair value of plan Assets at beginning of the year	46,43,801	14,73,128	-	-
2	Expected Return on Plan assets	5,15,332	2,16,740	-	-
3	Contributions	14,73,900	30,00,000	-	-
4	Benefits Paid	(8,24,228)	46,067	-	-
5	Actuarial gain/(loss) on Plan Assets	-	-	-	-
6	Fair value of plan Assets at the end of the year	58,08,805	46,43,801	-	-

	Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
		31/03/2010	31/03/2009	31/03/2010	31/03/2009
Profit & Loss – Expenses					
1	Current Service Cost	3,23,212	3,23,212	6,38,249	4,24,327
2	Interest Cost	4,57,784	3,74,872	5,76,589	4,43,417
3	Expected Return on Plan assets	(5,15,332)	2,16,740	-	-
4	Net Actuarial gain/(loss) recognised in the year	7,07,362	(3,84,387)	(1,98,591)	4,45,962
5	Past Service Cost	9,73,026	-	-	-
6	Expenses Recognised in the Statement of Profit & Loss	8,65,731	8,65,731	10,16,247	13,13,706
Actuarial Assumptions					
1	Discount Rate	8%	8%	8%	7.75%
2	Expected Rate of Return on Plan Assets	-	-	N.A.	N.A.
3	Expected Rate of Salary Increase	3%	3%	5%	5%
4	Attrition Rate	-	-	2%	2%
5	Mortality Post –retirement	1994-96 LIC Mortality Tables(Std.)		LIC (1994-96)Ultimate	

14. The company does not have the information whether the creditors are Small Scale and Ancillary Industrial Undertaking, as defined by "The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act, 1992". Hence, amounts, which were overdue and outstanding at the close of the year payable to the said Industrial Undertakings, are not ascertainable. Similarly Suppliers/Service providers covered under Micro, Small Medium Enterprises Development Act, 2006 have not furnished the information regarding filing of necessary memorandum with the appropriate authority. In view of this, information required to be disclosed u/s 22 of the said Act is not given. Accordingly, the following information is furnished:

		Current Year	Previous Year
(i)	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	-	-
(ii)	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii)	The amount on interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v)	The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

15. Housing Loans include loans against which the company has commenced action under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 including possession of properties and part recovery of auction proceeds aggregating to Rs.3,209.12 lakhs. (Previous Year-Rs.2,024.80 lakhs.)
16. Figures for previous year have been regrouped wherever necessary.

INFORMATION REQUIRED UNDER PART IV OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31.03.2010

Balance Sheet Abstract and Company's General Business Profile.

I. Registration Details

Registration No.11-54583 State Code :11
Balance Sheet Date : 31.03.2010

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of Mobilisation of Funds (Amounts in Rs. Thousands)

Total Liabilities	Total Assets
30138933	30138933
<u>Sources of Funds</u>	
Paid Up Capital	Reserves & Surplus
538511	3331298
Loan Funds	
26269125	
<u>Application of Funds</u>	
Housing Loans	Investments
28657721	491303
Net Fixed Assets	Deffered Tax Assets
30994	230525
Net Current Assets	Misc.Expenditure
728390	Nil
Accumulated Losses	
Nil	

IV. Performance of Company (Amount in Rs.Thousands)

Turnover	Total Expenditure
3111065	2192271
Profit Before Tax	Profit After Tax
918793	670933
Earning Per Share in Rs.	Dividend (%)
12.46	45%
	(Recommended)

V. Generic Names of Three Principal Products/Services of company.

Item Code No.	:	Not Classified
Product Description	:	Housing Finance
Item Code No.	:	Not Applicable
Product Description	:	Not Applicable
Item Code No.	:	Not Applicable
Product Description	:	Not Applicable

For and on behalf of The Board of Directors

Yogesh Lohiya
Chairman

M. K. Tandon
Director

M. Ramaprasad
Director

Place : Mumbai
Date : 10th May, 2010.

S. Sridharan
Company Secretary

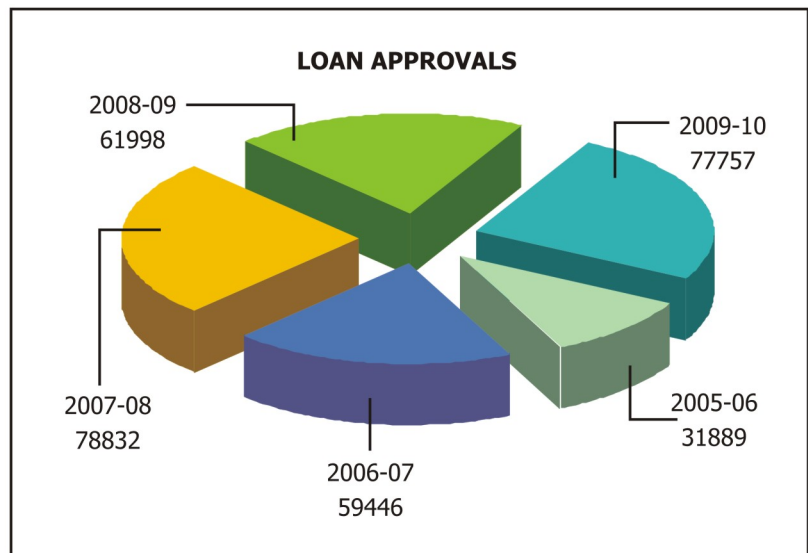
M. Sivaraman
Managing Director

FINANCIAL ANALYSIS AND PERFORMANCE MEASURES

Achievements in 2009-10

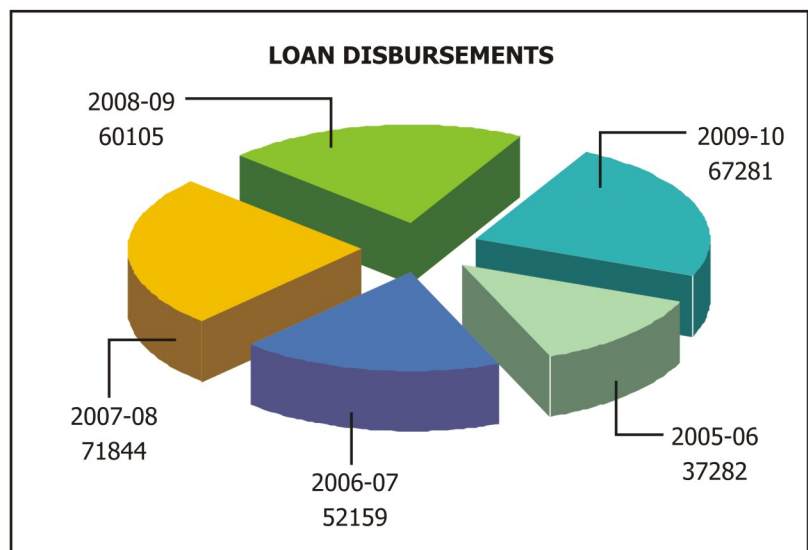
Loan approvals during the year

During the year, the Company sanctioned Rs. 77757 lacs under 'Apna Ghar Yojana' (loan to individuals).



Loan disbursements during the year

Housing loan disbursed during the year is Rs. 67281 lacs.

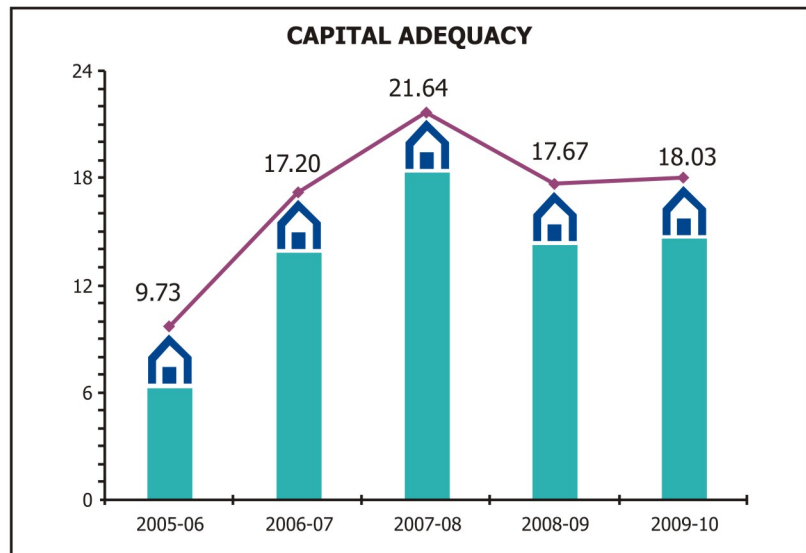


FINANCIAL ANALYSIS AND PERFORMANCE MEASURES

Achievements in 2009-10

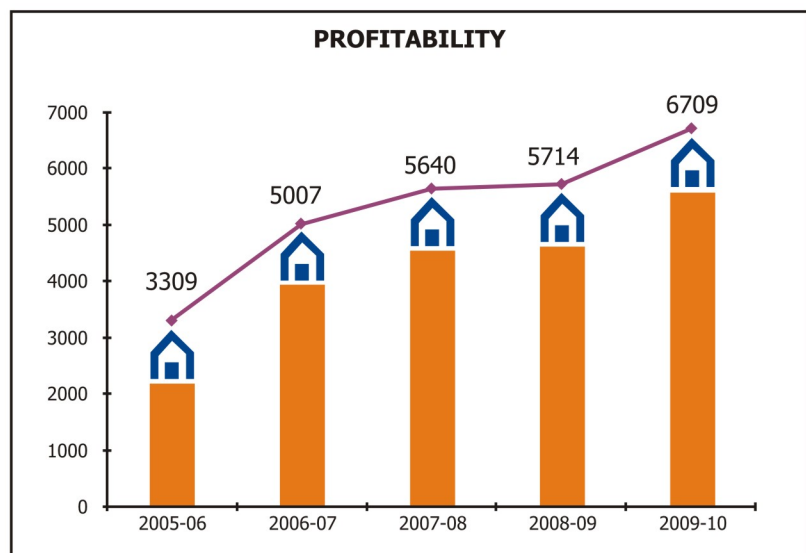
Capital Adequacy

CAPITAL ADEQUACY RATIO



Profitability

The PAT rose by 17.41% for the year. PAT is Rs. 6709 lacs as against Rs. 5714 lacs during previous year.



Non Performing Assets

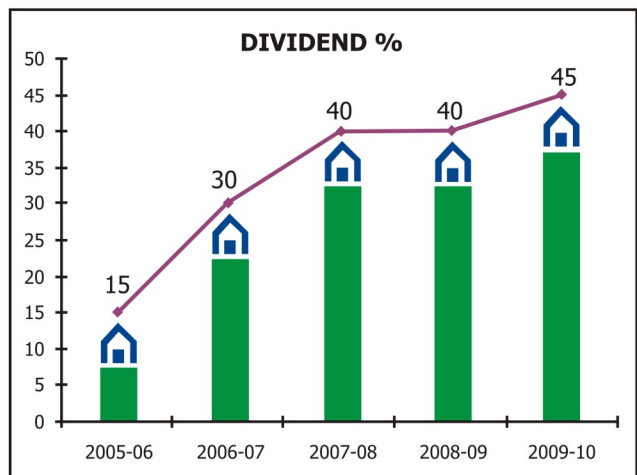
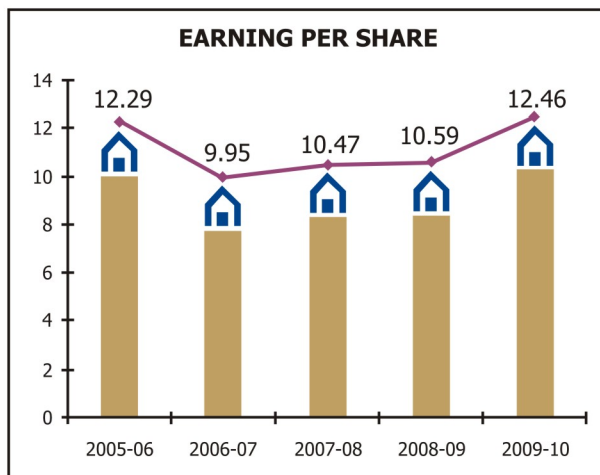
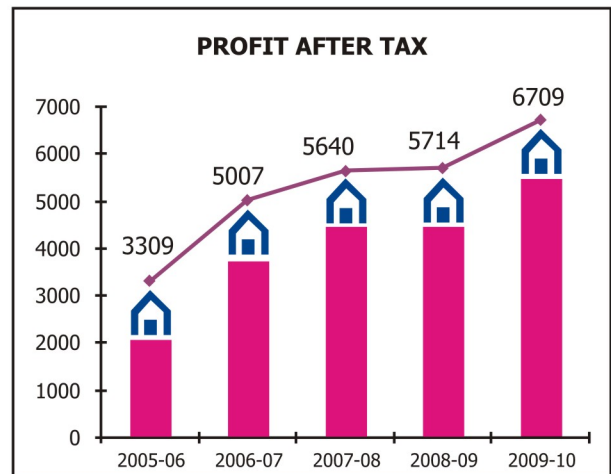
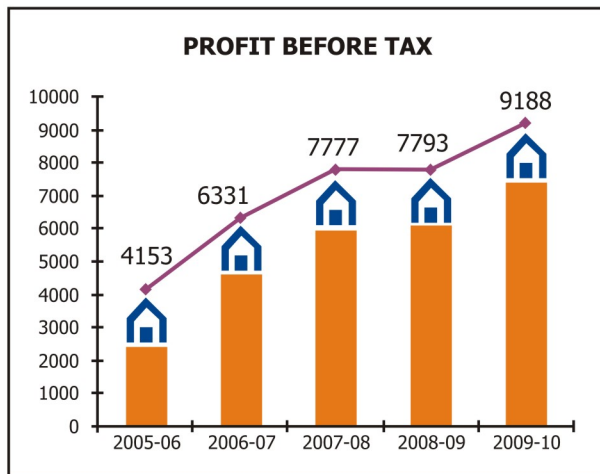
The Company has made provision of Rs. 1038 lacs on Non Performing Assets as per the guidelines of National Housing Bank. The cumulative provisions on Non Performing Assets as on 31st March 2010 are Rs. 7772 lacs. Net Non-performing Assets on individual housing loan is 1.47%.

FIVE YEARS AT A GLANCE

Comparitive Statement

(Figures In Lacs)

Particulars	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Profit Before Tax	9188	7793	7777	6331	4153
Profit After Tax	6709	5714	5640	5007	3309
Earnings per Share	12.46	10.59	10.47	9.95	12.29
Dividend%	45	40	40	30	15



WE GUARD YOUR HOME FROM THE UNEXPECTED...



Beneficiary : Mrs. Seema Vijay Dongre mother of late Mr. Uday V. Dongre customer of Virar branch receiving back house title documents protected under Home Guard Loan.



Beneficiary : Mrs. Gaikwad Ranga Shivlinga wife of late Mr. Gaikwad Ranga Shivlinga customer of Thane branch receiving back house title documents protected under Home Guard Loan.



Beneficiary : Mr. Gajender Singh father of late Mr. Kamal Singh customer of Noida branch (U.P.) receiving back house title documents protected under Home Guard Loan.

At GIC Housing Finance, a home loan is not just a mere Housing Loan. We add 'Care' along with 'Finance' to not only realize your Dream of Your Own Home, but also to Protect You and Your Family from the Unexpected Forces of Destiny...

GIC Housing Finance Ltd. - Gives Your Dream a 'Concrete' Reality.

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